



May 4, 2026

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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 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Transcript of Investors & Analysts Conference Call

Dear Sir/Madam,

Transcript of Investors & Analysts Conference Call held on April 27, 2026 i.e. post declaration of Unaudited Financial Results of the Company for the Quarter ended March 31, 2026 is enclosed.

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

VARUN BEVERAGES LIMITED

Corporate Office: Plot No. 31, Institutional Area, Sec.-44, Gurugram, Haryana-122002 (India) | **Ph:** +91 124 4643100-500 | **W:** www.varunbeverages.com

CIN: L74899DL1995PLC069839 | **Registered Office:** F-2/7, Okhla Industrial Area, Phase-I, New Delhi - 110 020 | **E:** info@rjcorp.in | **Ph:** 011 41706720-25



Varun Beverages Limited Q1 CY2026 Earnings Conference Call Transcript April 27, 2026

Moderator: Ladies and gentlemen, good day and welcome to Varun Beverages Limited Earnings Conference Call.

I now hand the conference over to Mr. Anoop Poojari from CDR India. Thank you and over to you, Mr. Poojari.

Anoop Poojari: Thank you. Good afternoon, everyone and thank you for joining us on Varun Beverages' Q1 CY2026 earnings conference call. We have with us Mr. Ravi Jaipuria, Chairman of the company, Mr. Varun Jaipuria, Executive Vice Chairman and Whole-time Director, and Mr. Raj Gandhi, President and Whole-time Director of the company.

We will initiate the call with opening remarks from the management, following which we will have the forum open for a question-and-answer session. Before we begin, I would like to point out that some statements made in today's call may be forward-looking in nature and a disclaimer to this effect has been included in the results presentation shared with you all earlier.

I would now request Mr. Ravi Jaipuria to make his opening remarks.

Ravi Jaipuria: Good afternoon, everyone and thank you for joining us on our earnings conference call. I hope you have had a chance to review our results presentation for the first quarter ended 31st March 2026.

We are pleased to report a strong performance in the first quarter of CY2026, supported by healthy demand, disciplined execution, and continued progress across our markets. Consolidated sales volumes grew by 16.3% in Q1 CY2026 driven by volume growth of 14.4% in India and 21.4% in international territories. Revenue

increased by 18.1% YoY to Rs. 65,742 million and EBITDA improved by 21% YoY to Rs. 15,289 million.

In India, demand remained encouraging during the quarter, supported by our wide distribution reach, strengthened execution, and continued investments in manufacturing capability and chilling infrastructure. We undertook targeted initiatives to drive volumes and strengthen our domestic portfolio, including pack upsizing, selective price point launches in identified markets to on-board new consumers, and new launches in the energy and juice-based drink segments. The facilities commissioned over the last year have stabilized well and are expected to support growth and enhance operating efficiencies going forward.

Our international business continued to make steady progress during the quarter. We consummated the acquisition of Twizza in South Africa through BevCo, strengthening our manufacturing footprint and route-to-market capabilities in Africa's largest soft drink market. The acquisition is expected to generate meaningful operational and commercial synergies over time. We have also entered into an agreement to acquire Crickley Dairy through BevCo, which will further strengthen our presence in South Africa, subject to regulatory and other approvals. Across Africa, we continue to build scale in snacks and deepen our presence in high-potential markets, in line with our strategy of broadening the portfolio and strengthening consumer relevance.

In accordance with our dividend policy, the Board of Directors has approved an interim dividend of 25% of face value, Rs. 0.50 per share, resulting in a total cash outflow of approximately Rs. 1,691 million.

Looking ahead, we remain confident in the long-term opportunity across our markets, supported by favourable demographics, rising income, growing urbanization, and increased beverage consumption. With adequate capacities, a diversified portfolio, and a strong distribution network, we are all well-positioned to deliver sustained growth and create long-term value for all our stakeholders.

I would like to invite Mr. Gandhi to share the key highlights of our operational and financial performances. Thank you very much.

