



February 10, 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 February 3, 2026 i.e. post declaration of Audited Financial Results of the Company for the Quarter and Financial Year ended December 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
Chief Risk Officer & Group Company Secretary

Encl.: As above

VARUN BEVERAGES LIMITED



Varun Beverages Limited

Q4 & CY2025 Earnings Conference Call Transcript

February 03, 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' Q4 and CY 2025 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 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 you had a chance to review our results presentation for the fourth quarter and year-ended 31st December 2025.

CY 2025 was marked by steady execution, despite weather-related disruptions in India during the peak summer season. For the full year, consolidated volumes grew by 7.9%, driving revenue growth of 8.4% and EBITDA growth of 7.2%, while PAT increased by 16.2% to Rs. 30,620.4 million, reflecting the resilience of our business model and the strength of our on-ground execution. Volume growth in India was impacted during parts

of the year due to unprecedented heavy rainfall throughout the year. However, performance improved meaningfully in Q4 with domestic volumes growing up by 10.5%, reflecting the strength of our wide distribution network and strong brand portfolio. The greenfield plants and backward integration facilities commissioned during the year are progressively stabilizing and are expected to support higher volumes and operating leverage in the upcoming season.

Our international operations continued to scale well, led by Africa International volumes grown by 10% in Q4 with South Africa delivering healthy volume growth, supported by expansion in general trade reach, addition to visi-coolers and continued progress on backward integration and capacity enhancement, strengthening supply chain efficiency and cost competitiveness.

During the year, we announced the proposed acquisition of Twizza in South Africa, subject to regulatory and other approvals. The company has 3 manufacturing facilities, including backward integration, which will significantly enhance our manufacturing footprint and route-to-market capabilities in Africa's largest soft drink market, while offering meaningful synergies with our existing operations. We also continued to expand our product portfolio and categories. The snacks business in Morocco has ramped up well, distribution of snacks in Zimbabwe and Zambia is gaining traction.

Our balance sheet remains strong, supported by healthy cash flows, providing flexibility to support organic expansion, invest in cold-chain and distribution infrastructure and pursue value-accretive strategic opportunities. In line with our commitment to delivering value to our shareholders, the Board has recommended a final dividend of Rs. 0.50 per equity share, subject to shareholders' approval.

Looking forward, we remain confident in the long-term growth potential across India and our international markets, supported by favorable demographics and rising incomes and backward by adequate capacities, a diversified portfolio and a strong distribution network, we believe we are well positioned to deliver sustained and profitable growth and create long-term value for all stakeholders.

I would now like to invite Mr. Gandhi to share the key highlights of our operational and financial performance. Thank you.

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 fourth quarter and the year ended 31st December 2025.

Revenue from operations adjusted for excise and GST increased by 8.4% to the level of Rs. 216,853.8 million in CY 2025, in line with steady volume growth. Consolidated sales volumes grew by 7.9% to a level of 1,213.1 million cases as compared to 1,124.4 million cases in the CY 2024.

In Q4 CY 2025, consolidated sales volumes increased by 10.2% to 237.1 million cases from 215.1 million cases in Q4 CY 2024. The growth was supported by healthy performance across both India and international markets, with India volumes growing by 10.5% and international volumes by 10% during the quarter.

For the full year, CSD contributed 73.9%, NCB 5.9% and packaged drinking water 20.2% to the total consolidated sales volume. In CY 2025, the mix of low sugar and no sugar products increased to the level of ~59% of consolidated volumes, reflecting our continuous focus on healthier beverage offerings.

Net realization per case improved by 3.4% in Q4 CY 2025 to Rs. 177.3 driven by improved realization in international territories. For CY 2025, net realization per case increased marginally by 0.5% to Rs. 178.8.

Our gross margin for the full year remained largely stable at 55.2% compared to 55.5% in the previous year. EBITDA for CY 2025 increased by 7.2% to the level of Rs. 50,493.7 million, with EBITDA margins at 23.3% as against 23.5% in CY 2024. During the quarter, the Government of India notified the 4 labour codes consolidating the existing labour laws, resulting in an incremental cost impact of Rs. 14 crore roughly, which has been recognized under employee benefits expense. This impact was absorbed within our overall operating performance. In Q4 CY 2025, EBITDA increased by 10.2% to the level of Rs. 6,392.6 million, reflecting improved operating leverage as volumes recovered.

