Corporate Off : Plot No.31, Institutional Area, Sec.-44, Gurgaon, Haryana-122002 (India)
Ph.: +91-124-4643100-500 • Fax: +91-124-4643303/04 • E-mail : info@rjcorp.in • Visit us at : www.varunbeverages.com
CIN No. : L74899DL1995PLC069839

May 7, 2025

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**

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 30, 2025 i.e. post declaration of Unaudited Financial Results of the Company for the Quarter ended March 31, 2025 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
Digitally signed by Ravi Batra
Date: 2025.05.07 09:23:14 +05'30'

Ravi Batra
Chief Risk Officer & Group Company Secretary

Encl.: As above

Varun Beverages Limited
Q1 CY2025 Earnings Conference Call Transcript
April 30, 2025

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

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

Anoop Poojari: Thank you. Good afternoon, everyone and thank you for joining us on Varun Beverages Q1 CY2025 Earnings Conference Call. We have with us Mr. Ravi Jaipuria, Chairman of the company, Mr. Varun Jaipuria, Executive Vice Chairman of the company 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 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 all of you have had the opportunity to go through our results presentation that provides details of our operational and financial performance for the first quarter ended 31st March, 2025.

We are pleased to report a strong operational and financial performance in the first quarter of CY2025. Consolidated sales volume grew by 30.1% YoY driven by healthy organic volume growth of 15.5% in India. The integration of the South Africa territory has progressed well with focused efforts on strengthening on ground infrastructure, streamlining operations and enhancing execution across the market. We achieved 141 million cases in South Africa over the trailing four quarters marking a growth of ~13% over the same period last year. Historically, net realizations in South Africa are lower due to a higher mix of own brands. However, we are actively working to scale PepsiCo portfolio which is expected to support improvements in realization and margins going forward.

We recently commenced operations at our new Greenfield production facilities in Kangra, Himachal Pradesh and Prayagraj, Uttar Pradesh significantly enhancing capacity. Currently with the peak summer season, the implementation of other two Greenfield production facilities scheduled for 2025 season in Bihar and Meghalaya is on track and shall commence the commercial production very soon. Additionally, we have established backward integration facilities in Prayagraj and DRC further strengthening our operational backbone and supply chain efficiency.

Building on our nascent presence in the snack food segment, we have initiated the distribution and sale of PepsiCo snack products in Zimbabwe and Zambia. These markets present a significant growth opportunity within the packaged food category, supporting our focus on portfolio expansion across high potential regions.

In line with our dividend policy, the Board of Directors has approved an interim dividend of 25% of face value, i.e., Rs. 0.50 per share, resulting in a total cash outflow of ~Rs. 1,691 million. Looking ahead, we see immense headroom for growth in India's beverage market supported by rising per capita incomes, accelerating urbanization, expanding electrification and improving cold chain infrastructure. With adequate capacities in place, a diversified product portfolio and a strengthened distribution network, we remain well positioned to capitalize on these opportunities and deliver sustainable value to all stakeholders.

I would now invite Mr. Gandhi to provide the highlights of the operational and financial performance. Thank you.

Raj Gandhi: Thank you, Mr. Chairman. Good afternoon and a warm welcome to everyone joining us today on the investors call. Let me provide an overview of the financial performance for the quarter ended 31st March, 2025.

Revenue from operations adjusted for excise and GST grew by 28.9% YoY to the level of Rs. 55,669.4 million in the Q1 of CY2025. Consolidated sales volumes increased by 30.1% to the level of 312.4 million cases as compared to 240.2 million cases of the corresponding period i.e., Q1 CY2024. This growth was supported by strong organic volume growth of 15.5% in India and inorganic contributions from South Africa and DRC.

In India, realization per case improved by 1.8% while it remained stable across international markets excluding South Africa. At the consolidated level however, due to lower per case realization in South Africa, the blended consolidated net realization per case declined by 0.9%.