Raj Gandhi:

Thank you, Mr. Chairman. Good afternoon and a warm welcome to everyone joining us today. Let me provide an overview of the financial performance for the first quarter ended 31st March 2026.

Revenue from operations, net of excise and GST, increased by 18.1% YoY to the level of Rs. 65,741.9 million in Q1 CY2026. Consolidated sales volume grew by 16.3% YoY to the level of 363.4 million cases as compared to 312.4 million cases in Q1 CY2025. This growth was supported by strong volume growth of 14.4% in India and 21.4% in international territories.

At the consolidated level, net realization per case improved by 1.6% YoY, supported by improved realizations in international territories primarily due to favourable currency movement. In India, realization per case declined by a marginal 1.5%, primarily due to volume growth initiatives such as upsizing of packs and selective price point launches in targeted markets to onboard new consumers.

CSD constituted 73.6% of total volumes, while non-carbonated beverages and packaged drinking water contributed 7.5% and 18.9%, respectively. In line with our focus on healthier offerings, the mix of low-sugar and no-sugar products increased to the level of ~63% of consolidated sales volume during the quarter.

Gross margins improved by 62 bps to 55.2%, supported by early stocking of key raw materials despite an inflationary input environment. EBITDA increased by 21% YoY to the level of 15,289.3 million, with EBITDA margins improving by 55 bps to 23.3%. In India, EBITDA margins improved by 112 bps, supported by operational efficiencies from strong volume growth and improved gross margins.

PAT increased by 20.1% YoY to the level of 8,787.1 million, driven by strong volume growth across both India and international markets. Depreciation increased by 30.9% on account of commissioning of 4 new plants last year in Buxar, Prayagraj, Damtal, and Meghalaya. Finance cost increased by 18%, primarily on account of the acquisition of Twizza in South Africa, while income on surplus cash in India has been accounted for under other income.

During the quarter, we completed the acquisition of Twizza in South Africa, BevCo, at an enterprise value of ZAR 2,053 million. In addition, BevCo entered into a share purchase agreement for the acquisition of Crickley Dairy Proprietary Limited at an enterprise value of approximately ZAR 238 million, including net working capital, subject to regulatory approvals. These transactions further strengthen our presence in the region and support our portfolio expansion in adjacent categories.

Overall, we continue to maintain a strong financial position, supported by disciplined capital allocation, efficient working capital management, and a robust balance sheet. With the capacities commissioned over the past year, backward integration initiatives, and a strengthened distribution infrastructure, we are well-positioned to

support growth and drive profitability through improved operating leverage across markets. Despite the inflationary environment arising from the prevailing geopolitical situation, we remain confident in our ability to navigate near-term challenges through focused execution and supply chain agility while sustaining growth and profitability.

On that note, I have come to an end of our opening remarks and would like to now ask the moderator to open the forum for any questions or suggestions that you may have. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Vivek Maheshwari from Jefferies. Please go ahead.

Vivek Maheshwari: Hi, good afternoon team. A few questions. First on, Mr. Gandhi, where you ended on the geopolitical bit, can you just talk about the impact that you expect from a near-term perspective, especially on the packaging material and anything else that we should bear in mind across different markets because of higher oil prices?

Ravi Jaipuria: Well, Vivek. First of all, in our international markets, the impact on raw materials will be practically zero to a couple of points, as we are well-stocked not just for this quarter but for the next quarter as well. We normally carry 6 months inventory in international, our impact will be practically very low, and which actually gives us an edge over our competition because we do not think competition carries anywhere close to 6 months.

As far as India is concerned, we will have a minor effect because again we are reasonably covered for this quarter. Still, for the next quarter, we will have some effect, but we are covering that by reducing our discounts and becoming more efficient. We are cutting our costs wherever we can, and this is already showing in our first quarter results. And as long as the volumes continue to come, we do not think there will be any effect on the bottom line.

Vivek Maheshwari: Thank you, Mr. Jaipuria. Beyond packaging material, anything else that we should be aware of?