Profit after tax for CY 2025 grew by 16.2% to the level of Rs. 30,620.4 million from the earlier level of Rs. 26,342.8 million in CY 2024, this is driven by volume growth, lower finance costs and higher other income, including interest from deposits in India and favourable currency movement in international operations. PAT for Q4 CY 2025 increased by 32.9% to the level of Rs. 2,600.0 million.

Depreciation increased by 28.4% during the year, primarily on account of commissioning of new greenfield plants in India and brownfield expansion in international territories. Following repayment of debt from QIP proceeds, finance cost in India remains negligible. In the international markets, finance cost is primarily attributable to South Africa, including fair value adjustments of leases under Ind AS 116.

During CY 2025, we capitalized new CAPEX of ~Rs. 45,000 million, of which ~Rs. 16,500 million was incurred in CY 2024. This primarily included CAPEX of around Rs. 17,000 million towards setting up 4 greenfield production facilities in India at Prayagraj in UP, Buxar in Bihar, Damtal in Himachal Pradesh and Mendipathar in Meghalaya. We also incurred ~Rs. 3,000 million towards brownfield expansion in Sri City & Gorakhpur in India.

In international markets, CAPEX of about Rs. 13,000 million was incurred, which included commissioning of a PET line and backward integration facilities in DRC, setting up of snack manufacturing facilities in Morocco and Zimbabwe and installation of new can line in South Africa. The balance CAPEX comprised investment in visi-coolers, glass bottles, pallets, vehicles, write-offs and impact of foreign exchange fluctuations. As on December 31, 2025, capital work in progress and capital advances stood at the approximate level of Rs. 5,400 million largely pertaining to ongoing phase-wise expansion projects and sport infrastructure across domestic and international operations for 2026 - 2027 season.

As on 31st December 2025, the India business continued to remain net debt-free with free cash of ~Rs. 12,250 million. At the consolidated level, net debt stood at a very negligible level of Rs. 256 million at the year-end. During the year, CRISIL upgraded the company's long-term credit rating to AAA/stable, reflecting the strength of our balance sheet and cash flow profile.

Looking ahead, with the stabilization of newly commissioned capacities, expanding backward integration, strengthening distribution and cold chain infrastructure and a diversified product portfolio across beverages and snacks, we remain well positioned to drive sustainable growth, improved operating leverage and deliver consistent performance across domestic and international markets.

On that note, I 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 very much. The first question is from the line of Abneesh Roy from Nuvama Wealth Management. Please go ahead.

Abneesh Roy: My first question is on the India business. If I see India volumes has grown double digit, 10.5%, but India sales has grown around 6% so there is a gap of 4.5%. If you could explain how is the mix? I do understand the CSD, water and all that. But within those segments, how was the mix? And second, what will be the outlook, say, in March quarter on this? Do you still expect the pricing mix to be slightly negative? Because I do see gross margin also being slightly down by around 30-40 bps. So that is my first question.