CSD constituted 75% of the total volumes while non-carbonated beverages and packaged drinking water contributed 7% and 18%, respectively. Aligned with our growing focus on healthier beverages, the mix of the low sugar, no sugar products increased to ~59% on consolidated basis of the total sales volumes in Q1 CY2025.

Due to relatively lower margin profile of owned brands in the South African market and the higher mix of CSD in India, gross margins stood at 54.6%, a decline of 171 basis points as compared to Q1 CY2024. EBITDA increased by 27.8% in Q1 of 2025 to the level of Rs. 12,639.6 million compared to Rs. 9,887.6 million in Q1 of 2024, broadly in line with net revenue growth. EBITDA margins in India improved by 111 bps driven by operational efficiencies resulting from strong volume growth at the consolidated level for this year. At the consolidated level, margins declined marginally by 20 bps due to lower profitability in the South Africa market, where margins currently stand at 14.4%, and its higher contribution to the overall performance during the quarter.

Depreciation increased by 45.3% during the quarter, primarily due to the commissioning of three new plants last year, Supa, Gorakhpur, and Khordha, which were not part of the base quarter. The inclusion of operations from South Africa and DRC during the current period also contributed to the increase.

Post repayment of debt through QIP proceeds, finance cost in India is negligible and there is an interest income of Rs. 108 million during the quarter. Interest cost in international markets is primarily in South Africa, which also includes the lease rentals under the Accounting Standard 116 of Rs. 86 million as the manufacturing facilities in South Africa are on lease. PAT for Q1 CY2025 increased by a healthy 33.5% YoY to Rs. 7,313.6 million driven by volume growth and lower finance costs.

Lastly, we are pleased to share that CRISIL has upgraded our long-term credit rating to CRISIL AAA Stable. This reflects the strength of our balance sheet, strong governance and consistent performance across key metrics. As we enter the peak season, we remain focused on sustaining and accelerating our strong growth, our strategic investments across Greenfield and Brownfield capacities, backward integration and network expansion, strengthening our execution capabilities and operational efficiency. These efforts are reinforcing the foundation for sustained long-term growth and we remain confident in our ability to execute effectively and deliver consistent performance and value to all stakeholders.

On that note, I come to an end of the 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 very much. The first question is from the line of Aditya Soman from CLSA. Please go ahead.

Aditya Soman: Good afternoon and thanks for the opportunity. Two questions from me. Firstly, any sort of early trends from the recent launches you have made of Sting Gold or of the sort of lower price point pack of Gatorade, especially as we head into summer, we have seen that you have increased capacity. So, any sort of sense on how these new products are doing will be very useful. And the second question, in your presentation you highlight that one of the reasons for the sort of gross margin impact has been the higher CSD share in India. Could you please elaborate on why that has impacted gross margin? And secondly, is there also an impact in this because of the water cost that has shifted, you had indicated some time back from other expenses to COGS. Thanks. Those were my questions.

Ravi Jaipuria: First of all, as far as the new launch of Sting Gold and Gatorade, we think it's still very early, it's very nascent, it's just been launched recently. We need to wait a couple of months to see what the reaction of the market is. But it has been accepted well. As soon as maybe the next quarter we will have more answers to give you. For the margins Mr. Gandhi will answer.

Raj Gandhi: Aditya, as you very rightly pointed out, yes, the water cost has shifted to the direct cost from being a part of other expenses. Secondly, the product mix has changed. We had our focus on CSD, which has helped realization per case and has also resulted in an increase in EBITDA. But at the gross margin level it's just a shifting of expenses because the focus was more on CSD and CSDs have a lower gross margin as compared to packaged water. And thirdly, contribution from smaller packs has gone up compared to the larger packs. All these things led to a slight increase in COGS; however, resulting in higher per case realization and higher EBITDA margin.

Aditya Soman: Thank you, that's clear. Maybe just on that, so are we alluding that CSD gross margins are slightly lower than the overall system average?

Raj Gandhi: The absolute margins in the case of CSD are definitely higher because realization is around 3 times higher than that of packaged water. However, in the case of CSD, there is a concentrate cost unlike packaged water.