Ravi Jaipuria: Well, the only thing which can affect us slightly, which you cannot stock, is the transportation cost. There will be some impact, but we will be more than able to absorb it, and it would not show any major issue on our P&L.

Vivek Maheshwari: Got it. And Mr. Jaipuria, I know you have a very, you know, strong season upcoming, but do you also let us say worry about from a consumption perspective if the higher oil prices feeds into in the form of higher inflation, does it imply some pushback from the consumers on the consumption of the products in general, not just your category?

Ravi Jaipuria: We do not see it, Vivek, because consumption is very strong and we are going through a period which was terrible last year with all the rains. With this weather, we are very happy with what is happening right now, what the sales growths are. This quarter should be rather much better than what we have already had. More than that, we cannot answer on the rain gods, but it is looking very positive.

Vivek Maheshwari: Sure. And one another question on the point on the response that you just gave. When I look at your inventory build-up in the P&L, it does not look like to be very high compared to let us say what you have had 2 years back, for example. It is certainly higher than what it is last year. So, just wanted to be sure for India business, are you covered for most part of the season for this quarter?

Ravi Jaipuria: We are completely covered for this quarter, and we are partly covered for the next quarter also.

Vivek Maheshwari: In India business also, Mr. Jaipuria?

Ravi Jaipuria: Yes.

Vivek Maheshwari: Okay, nice. Lastly, on the realization bit, I know there had been a lot of concern in the last quarter. I just wanted to speak about this or discuss this point. Last quarter, the realization in India was down about 4%. This time around it is 1.5%.

I know the seasons are very different, the quarter context is very different. Can you just still elaborate because I was just thinking in the context of like new launches that you have had done, Rs. 10 higher volumes, this number has actually gotten better. Can you just elaborate a bit on this?

Ravi Jaipuria: Well, Rs. 10 is a very small part and is not going to affect us. We only use it where we feel it is necessary. It will be less than 2% of our total volume, so practically it would not show. We are using it only to make sure our distributors remain with us, we use it only selectively.

We have the product range ready with us, if ever we need them we can use them. Also, as we said earlier, once the season is reasonable, we consolidate and cut some costs. With all our new plants coming into effect, we have further reduced our costs, as the new plants are much more cost-effective and larger, with much higher production levels.

Vivek Maheshwari: That is interesting, sir, because I always thought that you were already very efficient. So, new plant angle I get. But my point is that will still not show up on the realization side, right? Realization last quarter minus 4, this quarter minus 1.5. In fact, there

were worries that this number could actually be worse than what it was in the December quarter. What explains this delta then?

Raj Gandhi: Vivek, in fact, we have premiumized a number of products. New launches, along with the growth of around 60% in our dairy segment, where realisations are nearly 3x of the normal level, have helped. Our focus remains on compensating a major part of the impact through the system itself.

Ravi Jaipuria: Also, as we said, we are running it more efficiently and making sure discounting is reduced a little bit.

Moderator: Thank you. Next question comes from the line of Abneesh Roy with Nuvama. Please go ahead.

Abneesh Roy: Congrats on very good set of numbers. My first question is on aluminium cans. You have tied up your inventory for PET and most of the packaging quite well. And I do understand that your salience to aluminium cans is much lower than the other large national player. If you could tell us is there any shortage which you are facing? And here what will be your salience in terms of percentage, aluminium cans?

Ravi Jaipuria: Well, first aluminium cans sales is less than 2% for us. It is very small. Secondly, we have tied up a reasonable quantity to more than cover up our 2% volumes and even a little higher, so, we will be able to get cans.

They are slightly more expensive, but as we said, wherever we are finding a large cost up, we are cutting discounts in the market. There is shortage for everyone and the costs are going up for everyone, and if the demand is there, we will make sure that overall, our bottom line is not affected.

Abneesh Roy: And customers must be shifting, right? If there is a cans shortage, there is a section of customers who will not sacrifice their consumption, right? They will switch to PET?

Ravi Jaipuria: Yes, absolutely. If you cannot get a can, then you switch to PET or you go for glass, but mostly PET.

