VARUN BEVERAGES

Annual Report 2022

Varun Beverages Limited

Sustainably Refreshing.

Refreshingly Sustainable.

What's Inside

Read or download the report at:
www.varunpepsi.com

Varun Beverages in Numbers

1.4 Billion+
Consumers Served

802 Million
Cases Sold*

3 Million+
Retail Outlets Catered

37
Manufacturing Facilities producing our Beverages

11,500+ People
Employed

6 Countries
Presence across

*A unit case is equal to 5.678 liters of beverage divided in 24 bottles of ~237 ml each.

Sustainably Refreshing. Refreshingly Sustainable.

Refreshing the world has always been our passion and purpose. We are refreshing 1.4 billion+ customers, representing 1/6th of the global population, with a vast portfolio of beverages touching all age groups. We have positioned our winning growth portfolio for success and growing our brands through focused execution and targeted innovation.

As we do this, we strive to make the world a better place for everyone, everywhere. We ensure a sustainable ecosystem with a positive impact on our planet and well-being. ESG remains core to what we do. Our ESG goals are embedded in how we operate as a business.

We are generating and distributing value by implementing initiatives on environmental well-being, pushing for social dimension and by becoming a future-ready, agile and effective organization with a strong determination to drive progress on our priorities. Staying focused on key actions at the heart of our beverage strategy, our achievements so far give us confidence that our best years are yet to come.

We continue to evolve as a beverage company by keeping pace with evolving needs and tastes, responding to consumers' desires for more choices across categories, optimizing our product mix while providing more drinks with nutrition benefits and focusing on our high-priority ESG issues.

A passion to sustainably fresh the world, and create a more sustainable business.


pepsi
GATORADE

We Are Varun Beverages Limited

We are PepsiCo's second largest franchisee (outside US), possessing rights to manufacture, distribute and sell carbonated soft drinks, fruit juice-based drinks, packaged drinking water, sports drinks and energy drinks.

We are a key player in the beverage industry with our operations spanning across 6 countries and 2 continents, with access to a combined population of 1.4 billion+. Of these, 3 are in the Indian sub-continent (India, Sri Lanka and Nepal) and 3 in Africa (Morocco, Zambia and Zimbabwe).

Company Facts

Over a **31-year** strategic association with PepsiCo

Presence in **27 States** and **7 Union Territories** in India

Accounting for **~90%** of PepsiCo India's beverage sales volume in India

3 Million+ Retail outlets access

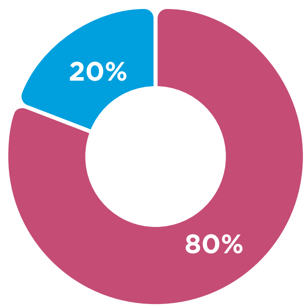
Presence in **5 international countries**

Our Sustainability Priorities

- Water stewardship
- Energy efficiency
- Waste management
- Human capital management
- Corporate governance
- People & communities

Performance

Contribution to Net Revenue



International India

Volume Growth

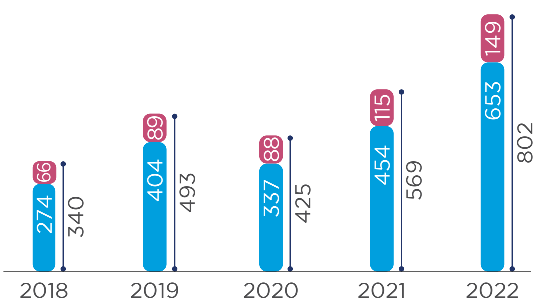
~24%

(CAGR 2018-2022)

We are confident of delivering sustainable and healthy volume growth across all product categories and further strengthen our market position in the beverage industry.

Total Sales Volume (In Million Cases)

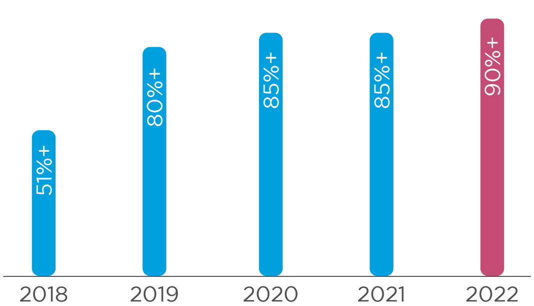
2018-22: Sales Volume CAGR – 24%



India

International

Increasing contribution in PepsiCo India's Beverage Sales Volume



Our Journey of Evolution

With three decades of our fascinating journey, we are sustainably refreshing our consumers across markets. Our year-on-year initiatives on improving market share, building infrastructure and expanding reach continues to hold us in good stead, and helps deliver strong and sustainable growth.

1991
Bottling and Trademark Licensing Agreement with PepsiCo through a Group Company

1995
Incorporated Varun Beverages Limited as a Public Limited Company

1996
Commenced operations in Jaipur

1998
PepsiCo acquired 26% stake in Devyani Beverages Limited*

(*Merged with VBL in 2004)

1999
Started operations in Alwar, Jodhpur and Kosi

2019
- Acquired PepsiCo India's previously franchised territories of parts of Maharashtra (14 districts), parts of Karnataka (13 districts) and parts of Madhya Pradesh (3 districts)
- Acquired PepsiCo India's sub-territories across seven states – Gujarat, parts of Maharashtra, parts of Karnataka, Kerala, Tamil Nadu, Telangana and parts of Andhra Pradesh and five union territories of Daman & Diu, Dadra and Nagar Haveli, Puducherry (except Yanam), Andaman & Nicobar Islands and Lakshadweep

2021
- Incorporated a new subsidiary – Varun Beverages RDC SAS in the Democratic Republic of Congo

How we distribute and sustain value

2022

Entered into an agreement to distribute and sell Lays, Doritos and Cheetos for PepsiCo in the territory of Morocco.