- Raj Gandhi:** Abneesh, the difference of 4% is not because of the mix as it did not change that much. The year was challenging, and given the competitive scenario, everyone was trying to discount the product. Instead of that, we focused on the market and upsized a few of these packs. We have a history of consistent volume growth in the past 30 years, which is paramount for us. Therefore, a 4% impact in the off-season in an otherwise weak quarter is not that important. In the peak season, you will see that such type of increase in the volumes will offset any cost.
- Ravi Jaipuria:** If you look at it, overall, we have always said each quarter cannot be looked at in isolation and each quarter cannot be the reflecting point, given the seasonality in the business, it is best to monitor the performance on an annual basis. If you look at the full year 2025, this year was the worst season with the rains and competition coming in. However, we still managed to gain in overall margins, with a 2% sales volume growth. Further, we have always guided of consolidated margins at 21% and above, but we are still doing much better than that. And we believe going forward also, when the season starts, the margins should be better with stronger growth coming this year.
- Abneesh Roy:** Understood. So that was my next question. You said the season seems to be opening up. And last calendar year, we did see most of the summer categories see very unfavourable climate, which could of course correct this year. Any initial expectation, how do you see this quarter and next quarter given base is a bit favourable? I do understand the second quarter of the calendar year, the 15% growth is there, but that was on a very soft base. So next 2 quarters, you have a very soft base. Any comments on how you see demand?
- Ravi Jaipuria:** The first quarter was not soft and had a strong base in last year, with volume growth of ~15% - 16% in India. So first quarter, the base was not soft. Yes, the second and third quarter which are our main quarters, were very soft last year. However, even after having a two soft quarters and an overall volume growth of 2.2%, we were able to maintain our EBITDA and sustain our margins in India. This is despite the addition of four new plants, which have added to our costs considerably. We have maintained our margins, and with a little favorable weather, and we see much better projections this year.
- Moderator:** Thank you. Next question is from the line of Devanshu Bansal from Emkay Global. Please go ahead.
- Devanshu Bansal:** Hi, sir. Thanks for the opportunity and congratulations for a good volume growth pickup. Sir, as you mentioned, in quarters with low seasonal variations, our volume growth has returned to 10%, which was visible in both Q1 and Q4. Now that the base is comfortable as the peak season was impacted, just checking, would mid-teen kind of volume growth

in CY 2026 be a tall task or this is an achievable number if the season sort of remains as per the normal trend?

Ravi Jaipuria: Well, we have always said that double-digit growth in India is not impossible, and we would continue to stick to that. We see no reason why we should not achieve it this year. Unfortunately, we have never had rains like we have had in the last year. If weather conditions are reasonable, there is no reason why we should not have the double-digit growth, which we are anticipating.

Devanshu Bansal: Yes, sir, double digit you have maintained in normal years. So since the base was only 1% - 2% growth. So that is the reason I was checking, can we improve the outlook towards mid-teen or we would still like to maintain that double-digit comment?

Ravi Jaipuria: We would like to maintain that, but you can pray to the weather gods and hopefully, we will do better.

Devanshu Bansal: Sure, sir. Secondly, we always used to provide some data around our distribution expansion in the Q4 PPT. But this time around, that data is not available. If you could throw some light as in where our distribution network currently stands at and how many visi-coolers we have placed for the year?

Ravi Jaipuria: Well, we feel that we are providing as much or more information than what is required. We do not feel it is necessary to disclose these figures every time, as doing so would only provide additional information to our competitors, which we would prefer to avoid.

Devanshu Bansal: Sure. But the expansion would have happened, right?

Ravi Jaipuria: Yes, we have been expanding and we are doing what is required for the market. We have been deploying more visi-coolers and expanding our routes as required to grow our presence in the market.

Devanshu Bansal: That is fair, Mr. Jaipuria. Last question, I wanted to understand the revenue contribution from Snacks in CY 2025. And because we have recently commissioned a plant in Zimbabwe as well. So what is the run rate that we are foreseeing for this business in CY 2026?

Ravi Jaipuria: The snack food revenue was ~ Rs. 340 crores in the year CY2025. We think in CY2026, we will have a much better realization of that, because manufacturing of snacks in Morocco only started May-June last year, by the time it got commissioned and ramped up, it was already the fourth quarter. The Zimbabwe facility has just started in December. We expect a much better and much higher volume in 2026 as Zimbabwe will have its full year.