Abneesh Roy: My second question is on water. If I see the Reliance presentation which has come up, they are saying that they are now India's third largest branded water player. If you could comment in terms of your standing within the top players. You have always been there. So, wanted to understand is the market share changing? Second is the volume growth initiatives in carbonated have done quite well, which is visible in last 2 quarters double-digit volume growth. In water, at some stage would you need volume growth initiatives there also?

Ravi Jaipuria: No, we do not over-push water. We try and make sure our basic margins remain and we want to make sure our exclusive customers and our visi-coolers, which is close to a million plus in the market, are serviced properly. Water is like a commodity, you can increase your sales as much as you want by offering discounts, which we are not in the game of and that is why we can sustain our margins.

Abneesh Roy: Last question, so in terms of energy drink portfolio, how has Sting done? And you had also mentioned in the previous quarter in terms of expansion of that portfolio including the scaling up of mid-priced Ad-Rush. If you could tell us how has Sting cans done, how has Sting overall portfolio done, and how has Ad-Rush done? Thank you.

Ravi Jaipuria: 'Ad-Rush' has done phenomenally well. We are feeling some pinch because of the shortage of cans, as we had not expected 'Ad-Rush' to do as well as it has. So, there is some pressure there. In can we have launched our new 'Sting Classic' and it is doing extremely well. The demand for both these products is much higher than what we anticipated. So, we will be doing better than what we had planned. We have also launched the Sting classic in PET bottles, which is doing extremely well, but it was introduced in the market only in April. You will see a big response of that in this quarter.

Abneesh Roy: And sir, one last follow-up essentially. If I see this quarter results, all the FMCG results have been ahead of expectation. Obviously, yours, Nestle, Bajaj Consumer and then VST Industries. Overall consumption at least March quarter, are you picking up that overall trends are accelerated? Of course, now we have to take quarter-to-quarter but based on your understanding. And what you have seen in the results, would you say that there is an uptick?

Ravi Jaipuria: There is definitely an uptick. Overall industry is growing, there is Campa in the market, they are growing the volumes in the market, and even Coke is growing. We do not know if we are growing faster, but definitely market is growing at a huge pace. And we think as there is enough competition, everybody is going more in the market, putting more chilling equipment, more outlets are being opened. We are very bullish on the Indian market, and we believe the growth should continue in double-digits for the next 5-10 years at least.

Moderator: Thank you. Next question comes from the line of Aditya Soman with CLSA. Please go ahead.

Aditya Soman: Two questions. Firstly, in terms of new products, can you give us a sense of what new launches, how the new launches have done, particularly around Nimbooz you

mentioned that fruit-based drinks have done well, as well as the milk-based beverages. If you can give us some sense of what the contribution is and how the growth has been?

And secondly, in terms of summer, now you have indicated that obviously we have had a strong start and is there any sort of risk to this in terms of unseasonal weather at any specific part of the country or do you expect summer this year to be very strong? Thanks.

Ravi Jaipuria: Well, what we are hearing, summer looks to be very good. A month has already passed, and the trends are looking very positive. If the weather continues like this, there is no reason why we should not perform extremely well.

Our products are doing extremely well, dairy is growing at 60%-70%, Nimbooz is also doing at great pace, Tropicana PET at more than 100%. The new mid-priced energy drink we launched at Rs. 60 'Adrenaline Rush', is performing extremely well. Even our energy drink in cans is doing very well.

The new launch of Sting Classic, has started only about a few weeks back, the initial response is fabulous, and we feel it could achieve the same success as Sting Red, hopefully. At the moment, it is looking very positive.

Moderator: Thank you. Next question comes from the line of Devanshu Bansal from Emkay Global. Please go ahead.

Devanshu Bansal: Hi. Many congratulations on a strong set of numbers. Sir, first question I wanted to check, in the base quarter, the rain disruption was across all the 3 months last year or it was more towards the second half of the quarter, if you could provide some colour?