Moderator: Thank you. The next question is from the line of Percy Panthaki from IIFL. Please go ahead.

Percy Panthaki: Hi sir, just wanted to ask regarding the competitive intensity with the new entrant who has come, just wanted to ask what is the thought process there on the parts of the value chain we do not control, which is the Ad spend mainly, which basically rests with Pepsi. In your conversations with Pepsi, what is the thought process there? Is it that there is an irrational amount of Ad spend going on and we do not want to participate in that irrationality or is it that whatever is happening we need to match that and maintain share of voice because ultimately even though you don't control this will affect your sales and profits?

Ravi Jaipuria: As the volumes are growing up, we are spending more money than what we were spending earlier. We are spending our share. Some people may decide to spend on one category, while we have decided to spend on other categories. So, they decided to spend more money on IPL which we have not chosen this year. One year we did choose IPL, it all depends on what you choose and how you go forward with it. They are just entering the market so we guess they need the people to know more about their products and we cannot argue on that. We don't think we have any issue with that and we are spending our bit and the market is accepting that. There will be always little bit up and down with competition coming. However, we are quite happy with the volumes, with the numbers which are happening.

Percy Panthaki: Sure. Understood. And just wanted to understand how is the summer season going on thus far? I mean are we seeing the same kind of growth trajectory in April what we have seen in 1Q?

Ravi Jaipuria: See we never go month on month. We have always stood by that we will grow double digits in the year and that is what we stick by. We cannot plan on month to month because each month is different, and weather patterns vary, sometimes the rains are earlier, sometimes later. We have always said that we can grow in double digit, and this is what we are expecting happening this year and we are quite comfortable with that guidance.

Percy Panthaki: Sure. And last question is on the India margins. Last year we were at about 25.5% margin. This quarter also we are close to about 25% margin. However, in the previous calls you have mentioned that for India margins we would be comfortable defending like 21% kind of a number. So how should we read this as financial analysts? Should we read it as there's a possible 400 basis points margin compression in the future or is it that you're being overly conservative with that number?

Ravi Jaipuria: We have always said that 21% in soft drink industry is a very good EBITDA margin. So, we have stuck to that but we keep trying and making sure that we achieve better than that. As we are doing backward integration and expanding into bigger plants, we expect our margins to be better than that. However, we don't provide guidance for margins exceeding 21% at the consolidated level.

Moderator: Thank you. The next question is from the line of Darshit Vora from Asit C Mehta Investments. Please go ahead.

Darshit Vora: Thank you for the opportunity. So, I had a couple of questions. The first one would be, so from like the CY 2020 to 2022, we have been seeing India margins were lower than international margins by around 300 to 400 basis points. Now this reversed in CY23. So, in this scenario India margins improved. So, what do we see like going ahead, do we see the India margins coming back to how they were before?

Ravi Jaipuria: India margins are doing well as we explained in our earlier response. The India margins are improving as we are putting new bigger plants with backward integration. In the international markets we had a couple of challenges in this quarter, Ramzan was earlier, which affected Morocco a bit. Secondly because of sugar tax in Zimbabwe, the volumes came down last year and now they are coming back. From this quarter onwards we expect the volumes to come back to normal in Zimbabwe. In South Africa we have always said that margins are lower because 80%-85% of the volumes come from own brands, which have lower margins. We are gradually improving these margins by increasing the sales of high margin products. This is a long-term process which will take a little time, not six months or one year, but a little longer. However, margins are continuously improving in South Africa, and we are also witnessing a good growth there.

Darshit Vora: All right, but then like do we see them coming close to or surpassing the domestic margins as of now in the near future?

Ravi Jaipuria: It's a couple of years process and not going to happen overnight. In the near future we have to make sure that we do complete backward integration in all our plants in the international markets.

Darshit Vora: All right, okay. But it can probably come close to the domestic margin.

Ravi Jaipuria: It can come close to it.

