

Goa Business School

Taleigao, Goa

2021-2023

Varun Beverages Limited

SUMMER INTERNSHIP REPORT

SHARINA- 2160

DECLARATION

I, the undersigned Miss. Sharina Sayyed declare that the work embodied in this project work hereby, forms my own contribution to the research work carried out under the guidance of Mr. Marlon Rodrigues, is a result of my own research work and has not been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous work of others, it has been clearly indicated as such and included in the bibliography.

I, hereby further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

ACKNOWLEDGEMENT

I would like to express my profound gratitude to each and every person who helped me in making the report as it would not have been possible without the kind support and help of many individuals.

I am highly indebted to Mr. Marlon Rodrigues and Mr. Milindra Naik for the guidance and constant supervision as well as for providing necessary information regarding the report and also for the support in completing the report.

I would like to express my sincere thanks towards the members of Varun Beverages Ltd. for their kind co-operation and encouragement which helped me in completing the work.

I would also like to express my special thanks and gratitude to industry persons for giving me such an attention and time.

My thanks and appreciations also go to my parents for supporting me in this work and constantly motivating me to be a better person.

INTERNSHIP CERTIFICATE

Table of Content:

Title	Page No.
Executive Summary	5
Company Profile	6
Industry PESTEL Analysis	8
Porter's Five Forces Analysis	10
Company SWOT Analysis	11
Department Analysis	13
Learnings Derived	21
Bibliography	22

EXECUTIVE SUMMARY

The internship was carried out at Varun Beverages Ltd. whose main aim was to study the different departments in the organization. VBL, Goa has around 10 departments which perform the required functions in a structured manner. The company is situated in Sanguem, South Goa where the production is carried out and whose Marketing and Sales Department are in Arlem.

The Accounting Department plays a crucial role in running a company as it helps in tracking both revenue and expenses while ensuring compliance with all statutory requirements. It also looks after the financial statements by maintaining the financial records of the company. The HR Department is the central pillar in the organization who is responsible for managing the employee life cycle that is recruiting, hiring, training, firing employees and administering employee benefits. The Marketing Department also plays a vital role in promoting the business and mission of the company. It serves as the face of the company, coordinating and producing all materials representing the business. It is the marketing departments job to reach out to prospects, customers, investors and community while creating an overarching image that represents the company in a positive light.

The Quality Control Department checks all the materials right from the purchase of raw materials till the final product is made. The Security Department ensures safety in the organization by protecting company's property and staff and maintaining secure and safe environment. The Purchase Department keep a track of the items the company require on a regular basis as well as actual inventory. The primary role is to make sure the company does not overspend on supplies while also keeping everything stocked. Engineering Department acts as mentors and motivators to the technical professionals hired by Varun Beverages. Logistics Department looks after the transportation of finished products. The Production Department ensures the process of turning raw materials into finished products is performed efficiently and accurately by producing beverages as per the standardizations and other regulations.

COMPANY PROFILE

Varun Beverages Limited (VBL) is a key player in beverage industry and is the second largest franchisee in the world of carbonated soft drinks and non-carbonated beverages sold under trademarks owned by PepsiCo. Varun Beverages Ltd. is engaged in manufacturing, selling, bottling and distribution of beverages. The company has been associated with PepsiCo since 1990 and has been increasing the number of PepsiCo Licensed territories and sub-territories covered, producing and distributing a wider range of PepsiCo beverages. As of March 2018, VBL has 20 manufacturing plants in India.

In the year 2015, the foundation stone was laid down and production activity carried out in March, 2016. The plant looks after the production and distribution for the entire state of Goa as well as certain parts of Maharashtra that is Ratnagiri, Sawantwadi, Kolhapur and Sindhudurg. The plant consists of two manufacturing sectors, one for glass bottle production and other for plastic (pet) bottle production.

Vision Statement

‘To become the most Successful & Profitable Beverage Company in the world having Market Leadership in the territories we operate.’

Mission Statement

Being a Global, Growth Oriented and Profitable Organization by:

- Offering best quality and refreshing product to every customer and consumer.
- Being a preferred employer providing consistent growth path, respect and empowerment.
- Creating value for our stakeholders by driving excellence in our operations.
- Being responsible towards environment and society.

Value Statement

- We hold strong values in business and fully respect our customers, associates and community.
- Our diversity and unity bring creativity to our relationships within our groups and to our associates.
- We continuously excel to achieve and maintain leadership position in the chosen businesses; and delight all stakeholders by making economic value additions in all corporate functions.