Ravi Jaipuria: Well, it was mainly end of April to end of June for sure and even continuing to the third quarter. But for this quarter, we think it was mainly May and June which were really disaster and April end was not great.

Devanshu Bansal: Okay. And there are some supply chain issues, so which might have impacted opening of new plants for competition. On the other side, we have sufficient capacities. So, wanted to check, can we benefit from this or the competitive intensity that you were anticipating is on those lines itself?

Ravi Jaipuria: Well, we think competition is there, but there is enough market for everybody to take, as we have said that every time. We are adding about close to half a million and maybe more chilling equipment, which is between Campa, Coke and ourselves and

plus the individual outlets are buying 400,000 - 500,000 own coolers. So, there is a million chilling equipment, refrigerators going in the market on a year-to-year basis. That is expanding the market drastically. We think whoever does a good go-to-market and whoever can expand his distribution will win the game. We are trying to do that and are expanding at about 300,000 - 400,000 outlets every year. Hopefully this year we might expand half a million outlets. And we think that is what is giving us the growth.

Devanshu Bansal: You mean half a million visi-coolers or about 0.25?

Ravi Jaipuria: Half a million new outlets. We do not give visi-coolers to everyone.

Devanshu Bansal: Okay, understood. Sir, last couple of bookkeeping questions. For Twizza and Crickley Dairy, what is the revenue and margin run rate that can be baked in for CY26, if you could provide some colour? And second one, what is the expected CAPEX?

Ravi Jaipuria: Well, the CAPEX which is essentially what we have bought it at, Twizza, last full year revenue was ~ Rs. 800 crore and we have paid ~ Rs. 1,140 crore.

Devanshu Bansal: Sorry, I was checking for the consolidated CAPEX for the company, sir, and the revenue and margin run rate for Twizza and Crickley in CY26?

Ravi Jaipuria: Well, our CAPEX is not going to be very large this year because we have enough capacity. We are most probably going to only have one plant. Our CAPEX will be less than Rs. 500 crore - Rs. 600 crore this year for India. It will be very low this year. Does that answer the question, Devanshu?

Devanshu Bansal: Yes. Sir, just the revenue and margin run rate also for Twizza and Crickley Dairy?

Ravi Jaipuria: Well, revenue was Rs. 800 crore for Twizza and about Rs. 160 crore for Crickley. So, about consolidated maybe close to a Rs. 1,000 crore between the two. On the margins, we think it is a bit too early. Let us take it over properly. It has been 10-15 days only or a month. We are going to correct the margins. With the consolidation of both BevCo and Twizza we have enough room. Twizza has enough production capability which we were struggling in BevCo. So, this will help us give growth going forward without putting too much CAPEX.

Moderator: Thank you. Next question comes from the line of Anand Shah with Axis Capital. Please go ahead.

Anand Shah: Congratulations on a good set of numbers. Just few questions. Firstly, can you give some granular details on how the international has grown? I mean, you have grown almost 21%, which is quite strong. It seems your South Africa business would have driven bulk of this growth, but if you can give some granular colour there?

Ravi Jaipuria: No, it is not only South Africa. Actually, all our international businesses have grown.

Anand Shah: Okay. So, your Zimbabwe and all, which were relatively I mean ex of South Africa was growing in let us say mid-single digit to high-single digit, is that also now come back to double digit and all?

Ravi Jaipuria: Yes, absolutely. Average is 21% international. South Africa is very close to what the international market is growing.

Anand Shah: Okay. And ex of South Africa also would it be double digit?

Ravi Jaipuria: Yes. All international markets, otherwise, we would not be able to average 21.4%. We think Morocco was the only one which was weak last quarter.

Anand Shah: Okay. Got it. And sir, on the food distribution, if I do the math between consol and standalone, I mean Q1 last year was of course the start, it moved from Rs. 40 - 50 crore to Rs. 120 crore. I mean, last year you highlighted Rs. 350-odd crore for CY 2025 for food distribution in Africa. How do you see that scaling up this year?

Raj Gandhi: Anand, snack foods in the first quarter this year is Rs. 112 crore, which was last year Rs. 52 crore in the first quarter.