Darshit Vora: Okay, thank you, that was helpful. And secondly, now that the Tanzania and Ghana agreements have terminated, will it impact like what kind of impact will have on your growth aspirations in the African continent? And also, that do we have any update on some new geography that we might be going into an agreement for?

Ravi Jaipuria: We are always looking for opportunities to expand. Certain conditions in Tanzania and Ghana could not be met in time so we had to put it on hold. We will continue to look for growth opportunities in several other countries, working closely with PepsiCo, and will go forward with it as and when they are aligned with our shared objectives. So as soon as we have something concrete, we will let you know.

Moderator: Thank you. The next question is from the line of Jay Doshi from Kotak. Please go ahead.

Jay Doshi: Hi. Thanks for the opportunity and congratulations on good execution in India. My question is on South Africa. Now that you've handled the business taken over since about a year, could you give us some overview on what are the areas where you're tracking ahead of your expectations that you may have a year ago in terms of volumes, distribution, profitability, basically how is it shaping up versus your base case assumptions and if you could give us some color what we should expect over the next four quarters from that territory?

Ravi Jaipuria: South Africa is shaping up well. In the first year of the business, we expected growth and it has already started growing in double digits. We have discontinued non profitable packs, which may have slightly reduced overall growth, but this was offset by higher growth in profitable packs. South Africa is a large market, the growth opportunities are huge over there, and we are seeing very good salience. It will take at least one to two years to fully establish our presence in South Africa and we think it is going to be a very interesting market for us.

Jay Doshi: Sure. One small bookkeeping question this quarter you've called out South Africa margin the 14.4%. But I think that is seasonality as one of the stronger quarters. So, the more annualized basis, where do you stand now versus maybe I think at the time you acquired it was about 11%-11.5%. So, if you could kind of adjusted for seasonality, what kind of improvement have we seen so far?

Ravi Jaipuria: No, it used to be ~ 10% odd, and we have reached ~ 14.4% and we expect to maintain 14.4% for the year. Last quarter was one of the better seasons for South Africa, however we believe that we will be able to make some corrections and stick to this margin at least.

Moderator: Thank you. The next question is from the line of Vismaya Agarwal from Citi. Please go ahead.

Vismaya Agarwal: Hi, good afternoon, sir. So just a continuation on the previous question on South Africa. At the time of the acquisition, the own brand salience was the larger chunk, Pepsi was just 15%. If you could share some update on what's the salience now of own brands versus Pepsi and also if you could share the 13% volume growth for that business that you have called out. Any trends in own brands versus Pepsi there as well please.

Ravi Jaipuria: Our Pepsi brand sales are going up from 15% and it's close to 20% now. All our products are growing including our homegrown brands. PepsiCo product our growing at a faster pace. At the same time, we are also cutting down on products which were non profitable. So that is why the growths are looking more subdued than what they are.

Vismaya Agarwal: Got it sir. Thank you. And just one more on the India business, now in terms of the realization per case that we see here which is up 1.8% this quarter and historically you have maintained that the long term trend should be closer to 2%. But I just wanted to get your thoughts on is there some risk on this growth near term next say one year or so given the kind of consumer promotions that we have seen in the industry or do you think there are levers mix perspective any other levers that can help you?

Ravi Jaipuria: Actually, it's very good for the industry. All these promotions are helping industry to grow and we are seeing that even with the entry of new players. As always said, we continue to grow in double-digits, while the new entrants are getting their fair share. The market in India is still very under penetrated and there is huge room to grow for everyone.

Vismaya Agarwal: Got it sir. But on the realization. So, does it have an impact the promotions have an impact on the realization or you think that's still manageable with the mix?

Ravi Jaipuria: Very difficult to say, it will depend on quarter to quarter. It might have some effect but nothing significant.

Moderator: Thank you. The next question is from the line of Nitin Shakdher from Green Capital Single Family Office. Please go ahead.