Achievements

- Center of Excellence (2003)
- PepsiCo Beverages International Bronze Quality Award (2009, 2010, 2012 and 2014)
- PepsiCo Amea Bronze Food Safety Award (2009, 2010, 2012 and 2014)

The company produces and distributes a wide range of;

- Carbonated Soft Drinks such as Pepsi, Mountain Dew, Mirinda and 7up,
- Carbonated Juice based Drinks such as 7up Nimbooz Masala Soda and Mountain Dew ice,
- Energy Drink like Sting,
- Club Soda such as Evervess and Duke's,
- Ice Tea like Lipton Ice Tea,
- Fruit Pulp/ Juice Bases Drinks such as Tropicana, Tropicana Essentials, Tropicana Delight, Tropicana Slice and 7up Nimbooz,
- Sports Drink like Gatorade, and
- Packaged Water such as Aquafina and Aquavess.

INDUSTRY ANALYSIS

PESTEL Analysis

▪ Political Factors

- a) Studying the current trends, it seems that there can be a transition of government in India in next election. Varun Beverages has to prepare for this eventuality as it will lead to change in governance priorities.
- b) Unlike in most other countries, local government play critical role in policy making and regulations in India. Varun Beverages has to closely follow the states and territories it has presence in rather than devising nationwide policies in India.

▪ Economic Factors

- a) Even though the consumer disposable income has remained stable, the growing inequality in the society will negatively impact consumer sentiment and thus impact consumer spending behavior.
- b) Increasing liberalization of trade policy of India can help Varun Beverages to invest further into the regions which are so far off limits to the firm.
- c) Government intervention in the beverage industry can impact the fortunes of the Varun Beverages in India.

▪ Social Factors

- a) With increasing liberalization, the attitude towards health and safety are getting lax. Varun Beverages needs to stay away from these attitudes as the cost of failure is too high in India.
- b) The customers in India are giving higher preferences to experiential products rather than traditional value proposition. Varun Beverages can leverage this trend to build products that provide enhanced customer experience.

- c) For the consumer products, Varun Beverages has demographics on its side. India is a young and a growing country and Varun Beverages can use this particular trend to cater to various segments of the population.

- Technological Factors

- a) The technology in the Varun Beverages is still not reached maturity and most players are competing for new innovations that can enable them to gather higher market share in India.
- b) Varun Beverages has to keep a close eye on the development and enhancement of user experience with increasing speed and access. This can completely transform the customer user experience in the Beverage (nonalcoholic) industry.

- Environmental Factors

- a) Regular scrutiny by environmental agencies is also adding to the cost of operations of the Varun Beverages.
- b) Recycling is fast emerging as a norm rather than a good thing to do in Indian economy. Varun Beverages has to make plans to adhere to regulations and expectations in the sector.

- Legal Factors

- a) Varun Beverages has to carefully consider average time taken for business cases in court before entering into the market.
- b) Varun Beverages has to consider whether India have a robust mechanism to protect against data breaches or not.

Porter's Five Forces Analysis

- **Threat of New Entrants**

If there is strong threat of new entrants in the Beverages (non-alcoholic) industry than current players will be willing to earn lower profits to reduce the threats from new players in the market.

- **Bargaining Power of Buyers**

If the buyers have strong bargaining power, then they usually tend to drive prices down thus limiting the potential of the Varun Beverages to earn sustainable profits.

- **Rivalry Among Existing Players**

If competition is intense, then it becomes difficult for existing players such as Varun Beverages Ltd. to earn more profits.

- **Bargaining Power of Suppliers**

If suppliers have strong bargaining power, then they will extract higher price from Varun Beverages Ltd. It will impact the potential of Varun Beverages to maintain above average profits in beverages (nonalcoholic) industry.

- **Threat of Substitute Products and Services**

If the threat of substitute is high, then Varun Beverages has to either continuously invest in R&D or it risks losing out to disruptors in the industry.

COMPANY ANALYSIS

SWOT Analysis

▪ **Strengths**

- a) Varun Beverages uses automated machines and technology for the bottling of soft drinks.
- b) They have a very good relations with the distributors and also a very strong distribution network.
- c) Corporate Social Responsibility (CSR) activities such as recycling, saving the environment and reduction of water usage.
- d) Skilled labors who are expertise and experienced which contributes to higher productivity and workers efficiency.

▪ **Weaknesses**

- a) Rivalry from Coca-Cola and other local brands like Angel and Taan.
- b) Most of the products are considered to be as unhealthy by the customers.
- c) Failure of products which hurts the brand image of Varun Beverages.