Anand Shah: Okay. So, you will consistently see further ramp-up as well, right, I mean in this in terms of the run rate?

Ravi Jaipuria: Absolutely, because Zimbabwe plant has just come up last year, end of last year only. So, there is consolidation and growth coming.

Moderator: Thank you. Next question comes from the line of Harit Kapoor with Investec. Please go ahead.

Harit Kapoor: Most of my questions are answered. Just wanted to get your sense on market shares. On a very high base, you have done an exceptionally good number. Also given the availability issues which you are able to tide upon, just wanted to get your sense about do you see opportunities in the market where maybe some of the other players have not been able to do as well as you in the current situation and that could play out in terms of at least near-term market share gains? How do you see the situation on ground right now?

Ravi Jaipuria: We cannot answer for other people. The only thing we can say, we are fully prepared and we have enough capacity that even if we get a 50% growth, we can comfortably do it without adding any capacity. We are fully prepared, we have the raw material, we have the back end covered. We only hope to God to give us the good weather and then we should get a good set of results.

Harit Kapoor: Got it. And the second question was on distribution. So, you do mention a certain number that you would like to do every year in terms of growth. For this year, calendar year, that 8%-10% type of, addition number is the year panning out consistent with that?

Ravi Jaipuria: Yes, that is what we had just said that practically this year we have added more than 10% outlets. So, that is why we are hoping to add close to half a million outlets with a base of about 4 million. We are aggressively increasing our go-to-market and that is what is actually giving us the results.

Moderator: Thank you. Next question comes from the line of Latika Chopra with JP Morgan. Please go ahead.

Latika Chopra: Two follow-up questions to your earlier comments. One was on availability of raw material, particularly PET. You have mentioned you have reduced sales of packing materials. So, I was just wondering, have you started to see any visible signs of challenge for the smaller unorganized players in the market?

And the second bit was in your assessment with this kind of inflation, which is going to come up, not necessarily for you but for the industry, do you see potential scope for price increases ahead as the broader industry tries to offset the inflation impact?

Ravi Jaipuria: Well, we see the B-brands and the other players selling water, they have not increased the price, but they have reduced the discounts. So, this we are already seeing in the market because the costs are going up. We feel this will further happen once the gasoline prices go up. There will be some pain, but we are reasonably covered. We cannot say fully covered because we do not know what the prices will be. But at the moment for this quarter we are covered with our raw materials. Now gasoline price is the only vulnerable part which is not such a large part in our scheme of the whole thing. If the prices go up, then we will further reduce our discounting to some level. And if our volumes are good, the weather remains like this, we can grow at the same pace or better than this, then we are not worried about a few rupees.

Latika Chopra: Understood. And initially you had explained the difference of realization for India business at 1.5% decline from 4% in the prior quarter. This was on account of product

mix and also lowering of discounts sequentially. Assuming status quo on other things, but is 1.5% more like what we should build for rest of the year, assuming the current levels of discounts are maintained, or because of seasonality this number could fluctuate?

Ravi Jaipuria: Yes, we think it might even become lower because it depends how strong the season is, or it could remain that. But that gets more than covered as we said, if the numbers start happening, our efficiencies go up and our costs start reducing drastically. So, this 1% or 2% we can cover easily if the numbers are right. And we feel the numbers are going to be good this quarter.

Moderator: Thank you. Next question comes from the line of Percy Panthaki with IIFL Securities. Please go ahead.

Percy Panthaki: Hi team, good afternoon and congrats on a great set of numbers. I am looking at the standalone P&L and you have done a 11% sales growth here on a fairly high base of close to 18% in the same quarter last year, which is like a 14% 2-year CAGR growth. Now, if I look at the 2-year CAGR growth for the previous quarter, it was 8%. Even for the last four-quarter average, the 2-year CAGR growth was 8%. I am using 2-year CAGR so as to sort of offset any sort of high base, low base in seasonality and so on and get the underlying growth trends?