Nitin Shakdher: Congratulations to the management on an excellent set of numbers. My question is more as an investor what are you seeing in terms of a push from global PepsiCo into the India market? Is it that some volumes are moving up on sports energy drinks like Gatorade and Sting and zero sugar versions of Pepsi. What is the shift being from the Indian consumer side more onto healthier options because that's the trend even like newer sports in India picking up like pickleball. So, what's a brand like Varun Beverages and Pepsi doing to sort of look at the new wave of drinks and nutrition?

Ravi Jaipuria: Hydration and energy are the fastest growing categories and our energy drink is one of the largest in India. Secondly, our hydration drink, Nimbooz is growing at ~100% which is a fabulous growth. Our value-added dairy beverages are also growing at close to 80%. So, the new categories are doing extremely well and at the same time there are enough newcomers who are entering these categories. The regular categories are also growing, but a faster growth is coming from these new categories.

Nitin Shakdher: Do you also see within Cream Bell the zero sugar options picking up a lot more rather than the standard ice cream patterns. What's the trend on the dairy?

Ravi Jaipuria: We don't think India is still ready for zero sugar category. Mid-cal is taking more popularity and that is what is going to be coming over the next year or two. Zero sugar is still a very small segment in the country. Our Sting energy drink, for example, is a mid-calorie product, and it aligns well with current consumer preferences.

Moderator: Thank you. The next question is from the line of Mrunmayee Jogalekar from Asit C Mehta Investments. Please go ahead.

Mrunmayee J.: Thank you for the opportunity and congratulations on a good set of numbers. My first question is to do with the DRC volumes. If you can quantify that for this quarter.

Ravi Jaipuria: DRC has just started and is a new country, a new territory so it's a bit too early. We have had some challenges there but we are still progressing. We think in the next quarter or two you will really start seeing the country coming to life.

Mrunmayee J.: Okay, so in the previous, I think couple of quarters we had a run rate of about 5 to 7 million cases. Would it be similar to that or as you mentioned there were some challenges so it was lower.

Ravi Jaipuria: We are still learning the country and we need another quarter or two quarters before we can really start giving you the numbers on that.

Mrunmayee J.: Okay. And secondly on the South Africa growth, so this year you have seen a growth of 13% which for the first year of operations is very good growth. So, are you expecting to accelerate this growth and any specific internal targets you would have in terms of what kind of growth you would like to see?

Ravi Jaipuria: We always have aggressive internal targets, but every time you cannot achieve all your internal targets. As mentioned earlier, we are very happy with the growth of South Africa, but the actual growth is not coming out because we are cutting down on some of the non-profitable packs. So when it says 13%, the actual growth would have been much higher if we would have not cut down on the non-profitable packs.

Mrunmayee J.: Okay. And the expansion of visi coolers will continue in South Africa?

Ravi Jaipuria: Yes, that's one of the only ways to grow this soft drink market. Our go-to-market and visi cooler chilling equipment both must go hand in hand.

Moderator: Thank you. The next question is from the line of Prashant Poddar from ADIA. Please go ahead.

Prashant Poddar: Good afternoon, everyone. Thank you very much for all the details and fantastic work in the continuing international markets. India market especially we have talked a lot about the new competition, but Coca Cola is clearly the still more relevant competition for you. You've not spoken about the competitive landscape much in the call. We have seen you introduce the light variants at low prices in March, I think. Also, Reliance has announced, Campa has announced a large plant in I think Assam or somewhere. So, can you help us understand this getting geographical proximity, for example, for Campa or Cola, participating with new bottlers now, new bottling promoters at least, can you help us understand the overall macro in terms of competitive landscape, how this is evolving and how have market shares been for the full year, if you can give us just some indication?

Ravi Jaipuria: The good part is competition is making all of us put in more chilling equipment, more go-to-market, increasing our efforts. As a result, the overall market is growing faster than it has grown over the years. There are enough new entrants which are coming at the lower price points, which is further helping the market to grow. India remains significantly underpenetrated and as the competition heats up, the growth will come much faster and there is enough room for everyone to grow in this market.