▪ **Opportunities**

- a) Since consumers nowadays are becoming more health conscious, Varun Beverages can launch healthy drinks.
- b) Varun Beverages Ltd. may also think of diversifying its business in some other potential business to increase its brand recognition.
- c) Introducing and bringing fresh flavors in carbonated beverage can attract customers.
- d) Tie-up with local players can also provide opportunities of growth for the company in the market.

- Threats

- a) Even though at present, Varun Beverages is still a leader in the market, it is however facing stiff challenges from local as well as international competitors.
- b) Healthy conscious customers may hesitate to buy cold beverages during off season.

DEPARTMENT ANALYSIS

HR Department

HR Department is one of the key departments in a company. It is also known as personnel department which looks after the overall administration of the company. The department is responsible for managing employees of the company. The attendance of the employees, their late comings, leaves, etc. are totally maintained by the HR department including payroll activities. Starting with the employee salary and everything related to it is under the HR department.

Functions:

- a) Man power planning: the HR department analysis the present and future vacancies that may occur as a result of retirement, promotion, on leave or any other reasons for absence. During season, more man power is required because the demand is more.
- b) Recruitment: it is based on attracting applicants with qualification and experience. VBL also have campus recruitment where the HR visits few colleges and interviews certain students and those who are worthy for the post.
- c) Training and Development: VBL have training program to increase the capabilities of individuals so that they contribute to the attainment of the organizational goals. The training is sometimes conducted in the organization itself where as at some point of time it is held at other places. Employees get engaged in the activities conducted by the company such as first aid training, safety week, etc.
- d) Motivation: employees are motivated by their concerned head which makes the employees feel valued. Employees are also self-motivated to do the work and they make sure to also encourage their colleagues to give their best at work place.
- e) Employee Benefits: VBL has policies, techniques and plans that are developed to ensure safety of the employees. Employees/ workers in the production department are provided with safety shoes, caps and goggles in order to prevent any forms accidents and it is mandatory for the employee and for the works to wear their uniforms when at work.

- f) Recreational and Welfare Facilities: VBL provides canteen facilities to its employees where they are given snacks as well as lunch/dinner coupons. They also lay out HRA so that the employees have a better standard of living. The employees also have got bus facilities from Arlem to Sanguem.

Production Department

Production Department is the backbone of the company. It is the basic and the important activity around which all other activities in the company revolve around. It is the department which engages in the manufacturing or production of beverages for the company. The production department is headed by the Plant Head. Other workers in this department include technicians, engineers, machine operators, etc. A key focus of this department is efficiency without wasting the resources and maximizing profits for the company.

Functions:

- a) The production department manufactures the beverages for the business which are then sold in order to bring in the revenue for the business.
- b) The department improves on the products of the business by bringing changes and innovations.
- c) It works in collaboration with the purchasing department of the company in order to make sure that materials needed for the production are always available.
- d) The department also makes sure that the machines and equipment used in the production are serviced and properly maintained all the time.
- e) The production department is also responsible for the designing of products of the business which are sold to the general public.

Accounts Department

An accounts department is a department within a company that handles the financial aspects of the business. This department keeps updated records of money paid, received, owed and borrowed. Basically, the accounting department manages the economic front of the business. They make sure that all the employees of the company are paid timely salary as proposed by the HR, making payment to the suppliers for the raw materials supplied, calculate GST and TDS applicable on the products, etc. The employees in the accounts department have trainings when new system software has been developed and also when new concepts related to finance are discovered as to how to operate it to make their work effortless. IDBI, Axis Bank, HDFC, YES Bank and Union Bank of India are the banks where Varun Beverages Ltd. has its accounts.

Functions:

- a) To maintain and record all business transactions accurately and comprehensively in a systematic way such that it could be retrieved and reviewed at any time.
- b) To maintain adequate internal controls within the organization to safeguard its valuable resources.
- c) To provide a basis for performance assessment and create accountability across the organization.
- d) To keep track of costs incurred by the company costs and advise the modification of existing operations with the intent to reduce operating costs.
- e) Collection of cheque from various depots and distributors and deposit it in company's bank account.

Purchase Department

The purchase department is the division of the company that is responsible for acquiring the goods the business requires to operate. This unit is often an important part of helping the company meet its daily needs. The basic aim is to make sure that there is no shortage of raw materials for the production process. All the basic raw materials are approved by the main PepsiCo head office in Gurugram. Varun Beverages does not purchase the raw materials required for a year at one particular time rather purchase is done as per the requirement of production department. Products which are not manufactured in this plant are sourced from other units of VBL.