What do you think is the reason that the 2-year CAGR has accelerated so sharply from about a 6%-8% to a 14% this quarter? Is it just the summer season being better? Is that the main part of it? Or do you think that the rate of market share gain by the new incumbent has probably slowed down and that is why the growth is more visible now? Or is there a third reason I am not getting?

Ravi Jaipuria: Well, we think we have never had 6%-8% growth except last year when the weather was really bad and India did not grow. We have been average growing at a CAGR of 23%. We do not know where you are getting 6%-8% growth.

Percy Panthaki: Sir, like for example, Q4 CY25 was a 6% on a base of 9%. So, that gives me a 2-year CAGR of about 8%.

Ravi Jaipuria: Last year was the one exceptional year. That is what we are trying to say. Otherwise, on an average we have been always growing in double digits. And with some new acquisitions, we have grown at more than 20%. But double-digit growths have been there if you look at last 5-10 years. It is only last year, India because of the weather, our growth was lower. That is the only reason. We still believe we can grow in double digits going forward for the next 5-10 years. We do not see any challenges. But of

course, our business is partly seasonal, so in case there is some abnormal rains or something happens, that we cannot answer. But overall, CAGR will definitely be more than that.

Percy Panthaki: Understood, sir. I was not talking only of last year, I was looking at 2-year CAGR, but anyways I will take this offline. And similarly, just wanted to ask on international business also. This quarter there has been a significant acceleration in growth v/s what we have seen in the past few quarters. Just wanted to understand the reason for that as well.

Ravi Jaipuria: When we take a new territory, it takes us a little bit of time to stabilize that territory. Last year South Africa and DRC had just started for us. Some challenges and then you know with the Gaza war we had some other challenges. All those things put together last year was a tough year for us. But if we do not have external issues, our growth should not be less than double digits comfortably outside or in the country.

Percy Panthaki: Understood, sir. And my last question is on the input cost. While it has been discussed in detail and we know you have covers for one or two quarters, but if crude remains at 100 for several more quarters, at some point of time you will either have to increase your prices or reduce your discounts or take the hit on the P&L.

My question was a little bit longer term, a few quarters down the line if the input cost scenario remains where it is, do you think you would be able to hold your margins or it is a fair assumption to say that maybe margins might take a hit a few quarters down the line?

Ravi Jaipuria: You know, it is very difficult to answer, but only thing we can tell you, we might be the only company which is holding 6 months inventory. We think other people will blink before we blink, we have to wait and see. Either everybody will take the prices slightly up to cover the costs or take a hit. We cannot answer you that, but we do not see us taking a hit because we think other people have a much bigger issue than we have.

Moderator: Thank you. Next question comes from the line of Jay Doshi with Kotak. Please go ahead.

Jay Doshi: Congratulations on good set of numbers and thanks for the opportunity. My question is with upsizing of packs from 250 ml to 400 ml, are you seeing more consumption and hence do you expect industry volumes to be growing faster by a few percent points v/s the earlier growth rate or are you seeing the consumers who are earlier buying larger pack Rs. 40 - Rs. 35 - Rs. 40 packs are now buying 2 units of Rs. 20

SKUs? Basically, is consumption going up in Liters because of this upsizing of packs for yourself and industry? That is question number one?

Ravi Jaipuria: Well, the consumption is going up in Liters as well as in numbers, both ways. If it goes up in liters is not good enough for us, we need the numbers to go up as well. So, both are happening and that is why you are seeing such large growths coming.

Jay Doshi: By any chance as a one-off would you be able to give us some colour in terms of what the growth at a unit level in terms of number of PET bottles or whatever v/s 15% volume growth which is in Liters?

Ravi Jaipuria: We measure volumes in 8-ounce and that is what we quote. Otherwise, each size we have to start measuring. Some are much smaller some are much larger. So, it becomes very difficult. That is why we give in 8-ounce.

Jay Doshi: Second question is with upsizing of 250 ml to 400 ml across the country across portfolio, do you expect any more sort of changes in your pack price architecture? I heard you comment earlier that there is no need for you to actually step up focus on Rs. 10 price point, but is there any pack price architecture change that is left in your view?