There are ~ 12 million FMCG outlets and we are reaching out to about ~ 4 million only. So there is still so much room for everyone to add new outlets through increased GTM and by putting more chilling equipment. Also in a soft drink industry, whoever wants to compete must go closer to the market because transporting water over larger distances is not a viable proposition.

Prashant Poddar: Yes, fair enough. And in terms of books for the full last year, any indication how you would have done v/s Coca Cola?

Ravi Jaipuria: Well, we think we have both grown. So exact numbers only Nielsen and Globaldata would give you. But we have both grown and done pretty well. As said, we have grown in double digits which is very healthy growth on this scale and we expect to continue doing that.

Prashant Poddar: Okay, and last question from my side. In terms of inflation of key materials, which is packaging and sugar etc., any initial thoughts for the current year how is it looking related to previous year.

Ravi Jaipuria: We don't see the raw material prices going up significantly. Fortunately for us oil prices are not going up, so our packaging material pricing are quite stable or rather even slightly lower. Sugar slightly has gone up, so it balances out and we are quite comfortable with our production costs.

Moderator: Thank you. The next question is from the line of Nilesh Shah from Julius Baer.

Nilesh Saha: Sir, we have seen that over the last few months you have launched the same sort of Rs. 20 pack with higher volume. And we are able to kind of see this product in quite a few states. So, could you comment on two things, first on a like to like basis, what would be the margin differential for you? Just asking for a rough range and number two point here is that, is your partner or any of your partner, is your brand partner helping you in any way in making good of some margin gap that may be the case? Thank you.

Ravi Jaipuria: If you see, our margins have not come down. We are not losing on the margins, and we keep on shifting promotions from product to product. Last year we had some other products which were upsized, and this year we changed to some other flavors. So, it's not that we are adding a lot of bigger packs at the same price, overall percentage is not much higher than what it was last year.

Nilesh Saha: Just to sort of extend this thought a bit more now of course the share is low because you have not rolled it out across all markets which you spoke of in the last call. But if you kind of have to do that, as Campa and other brands also expand nationwide and the salience both in terms of geography and of your volumes go up, you feel even then it will not have a sort of a significant hit on your margins per se, that's the right reason?

Ravi Jaipuria: We don't see any major dips coming to our margins.

Moderator: Thank you. The next question is from the line of Sheela Rathi from Morgan Stanley. Please go ahead.

Sheela Rathi: Thanks for taking my question. Again, my question is around the competitive landscape and also, thanks for the clarification on margins. Just want to understand that in this environment where B brands as well as the topmost competition for you all have been aggressive. Does it make sense for us to introduce more new products, take up that pipeline much faster than what we have done in the past? Not necessarily in zero sugar product, but normal products which cater to the Indian audience. And second is also how are we kind of ensuring that we remain relevant? Are we focusing more on ATL spends or BTL spends or how are we playing these two areas?

Ravi Jaipuria: The key way we are progressing is, one by increasing our go-to-market, which we have been doing every year. We have expedited that; by putting more chilling equipment than we did last year or year before. Both these initiatives have helped us substantially in growing by becoming more relevant to the retail outlets. Further we have distinctive products and all our products are doing well. In the energy drink and hydration we are the market leaders and even in value added dairy we are doing extremely well. Our value-added dairy and our hydration category is growing practically at about 100% apart from energy drink. We are getting enough traction, and we will keep on introducing new products, which is the right thing to do at the right time. We have introduced a new energy flavor which is a malt-based flavor which was just launched in March and now we need to see how well it does.

Sheela Rathi: Understood. And the point on ATL and BTL spend?

Ravi Jaipuria: We have an understanding with our parent company that 'X' amount will be spent out of the total revenues which we continue to do. ATL-BTL spend keeps on growing with the volumes and we keep on spending that.

Sheela Rathi: Sorry, just one follow up sir, is there any change here in terms of the trend given the conversations around competition being aggressive, have we required to make any changes in certain?