- Devanshu Bansal:** Sure. Sir, just a small bookkeeping question. So whatever the volumes that we report for our international business, this does not have any contribution of snacks, right? I just wanted to check as in from a bookkeeping modelling perspective.
- Ravi Jaipuria:** It has snacks revenue also in it.
- Devanshu Bansal:** Okay. Excluding that, if you could give us some perspective as in like-to-like, what is the volume for international beverages in CY 2025?
- Ravi Jaipuria:** It would make a very small difference because the total revenue is Rs. 340-odd crore in value. In volume, it is not included.
- Moderator:** Thank you. Next question is from the line of Percy Panthaki from IIFL Securities. Please go ahead.
- Percy Panthaki:** Hi, sir. Just trying to get some idea on your India margins. CY 2025, we have reported an all-time high India EBITDA margin or rather standalone EBITDA margin of close to 26%. Now going ahead into CY 2026, there are a couple of opposing forces. One is the volume-value gap, which might, to some extent, continue in CY 2026 as well, which will put some downward pressure on the margins. On the other hand, you will have a higher sort of volume growth, which will generate some amount of operating leverage?
- How do you see these two forces interacting? Will it be a net positive, net negative? And how do you see margins for next year? I know you have been earlier stating that India margins are quite healthy and we can maintain 22% - 23%. But now we are at 26%. And frankly, no one takes that 22% - 23% number seriously. If you can give some realistic sort of guidance for CY 2026, it will be very helpful? Thank you.
- Ravi Jaipuria:** Realistically, if we can maintain margins anywhere close to the current levels, we would be very happy. But our guidance has always been 22% - 23%, has never been higher than that. We still hope with the volumes coming this year, we should be able to maintain our margins somewhere close to this.
- Percy Panthaki:** Very helpful, sir and yes, I must commend you for the great work you have done in terms of bringing up the India margins. Second question is on the international business. Can you give some kind of idea the foods business, while this year is whatever Rs. 250 crore, Rs. 300 crore kind of a number, how do we build in growth here? I mean, if you cannot give an exact guidance here, at least help us think about how to approach this topic in terms of either market sizes, market shares or capacities, or any other way as to how to think about this, where this Rs. 200 - Rs. 250 - Rs. 300 crore, where can this number be over a 2 – 3 year period?

Ravi Jaipuria: First, it is a bit too early because there is only one market Morocco where we have at least 6 months of manufacturing. The other one which got commissioned this year is Zimbabwe which is only 2 weeks. So, it is too early to say. Although we have been in the market distributing, but producing and distributing is two different scenarios. We believe in couple of quarters we would really be able to give you the right feedback.

But, on a general tone, We think these markets are large enough, and we expect at least high teens or even higher than that growth coming. We think this is going to go close to a \$100 million business, and this is not an unforeseen number that can happen with two of these three territories. Give us a little more time to understand the market better.

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

Latika Chopra: The first question, just wanted to bring the focus back on realization for India business. And the purpose was in the last few months we did see upsizing of your Rs. 20 pack, from 250 mL to 400?

Assuming this will continue going into the season, do you think this volume value gap will sustain or it could even worsen from here? And the second bit I wanted to understand, would you like to play the Rs. 10 price point more aggressively in the coming season?

Ravi Jaipuria: Firstly, the marginal difference in this quarter is because of the seasonality and low volume growth. Our expenses have gone up because of the 4 new plants coming up this year in 2025. We were not able to get any benefit out of these plants, which we believe we will start getting from this year onwards.

Secondly, the upsizing got started in the season itself and even though the upsizing has happened, we continue to believe the volumes to grow much higher, and this will cover up this marginal decline. We believe this year the volume growth to be reasonably healthy, and because of that, we do not see any marginal dilution. We are quite bullish on this year after going through such a bad year, which was the worst year we have ever seen in the last few years in our industry.

Latika Chopra: Sure. No, my question was actually more on realization. So maybe the value growth continues to lag volume growth. And that is what I was trying to understand better. EBITDA margins, I take your point.

Varun Jaipuria: Yes, we think it has been a mix of things, especially if we look at Q4, the impact was not only because of upsizing. In Q4, after the year people have had, the discounting in the market has been much higher. When the volumes are not coming, people end up

discounting and throwing the kitchen sink., and there has been a lot of capacity, which has been added.

Now going forward, looking at this year, what we are seeing so far is that the discounting is not as rampant compared to what it was. Usually, the stock buildup happens when the stock does not get liquidated, and then companies put discounts on it, this has led to an impact in Q4 as well. And, yes, we have upsized also. We are hoping that the volume growth comes in for next year and the revenue margins, on an absolute basis will be enough to cover up and grow faster. Now, how the market reacts and what further pricing happens, that we cannot probably answer right now. So that is the first part.

The second part of the Rs. 10 portfolio, we have launched it in some places, which is West Bengal and Northeast. We will be very surgical with it. We are not planning to make it a pan-India launch. Wherever we really necessarily need to launch it, we are going to do that. We are still in early phases right now. We have just launched about 15 days back, and we are waiting to see as the season opens up, how it ends up doing.

