

Message to Our Shareholders

Dear Shareholders,

It gives me immense pleasure to place before you the 26th Annual Report of the Company.

Overview

We started the year 2020 on a strong note with healthy demand and robust volume growth across our domestic and international markets. However, the spread of the COVID-19 pandemic in early March 2020 resulted in country-wide lockdown and similar restrictions in many of our international geographies. This led to significant disruptions in production levels,

supply chain and distribution operations. Our primary focus during this challenging period was towards undertaking all necessary measures to maintain our business operations, ensure safety of our employees, business partners, communities and to overall safeguard the interests of all our stakeholders.

Due to lockdowns imposed to restrict the spread of COVID-19, our performance during the seasonally strong period of April to June quarter was significantly impacted. Encouragingly, despite the impact

of the lockdown and supply chain issues, the Company was able to sell its complete inventory in the season of summer. Furthermore, with the relaxations provided by the Government of India for essential services and particularly packaged food and beverages, our Company got the requisite permissions from respective State Governments to operate most of its production facilities during the lockdown period. However, the manufacturing operations during this period were operating at scaled-down levels. As the country moved to the



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unlock phase towards the end of May 2020, we started witnessing a steady revival in demand, especially from rural and semi-urban areas. Consumption across markets continued to strengthen on a month-on-month basis during the course of the year. In sync with revival in demand, we increased production in a staggered manner across our production facilities and were in a position to cater to the consumer demand.

Despite these macro-economic headwinds, we were able to restrict the revenue de-growth at 9.5%. On the profitability front, we were able to largely sustain some of the cost-optimization measures implemented during the pandemic period that enabled us to report steady profitability for the full year.

Dividend

We manage our business efficiently to the advantage of all our stakeholders. A key component of delivering value to our shareholders and winning their confidence is the steady return of capital. Therefore, the Company's Board of Directors agreed to formalize a dividend strategy with the Company's listing in November 2016.

In line with the guidelines of this dividend policy, the Board of Directors recommended an interim dividend of ₹ 2.5/share, resulting in cash outflow of ~ ₹ 721.7 million.

Message to stakeholders

In the face of a challenging and unprecedented macro-environment, VBL reported a resilient performance during the year. Our business partners, communities and employees have efficiently navigated through several operating constraints to

maintain continuity in business operations with minimal disruption.

In the domestic markets, we are now seeing a steady revival in consumption emanating particularly from rural and semi-urban regions. The urban areas are also showcasing encouraging signs of rebound in demand. In addition, with the reopening of mass transportation, outdoor facilities, theaters and restaurants, there is an improved consumption trend being witnessed on a month-over-month basis. We are confident that the demand environment will only strengthen in the months ahead, thus boding well for our product categories over the medium-to-longer term.

The international territories are also seeing healthy recovery and should gain traction in the near-term. The Company continues to fortify presence across micro territories in the domestic market that are highly under-penetrated and provide huge opportunity for increasing volumes and gaining market share.

From an operational standpoint, our production facilities are now operating at near-normal utilization levels. In addition, our distribution model consisting of owned-logistics supply chain and end-to-end infrastructure facilities has also kept us on a strong footing.

Over the last few years, we have built upon our strengths and created a stronger franchise, undertaking strategically-significant initiatives including strengthening our distribution reach and scope, enhancing our operational efficiencies, improving product offerings, managing costs effectively and expanding business with value-accretive

acquisitions. As we look ahead, we will continue to augment our key position in the domestic and global beverage industry with improved market presence across high-potential geographies. From an operating standpoint, VBL is solid & stable and our focus remains on generating strong free cash flows over the coming years. Overall, we are confident that further stabilization of the macro-economic environment will lead to gradual and sustainable growth, going forward.

On behalf of the Board, I would like to thank all our stakeholders including shareholders, customers and partners 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 would like to express my sincere gratitude to all the members of our Board for their continued insights and invaluable guidance as we explore new opportunities and move ahead with confidence.

Warm regards,

Ravi Jaipuria

Chairman