Ravi Jaipuria: We are aggressive as well and we are actively expanding our distribution. As we said we have deployed much more chilling equipment this year than what we used to deploy. We have also increased our go-to-market much more strongly. It's a different way somebody wants to be aggressive in some way while you have to be aggressive in the other. So, everyone will take their own call what is right for them. India has got ~ 12 million outlets; we are going to ~ 4 million. So, there's so much room to expand for everyone.

Moderator: Thank you. The next question is from the line of Devanshu Bansal from Emkay Global. Please go ahead.

Devanshu Bansal: Hi, thanks for the opportunity. Congrats on strong execution in last quarter. Sir again building on the marketing perspective, the competition is quite aggressive in terms of advertisement during major sporting events as well as large congregations like Kumbh Mela. You mentioned that obviously BTL we are quite aggressive in terms of chilling equipment as well as the banners that are there at the shops. But from a mass marketing perspective which I guess is the brand's responsibility. So, what is the strategy there from PepsiCo side? So, we are relatively, this is my perception but relatively, as of now the word of mouth is relatively lower. So what's the strategy there?

Ravi Jaipuria: Well, we believe you are basing it because of two events which have happened. One is the Kumbh and the other is the IPL. Parent companies take certain call like where they want to spend more money, and what they want to do. Our spends has not come down and are going up only. If the competition wants to spend more, that is their decision. We have no control over where they want to put their money.

Devanshu Bansal: Understood sir, so the if the spends are remaining stable then maybe we will see during the season. Sir, second question is on the international front. So, Zimbabwe sort of saw some moderation due to sugar tax last year. Now that it is in the base, you also indicated that from this quarter things should improve. Just if you could help us understand what kind of a growth that we can expect on a low base in that particular geography.

Ravi Jaipuria: We do not have a low base there, in fact we are already market leaders with very high market share. For a country with a population of 16-17 million, our volumes are very high. We are doing extremely well and it's a very good market for us. The issue we faced last year was the need to raise prices suddenly because of the sugar tax. That impact is now being absorbed and we think from this quarter onwards we expect it to come back to normal. However, we are not expecting huge growth.

Devanshu Bansal: Understood. And last bookkeeping question, the Bihar and Meghalaya plants, when are they expected to sort of get commissioned? Is this like during current season or it will be after that?

Ravi Jaipuria: Well, Bihar is getting started tomorrow, May 1, 2025 and Meghalaya will be by the end of May 2025.

Moderator: Thank you. The Next question is from the line of Devesh Advani from Reliance General Insurance. Please go ahead.

Devesh Advani: Hello sir. Congratulations on good set of numbers. Actually, I wanted to ask how do you see the demand trends before peak summer season as in the month of April and how do you see the top line and bottom-line spanning going?

Ravi Jaipuria: As we said, we still believe that double digit growth is very doable in this country with expansion. There's enough room for everyone to get a fair share of this market. This category is growing at a much faster pace and is doing much better than the other FMCG categories, with more competition coming in, more money is being spent and more chilling equipment are being deployed. The rest depends partly on weather gods, every quarter can be little different, it's very difficult to say. But overall, for the year we believe double digit growth is very achievable.

Moderator: Thank you. The next question is from the line of Rishi Mody from Marcellus Investment Managers. Please go ahead.

Rishi Mody: So, I heard you saying that Coca Cola has also grown healthily in Q1 CY25 and it's been almost getting 6 years since we acquired the south and west business, little more than 6 years if I am not wrong. So just wanted to understand how is our growth in the south and west India? Are we gaining market share or are we still at the same market share levels that we were at the time of acquisition?

Ravi Jaipuria: Well, it is very difficult to say that. But overall, we are growing in the market and we have grown in both the markets, we are growing healthily in South and West. The overall market is growing in the country. We don't know the exact numbers of competition, they must be also doing well.