Latika Chopra: That is very clear and thank you for that. The second question I had was if you could share or give some colour on broader CAPEX plans for CY 2026 and share, how would it look for both India and overseas business? Thank you.

Ravi Jaipuria: Well, in India we are not looking for any major CAPEX this year as we are not setting up any new plants. We already have enough capacity and there will be very low CAPEX in India. Internationally, there will be CAPEX mainly in South Africa, but not that large, only one brownfield capacity is coming up in South Africa, and it will not be very large. Overall there will be no major CAPEX this year except the acquisition of Twizza which we have already announced.

Raj Gandhi: And Latika, just to add to what Chairman has said, the South Africa is going to be a star territory and to totally avail benefit of that and the branding and the market opportunity which is already created, we are going to add 70% - 80% capacity by the inorganic acquisition of Twizza, which was announced on 21st December. So, with the total organic and inorganic capex, we should see the growth of somewhere around 80% or higher in South Africa this year.

Moderator: Thank you very much. Next question is from the line of Jay Doshi from Kotak. Please go ahead.

Jay Doshi: Hi, thanks for the opportunity. Just a small follow-up on the response that you just gave. In terms of pack upgrades, 250 ml to 400 ml, is it largely done? I mean, should we assume that for December quarter for the entire portfolio wherever you have plans to increase

the pack size, that full impact is visible in the realization of December quarter? And will there be more during the course of this year? So that is one.

And second is, I gathered that you have also sort of selectively launched Rs. 10 price point pack. Any sense you can give us what are your plans for the next year? And will it by any chance be more than 5% of your portfolio in terms of overall volumes? Or will it be consciously restricted to below 5%, that is it from my side? Thank you.

Ravi Jaipuria: All the upsizing has been practically done in the quarter. And as far as the Rs. 10 price point, it will be surgical, as my son said, and it will not be more than 5% - 7% of our portfolio.

Moderator: Thank you. Next question is from Harit Kapoor from Investec. Please go ahead.

Harit Kapoor: Just 2 questions. One was on international. Any sense you could give us of what like constant currency kind of growth would be because you are seeing just a 10% growth in volume but optically looks like a 20% plus growth there on the revenue side. And given what happened with currency, some sense on what would have been the currency impact this quarter and I know it is hard to say, but how can we see it going forward? That is my first question?

Ravi Jaipuria: First of all, the main currency advantages would come starting from this year because in Africa, we normally carry 3 - 4 months of inventory or even higher than that. The real currency benefits is operational, and cost of operations will start showing from this year onwards.

Harit Kapoor: The second one was on India business. You spoke about the SKU and pack changes but I just wanted to understand about going into the summer, are there plans in terms of product innovation as well, some white spaces that you probably would not have filled up, etc. Anything to look forward to in the next 2 months as you go into the summer? Should that also be something we should be watching for? That is my second question?

Varun Jaipuria: We are quite clear on our strategy. The advantaged and the differentiated product portfolio, what we have today, which is working well for us, particularly in the energy category. So, there will be new launches in both flavors and energy as a category. As you are aware, we have recently launched our mid-priced energy drink, which is Ad Rush which was launched a few months back. Given that it was off-season, we will expand it now and of course, with PepsiCo, working on a very strong customer engagement plan as well, including some ATL activities. So energy category, you will see some innovations happening. At the same time, the Jeera space has been very exciting, we have been getting a lot of questions that what are we doing in Jeera category. About March, we will

be launching our Nimbooz Jeera range, this is the second product which we are launching in a big way. Nimbooz which is growing very fast for us and is doing phenomenally well, we are planning to launch more flavors and price points in that. So, there is a lot of exciting stuff, which is going to be there in the season.

Harit Kapoor: Great to hear and the last one was on distribution. So while you cannot give exact data but is it fair to understand that CY 2025 was a year where distribution expansion may not have been very sharp as you were obviously dealing with a one-off season, and it could be stronger going into CY 2026. Is that a correct assumption to be made or that CY 2025 was also, okay?