Ravi Jaipuria: Well, we will see what the market requires, and we will play with that. And if we had something in mind, we would not be able to divulge it anyway because that is not good for us from a competitive perspective.

Jay Doshi: Understood. Last thing on profitability should we expect that PET inflation aside, the crude-led inflationary thing aside, should we expect that you had broadly be able to maintain your margins in India business, so that 250 to 400 ml upsizing has actually not really had any meaningful or any impact at all on your India business margins? That is what we see in March quarter, is this something that we can extrapolate for at a full-year level? PET inflation I can understand.

Ravi Jaipuria: This full quarter we had the upsizing, so whatever effect had to come has already come and our volumes and our efficiencies have absorbed all that. And as we said to you, our larger plants are much more cost efficient and our cost of production is considerably half of what we were doing in our smaller plants. Scale is what is giving us the strength and cost reduction. We are able to consume some minor upsides which we can easily absorb.

Moderator: Thank you. Next question comes from the line of Robert Marshall-Lee with Cusana Capital. Please go ahead.

Robert Marshall-Lee: Just a couple of simple questions. Firstly, just in terms of the impact of the new plants, is there any kind of material impact from utilization rates where are you running the new plants and do you have any fixed cost leverage there? And secondly, just in terms of global sugar prices have been falling, is there any impact on the Indian market at all?

Ravi Jaipuria: There is some impact. Sugar prices are reasonably consistent here. Fortunately, they have not gone up, which is the positive side of the international prices. And in the international market, definitely we have had a gain on sugar costs. International prices have come down significantly. But in India, it has been reasonably constant. Fortunately, it has not gone up.

Robert Marshall-Lee: Thank you. That is great. And in terms of utilization of new plants, just is there any kind of material impact there?

Ravi Jaipuria: Well, utilization is definitely helping, as our volumes are going up and the plants are getting more utilized. We are using more of our larger plants, and we have shut down a couple of high-cost plants, which were very old and small. Overall efficiencies and cost cutting are helping. Looking at the current situation, with costs expected to rise, we have tried to curtail our costs and make sure we run the operations more efficiently than before.

Moderator: Thank you. Next question comes from the line of Arjav Jain with Systematix Group. Please go ahead.

Arjav Jain: I was just asking the sales mix currently as well as the sales mix which is expected in a few years down the line, especially with the traditional core flavours and the new alternatives such as Sting or Gatorade?

Ravi Jaipuria: Our mix keeps changing on a year on year. Energy is definitely becoming a big part of the portfolio and dairy and hydration are also becoming significant segments. But this will keep changing year on year, so it is very difficult to say.

The new Gen Z keeps on asking for something new all the time. We have everything to support whatever is required because it is the same machines which produce it, so it is just the matter of changing the flavours or packaging.

Arjav Jain: Okay. And also, like you said that you are opening new plants and they are much more efficient than the previous ones. Like what is the expected payback period for these plants?

Ravi Jaipuria: We need capacity, and for that we need to open new plants, otherwise we cannot keep up the pace with the growing sales. If our sales are going up, they have to be backed up. The only thing we are saying is now we are not opening smaller plants and our plant efficiency being larger plants is much better than what it used to be in the older plants. Just to give you an example, if we had a 200 bottles per minute line, now we have got a 1,000 bottles per minute line and the manpower is the same. It is five times more production but using the same manpower. So, those are the efficiencies we are talking about.

Arjav Jain: Okay. I was asking for the payback period.

Ravi Jaipuria: Normally we work on a 3-4 year payback. 30% RoCE.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I now hand the conference over to the management for closing comments.

Raj Gandhi: Thank you. I hope we have been able to answer all your questions satisfactorily. Should you need any further clarifications or would like to know more about our company, please feel free to contact our investor relations team. Thank you once again for your interest and support and for taking the time out to join us on this call. Look forward to interacting with you soon. Thank you very much.

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