Rishi Mody: All right. Second, I wanted to understand it's been almost little over a year since Campa launched in Tamil Nadu which is a dominant market for Pepsi. They do have more than 10% market share in the region that they have started operations. So just wanted to get your view on what's happening.

Ravi Jaipuria: Tamil Nadu has always been a large B brand market almost as large as Pepsi and Coke. So it's very difficult to say how the entry of another brand would impact. But overall, the markets are growing so there's no issue.

Rishi Mody: All right. And finally, just wanted to get a better understanding on Sting. We haven't yet launched it in Africa if I am not wrong. Do we plan to launch?

Ravi Jaipuria: We have launched it in Africa and is already available in our African markets.

Rishi Mody: But is it as big contributor in Africa or are you still scaling it up?

Ravi Jaipuria: In some countries it is doing extremely well, while in others it is not due to pricing and the local competition. In South Africa we have still not launched Sting.

Moderator: Thank you. The next question is from the line of Ashish Kumar from Ampersand Capital. Please go ahead.

Ashish Kumar: Thanks for the opportunity. I just wanted to know what would be the CAPEX spend for this year and how it would be split between India and like South Africa rest of the world?

Raj Gandhi: We have given the guidance of ~ Rs. 3,100 crore for this year and we are on track and appx. Rs. 900 crore out of which is yet to be spent.

Ashish Kumar: Okay. And so, in terms of geographical split?

Raj Gandhi: Country wise we have the breakup. We can provide you offline.

Moderator: Thank you. The next question is from the line of Rajit Aggarwal from Nilgiri Investments Manager. Please go ahead.

Rajit Aggarwal: Good afternoon, sir. See, I am sorry if this question is wrong or not supposed to be asked or has already been asked. But I was just wondering, I mean any impact of the fall oput of the deal with Domino's. Any comments from your side?

Ravi Jaipuria: Any account you lose is not good. But that had to happen and we also get new accounts, so the loss of one account does not make a significant difference. But obviously we would always like to have more and more.

Rajit Aggarwal: Right. When you say that the growth will be consistent for this calendar year as well. So that expectation or that growth doesn't get tempered.

Ravi Jaipuria: One fast food chain cannot have any major impact, it's very small for the overall growth of the brand.

Rajit Aggarwal: I would assume it's low single digits.

Ravi Jaipuria: What is low single digit?

Rajit Aggarwal: The volume from Domino's.

Ravi Jaipuria: It was less than low single digit.

Moderator: Thank you. The next question is from the line of Ashish Agrawal, who is an individual investor. Please go ahead.

Ashish Agrawal: My question is regarding Ghana and Tanzania. I just saw the presentation and we have kind of taken that out. Do we have any clarity of when we can, the deal is on hold. That is what you told. But do we have any clarity when we are going to have them on us or there are some other competitions that are there?

Ravi Jaipuria: No, there's no competition. It's just that we have not got the clearances what we were supposed to get. And in the African countries, till we get full clarity, being a listed company, we are not going to take control of the company. If they are able to get the required clearances, we will move forward. If not, we will not get into it.

Ashish Agrawal: And how about the new energy drink that we were about to launch in before this season as well as the new variety, basically the Jeera drink and the new energy drink that we were launching, any updates on that?

Ravi Jaipuria: The energy drink we have launched in March is a variant of Sting, which is a malt-based energy drink. It's just been put in the market, we have to give it a month or two months before we get really the reaction. But initially the reaction is good.

Ashish Agrawal: That is Sting Gold, right?

Ravi Jaipuria: Yes, please.

Ashish Agrawal: But there was another new drink that you were talking about in the last two quarters. Has there been any progress with that or we're not looking at for this year?

Ravi Jaipuria: We will be launching new products but not immediately, at least for the high summer.

Ashish Agrawal: Okay. And Jeera drink?

Ravi Jaipuria: We are still in the process of launching it.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. 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 the company, please feel free to contact our investor relations team. Thank you once again for your interest and support for taking time out to join us on this call. Look forward to interacting with you soon. Thank you very much.

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