Varun Jaipuria: No, CY 2025 was good. See, what happens is that since a large part of your business is still driven through rural markets, those retailers do not end up buying. Even though you end up creating distribution and creating distributors and creating logistics and infrastructure, the buying pattern does not really build up because in rural, people do not end up buying. It is not that you have not increased your reach to those outlets. It is just that a throughput from those outlets, what you expected has not come. So there has been a distribution expansion in CY2025. And for 2026 as well, we have gone through the entire exercise of further adding because we believe it is going to be a great season this year. So, you will start seeing the offtakes and the impact as the season picks up.

Moderator: Thank you. Next question is from the line of Rehan Saiyyed from Trinetra Asset Managers. Please go ahead.

Rehan Saiyyed: I want a bit understanding regarding your alcoholic beverages MOA. So you have mentioned that alcoholic beverages in the MOA and the culturable distribution agreement in African markets. Sir, how should we think about capital allocation management focus between the core non-alcoholic portfolio and the certain categories over the next few years?

Ravi Jaipuria: Well, we are starting with Carlsberg in Africa, the capital allocation will not be so large. We will be starting to set-up one plant this year. We do not have much CAPEX this year.

Rehan Saiyyed: Yes. Also I want to understand regarding our employee benefit expense, which grew by 22% YoY in Q4, significantly ahead of the revenue growth of 14%. So I want to understand how much of this increase is attributable to new plant stalking and international scale up v/s wage inflation? And how should we model employee cost as a structurally higher percentage of sales going forward?

Raj Gandhi: See, the majority of the incremental employee cost was incurred for these 4 greenfield plants last year, while we could not make use during the year. And apart from that, the

Labour Code which has been implemented, the incremental cost of that also has been absorbed in this quarter.

Varun Jaipuria: Further, we had a VBL 30-year completion celebration and there is a certain cost built in only for this quarter for that event, which is a onetime cost, which has been built in. Hence, you are seeing the increase in the employee cost.

Raj Gandhi: Both these are only one time.

Moderator: Thank you. Next question is from the line of Yash Sonthalia from Edelweiss PMS. Please go ahead.

Yash Sonthalia: My question is regarding to better understand what is the cost impact with upsizing of our Rs. 20 pack and what will be the cost impact if the revenue mix or the volume mix of Rs. 10 pack increases to 5% of our sales?

Raj Gandhi: Yash, first of all, 250 ml to 400 ml, the mix of 250 ml CSD in the base itself is not more than 10% - 12%. So even if we had to do the 100%, it is going to be one-tenth of the incremental cost and on the Rs. 10 pack, what Varun stated is going to be surgical. Second, the new launches will be juice-based drink under our star performer, Nimbooz, this will entitle us to a GST of 5% instead of 40%. And the third is it is going to be healthier product with sugar-free. So, we have all the levers with the experience of this industry. Whatever we will be doing will be absolutely profitable and having said the focus is going to be a volume growth like in the past with maintaining the bottom line. However, a little bit here and there can always happen. But broadly is to sail through the way we have been doing in last 30-40 years.

Yash Sonthaliya: Understood, sir. But just for general understanding, like on the 10% portfolio also increasing, our upscaling from 250 ml to 400 ml has 10% - 20% impact on profitability on that part of portfolio? Or my understanding is wrong?

Raj Gandhi: One, it gives the volume increase and operating leverage. Second, see, what happens is there are a lot of costs which are variable. The GST, which is 40% is variable based upon the selling price. Our concentrate price is variable. Then our preparedness on the zero sugar or low sugar is much better than others. So it is going to be less than 10%.

Varun Jaipuria: And also the discounting varies. So, it is not that bigger impact technically.

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

Rajit Aggarwal: My question is related to the international margins. If you can share the EBITDA margin of Twizza, it will be helpful. And also that the June quarter and September quarter, the EBITDA margins declined in the international or ex-India operations. This quarter has been somewhat stable. So how do you see that panning out in the next 1 year or so? And with the increasing contribution of international ops, the consolidated margins will go down? Or do you still see that the impact not be so much? If you can just help me understand the movement in margins?

Raj Gandhi: First of all, Twizza is to be consummated after the Competition Commission approval. Second, in South Africa our struggle is more on the capacity side, we will have additional capacity from the 3 additional locations and this will help us on the freight cost because we will be near the market.

