

CHAIRMAN'S MESSAGE TO SHAREHOLDERS



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Dear Shareholders,

It gives me immense pleasure to place before you the 25th Annual Report of the Company.

Overview

We are delighted to share that CY19 has been a year of solid operational and financial consolidation. We delivered a topline growth of 39.7%, EBITDA growth of 43.8%, and PAT growth of 57.5% in CY19. Our performance was primarily driven by robust volumes reported in the Indian and International markets. Improved performance in under-penetrated territories acquired in CY17 and early CY18 resulted in healthy organic volume growth of 13.1% in the domestic business. The international business also registered solid growth of 34.0%, driven by double digit growth in the key markets of Morocco, Zimbabwe and Sri Lanka.

The full year performance also includes the impact of sub-territories acquisition in South and West India from May 2019. I am pleased to share that our team has done a tremendous job in seamlessly consolidating such a large region in a short timeframe, demonstrating our exceptional execution capabilities and the dedication of employees.

We continued our focus on strengthening the execution capabilities, and widening the portfolio mix with new product additions. We also catered to varied demands of the fast-growing India beverages market and expanded our distribution reach and scope. These strategic building blocks should continue to hold us in good stead in the medium-to-long term. We continue to focus towards building presence across fast-growing categories to better cater to new trends and shifts in consumer preferences.

Acquisition of new territories

In May 2019, the Company concluded the acquisition of franchise rights in South and West regions from PepsiCo for a national bottling, sales and distribution footprint in 7 States and 5 Union Territories of India. The Company acquired franchise rights in the states of Gujarat, Telangana, Kerala, Tamil Nadu and parts of Maharashtra, Karnataka, Andhra Pradesh and in Union Territories of Daman & Diu, Dadra & Nagar Haveli, Andaman & Nicobar Islands, and Lakshadweep and Puducherry, except Yanam. With this, we have significantly reinforced our partnership with PepsiCo, and now account for over 80% of their India's beverage sales volumes - from 51% earlier. In Feb 2019, we also concluded the acquisition of territorial



rights from SMV Group for parts of Maharashtra (14 districts), Karnataka (13 districts) and Madhya Pradesh (3 districts).

With this, we will be consolidating and expanding deeper into these regions to garner a bigger foothold and improve our market penetration. We are confident that this will help us obtain greater scale, operational productivity and efficiency, leading to higher revenues and profitable growth. It will also help generate better asset usage as the seasonality in these regions is relatively lower. On the whole, development of new markets and increasing presence in high-potential territories will be our key growth driver.

Furthermore, the Company acquired an additional 20% stake in Lunarmech Technologies Private Limited during the year, which makes and sells PET bottle caps and crown caps, increasing our shareholding to 55% of the effective equity share capital. Subsequently, Company acquired control of Angelica Technologies Private Limited (Angelica) by appointment of majority of Directors on the Board of Angelica. Additionally, we also concluded the acquisition of two production facilities, one at Dharwad, Karnataka for a total consideration of ₹ 747.25 million; and the second at Tirunelveli, Tamil Nadu for a total consideration of ₹ 200 million. We are confident that these acquisitions will help us gain greater scale, operational productivity and efficiency, resulting in higher revenues and sustainable growth.

New product launches

We are constantly working towards building a winning multi-category product portfolio, accelerating our quest for leadership across each segment and category. During the year, we introduced three new variants of ambient temperature value-added dairy beverages – Belgian Choco Shake, Cold Coffee and Mango Shake in 200ml PET bottle, with a 180-day shelf life. I am happy to share that these products have been very well received in the market. Our existing distribution network and chilling infrastructure will be leveraged to expand volumes in this segment.

Dividend & Bonus Issue

With the Company's listing in November 2016, the Board has formalized a dividend strategy. At the beginning of our Silver Jubilee Year and in appreciation of the continued support of our shareholders, the Board proposed and approved a Bonus Issue of equity shares in the proportion of 1 equity share for each of the 2 equity shares held for eligible shareholders. It also approved an interim dividend of ₹ 2.50 per share in Q3 CY19, in accordance with the dividend policy guidelines. Total cash outflow towards this stands at ₹ 776.69 million (including payable net statutory taxes).

QIP Issue

During the year, the Company raised ~ ₹ 9,000 million through a fresh issue of 14,705,882 equity shares of ₹ 10

each. The entire proceeds of the QIP issue, net of issue expenses of ₹ 164.36 million, were utilized for repayment of debt during CY19. We are glad about the confidence reposed by marquee domestic and foreign investors in our business in a challenging market environment. This capital raise considerably strengthens our balance sheet and provides room for sustainable future growth.

Sustainability initiatives

The Company undertakes several initiatives towards embedding sustainability in operations and reducing the environmental footprint across manufacturing. It uses high quality food grade virgin PET chips as packaging material for the finished products. An external agency has been engaged to achieve 100% recycling of used PET bottles by collecting them from dustbins, reverse vending machines, Hotels, Banquet Halls, Exhibitions, and spreading awareness through workshops. Implemented in H2 CY19, over 24,000 MT of PET waste has been recycled – which is ~36% of our annual requirement. We hope to increase this to over 100% in the next 2 years.

We also engaged TUV India Pvt. Ltd. to verify our initiative towards water conservation and water recharge across 20 plants. These water conservation projects include rainwater harvesting, pond adoption, and waste water management and are based on the principles of reduce, reuse and recycle, for optimal water consumption across manufacturing operations.

Message to stakeholders

During the year, we focused on enhancing our operational efficiencies, expanding business with value-accretive acquisitions and increasing the product mix. Looking ahead, we continue to build upon our key industry position with presence in fastest growing markets, solid infrastructure and a well-entrenched distribution network. In the coming year, we remain focused on enhancing our market presence in the recently acquired territories, and remain confident of generating strong free cash flows by leveraging existing investments. Furthermore, we will be constantly innovating and upgrading our products and processes to strengthen market share across categories and enable sustained volumes in the longer term.

On behalf of the Board, I would like to thank all our stakeholders including shareholders, investors, bankers and creditors for their continued support. I would also like to thank our employees for their dedication, energy and irrepressible desire to always strengthen our Company. I also express my sincere gratitude to all our Board members for their continued insights and invaluable guidance as we explore new opportunities and move ahead with confidence.

Warm regards,

Ravi Jaipuria
Chairman