Functions:

- a) The very first step here is that the purchase department gives a purchase requisition form which is a document used by a department to request that the purchasing department order materials.
- b) The department is in charge of buying all items needed by the business and also ensures that right commodities are being purchased.
- c) It interacts with suppliers, receives quotations from them and places order to them.
- d) The department is also responsible for testing each and every item bought in order to make sure that they are in good condition.
- e) Materials bought by the purchasing department are stored until they are needed by the various departments and offices of the business.
- f) The department also ensures that the commodities purchased are of right quantity.
- g) The department is then in charge of distributing the items purchased within the company.
- h) After placing orders for the goods from the suppliers, the purchasing department checks the deliveries to make sure that they tally with quotations and orders.

Maintenance/Engineering Department

The maintenance department is primarily a service department and as such is a part of the enterprise's staff. The department is enhanced with various professionals who work for maintaining the continuous production system and keep machinery in working condition. The department is mainly responsible to look after the machines and other production equipment in operating conditions and take corrective action against any environmental pollution.

Functions:

- a) Inspection of machineries in the factory, repairing and upgradation.
- b) Maintaining and ensuring continuous power supply in the company.
- c) Maintaining proper water supply, compressors, boilers, etc.
- d) Supply purified water for factory usage and also for washing plant.
- e) Prevent failure of machines to decline the loss of production.
- f) To check each and every machinery before starting the procedures.

Shipping Department

Shipping department consist of a group of people working together to facilitate the movement of cargo to and from different points. The department reports to GM Finance. They dispatch the products to various distributors and depots which is then supplied to markets. The company also supplies its products to Maharashtra where there are two warehouses, one in Sawantwadi and the other in Kolhapur. To transport the beverage, there are sets of vehicles, some which are owned by the company while others are hired. The beverages in the warehouse are stored at a normal temperature. In Goa, almost 50 trucks transports beverages daily which contains about 450-500 cases. The company has around 3 distributors in Goa and 40 in Maharashtra. Borda, Ponda, Mandrem, Bicholim, Vasco, Mapusa and Corlim are the seven depots that the company has in Goa.

Distributors in Goa

Distributors	Place
R.K Enterprises	Canacona
Lourdes Enterprises	Sanguem
M.S Enterprises	Sanvordem

Functions:

- a) To receive empties from the market.
- b) They stock the bottles in the empty yard and these bottles are refilled whenever production takes place.
- c) Dispatching glass and pet bottles to the distributors.
- d) To prepare invoices of the orders they receive that is to be given to the transporters to supply to the respective depots.

Security Department

Security department ensures safety and keep record of everything that takes place in the organization. At Varun Beverages Ltd., they have four men and a woman at the main gate and other security guards in the plant premises. Their work starts throughout the inward & outward movement of the organization.

Functions:

- a) The department maintain various registers like inward and outward register of the casual labors of materials purchased or the final product being transported.
- b) They have to check that the trucks are loaded according to the invoice containing details such as quantity, truck number etc. before they are dispatched including writing the out time on the outward invoice and submit it to the transporters.
- c) The security department also receives parcels, letters and packages from various depots and distributors which are to be given to the concerned person in whose name it has been given.
- d) They also look after the punching machine, keeping the phones of the casual labours in lockers and giving them the correct locker number.

LEARNINGS DERIVED

I completed my internship for eight weeks. It was my very first internship and at starting I was bit nervous but, the employees were very helpful and kind enough to teach me each and every work before handing it to me. It was where I actually came to know about the working of the company in a corporate world and gained knowledge. The visits to the different departments were beneficial where I got to see and learn how the actual production takes place. In a nutshell, this internship has been an excellent and rewarding experience.

I can conclude that there have been a lot I have learnt from my work at Varun Beverages Ltd. Along my training period, I realized that observation is a main element to find out the root cause of a problem. Besides, my communication skills are strengthened as well while communicating with others. The internship also provided me the exposure of on-the job training.

It increased my knowledge of the term SAP which is Systems Applications and Products in Data Processing where the company stores the data and can be retrieved whenever needed. I learned different basic process of Scanning, Xerox and Printouts. I also gained knowledge in how to operate SAP in which I did Open Text which is basically, storing the scanned invoice, worked on Details of Traveling and Convenience and Attach the Document. I also did two reports, one on Gratuity using Tally.ERP 9 which was a bit difficult for me but, the constant support from Sir helped me in finishing the report and the other was the Reco Report which involves payment to the vendors. I also received education on how to do Indexing, Filing and few workings of Excel.

Bibliography

[\[2022\] Varun Beverages SWOT Analysis / Matrix \(embapro.com\)](#)

[\[2022\] Solved: Varun Beverages PESTEL / STEP / PEST Analysis & Solution \(embapro.com\)](#)

[Porter's Five Forces Model of Beverages Industry-Porter Analysis](#)

<https://varunpepsi.com>