Third, in Twizza, the land and building are owned by Twizza, as against in BevCo which are on rent. Also, Twizza has got its own distribution vehicles as against Bevco, which did not have. Twizza plants are enabled or equipped with the solar energy power, which Bevco plants were not having.

Further on margins side as a guidance it will be margin accretive for BevCo, capacity accretive and freight reducing because we will be nearer the market. Instead of 5, we will be reaching the market from 8 different locations. And with the BevCo size and other things going up, the economies of scale will start accruing to us. We will become a little larger player in that market.

Rajit Aggarwal: Sir, overall, international margins will still be at similar levels of 16% - 16.5% or we can expect them to inch more towards the Indian margins?

Raj Gandhi: We can expect them to move more towards Indian margins because of the backward integration and other initiatives which we are doing.

Rajit Aggarwal: So that will be more like a 4 – 5 year kind of horizon or it can be sooner as well?

Ravi Jaipuria: It will be sooner than 4 - 5 years, but everything will not take effect immediately. We would say in the next couple of years.

Rajit Aggarwal: Right sir. Thank you. And a quick clarification on the taxes. The taxes of ex-India operations seem to have gone up in this quarter. Can you just help me understand that? If you have a PBT of ex-India around Rs. 17 crore, the taxes are similar. So how does that work?

Raj Gandhi: Your question is ex-India has gone up. If that is the question, then yes, because Zimbabwe has come in the tax bracket. Earlier, we were availing the tax break.

Rajit Aggarwal: Right. So your ex-India PBT is around Rs. 17 crore, if I am right, in Q4 and similar amount is the taxes. Is this going to be similar trajectory? Or is it going to be a certain percentage of a PBT going forward?

Raj Gandhi: What happens is that some country may have a lesser profit or may be loss and some may have higher profit, one country to another set off is not available. So slight mismatch is always quite likely, but overall percentage in international is lower than that of India.

Moderator: Next question is from the line of Onkar Ghugardare from Shree Investments. Please go ahead.

Onkar Ghugardare: My question is regarding you have added alcoholic beverages as a category. So can you talk a bit more about that? When you want to enter like what products and when we can start?

Ravi Jaipuria: We have just said that we are starting with Carlsberg in Africa. We are putting our first Greenfield plant this year, which hopefully will be ready by the end of next year.

Onkar Ghugardare: Okay. So this is strictly for out of India, right? This is not for India?

Ravi Jaipuria: For the time being, specifically, we are starting Carlsberg and we are still looking for other things. But at the moment, it is Carlsberg for Africa.

Onkar Ghugardare: Okay. What was the capacity utilization this quarter with the added capacity?

Ravi Jaipuria: Last quarter had no capacity issues. Our capacities are based for the second quarter of the year, and we have adequate capacity available. We would say we have 50% more capacity available than what we have done this year.

Onkar Ghugardare: So from last year Q2 this year Q2, how much capacity you have added?

Raj Gandhi: It is a 20-plus percentage capacity added this year, which could not be used.

Ravi Jaipuria: Between the last 2 years, we have added close to 40% - 45% capacity. So that capacity is available with us.

Onkar Ghugardare: And that should be hopefully used in the Q2 of next financial year, right?

Ravi Jaipuria: We hope so. There is enough capacity available if need be.

Onkar Ghugardare: With the cash on the books you are sitting at and no major CAPEX coming in, as you have said, and you have not even increased the dividend payout. So like what is the strategy on that? How do you plan to use the cash then?

Ravi Jaipuria: Partly, towards Twizza which we have just acquired in Africa, which will be paid for. Partly towards the setting up of brewery in Africa. And balance, we have to see if we want to wait and see the season how it goes in case the volumes become larger. We have to always keep on looking at expansion in certain territories, even though overall volume does not grow to that level, certain territories grow faster, then we have to increase the capacity in those territories. And if everything goes well, maybe we will increase the dividend.

Onkar Ghugardare: Okay. So you are sticking to the double-digit growth target for the current year as well?

Ravi Jaipuria: For the time being, that is what we are saying because till the weather opens up until we see what is happening. And it is the second quarter, which really makes the big difference.

Moderator: Thank you very much. With this, 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 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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