Commenced commercial production of Kurkure Puffcorn at the manufacturing plant in Kosi, Uttar Pradesh for PepsiCo.

2018

- Acquired PepsiCo India's sub-territories in the state of Jharkhand (with production facilities), Chhattisgarh and Bihar
- Acquired sales and distribution rights of Tropicana, Gatorade and Quaker Oats Milk
- Set up a Greenfield production facility in Nepal and Zimbabwe

2017

- Acquired PepsiCo's Indian sub-territories across the states of Madhya Pradesh (certain parts) and Odisha
- Acquired the incremental 30% shareholding in Varun Beverages (Zambia) Limited

2016

- Acquired 60% shareholding in Varun Beverages (Zambia) Limited
- Public listing on NSE and BSE

2015

- Received investment from AION Investment
- Acquired PepsiCo's Indian sub-territories in parts of Uttar Pradesh, Uttarakhand, Himachal Pradesh, parts of Haryana, Punjab and the Union Territory of Chandigarh

2011 & 2012

- Investment by Standard Chartered PE in Varun Beverages (International) Limited (VBIL)*

(*Merged with VBL in 2012)

2012

- Sub-territories of Goa, three districts of Maharashtra and North-East India were consolidated, subsequent to merger of a group company
- Also, three companies having the territories of Nepal, Sri Lanka and Morocco became Subsidiaries
- PepsiCo sold 26% stake in VBL to VBIL*

(*Merged with VBL in 2012)

2013

Acquired the Delhi sub-territory (remaining parts)

2014 & 2015

Capital infusion of ₹ 4,500 million by Promoter Group

Chairman's Message

Ravi Jaipuria
Non-Executive Chairman

Dear Shareholders,

It gives me immense pleasure to place before you the 28th Annual Report of the Company.

Overview

We are pleased to share that we have delivered exceptional performance throughout the year. Strong demand for our products across markets and normalcy in day-to-day activities translated to solid volume growth in CY 2022. Furthermore, our investments in the business, despite pandemic-led disruptions in the previous years, combined with significant expansion in the distribution network contributed to increased sales. We also undertook price hikes on select SKUs and rationalized discounts & schemes to address the cost pressures we faced during the year. These efforts, coupled with higher sales volumes and a favorable product mix, resulted in a 49% increase in our net revenues in CY 2022.

In terms of profitability, despite the challenges posed by higher costs of raw materials, we witnessed limited impact on our gross margins. Our prudent raw material sourcing strategy, as well as selective price increases on specific products, helped us to improve our realization per unit and mitigate the impact of rising costs on our margins. In addition, higher operating leverage due to high volume growth led to better EBITDA margins. On the balance sheet front, our leverage ratios remained healthy as we registered strong cash flows during the year.

We are delighted to state that on the product portfolio front, Sting has emerged as a key growth driver for the Company. It has outperformed expectations this year, recording remarkable sales volume. Furthermore, our value-added Dairy and Juices segment received a positive reception from consumers. We are confident that these products will continue to drive growth for our Company in the future.

Successfully Commissioned New Capacities

In a key development, we successfully commenced operations at our greenfield facilities in Bihar for manufacturing beverages and in Jammu & Kashmir for backward integration during the year. This strategic move enabled us to not only strengthen our reach and customer base but also enhance our presence in the under penetrated markets.

Signed an Agreement to Distribute & Sell "Lays, Doritos and Cheetos"

During the year, the Board of Directors approved the proposal to enter into an agreement by Varun Beverages Morocco SA (a wholly owned subsidiary of the Company) to distribute & sell "Lays, Doritos and Cheetos" for PepsiCo in the territory of Morocco with effect from January 2023.

Awards and Accolades

In recognition of our operational excellence, end-to-end execution capabilities, governance practice, and strong track record, VBL received an award from PepsiCo for the 'Best Bottler in Africa, Middle East and South Asia (AMESA) region' for the year 2021.

In addition, the Company has received the following three prestigious Corporate Governance Awards for CY 2022:

- CFI.CO (UK) for the 4th Consecutive Year for Best FMCG Corporate Governance (India)
- Business Brand Awards for Best Corporate Governance Practices
- CNBC TV 18 – Incredible Brands of India Awards for Best Corporate Governance of the Year

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Emphasis on Sustainability

As a leading beverage company serving over 1.4 billion customers globally through an extensive network of over 3 million retail outlets, we are committed towards safeguarding our environment and promoting sustainability in all our operations. One of the key ways is that we are doing this by investing in PET recycling and implementing measures to improve energy and water efficiency. Our goal is to have a net positive impact on the environment, and we are continuously evaluating and implementing new ways to minimize our ecological footprint.

Dividend & Bonus Issue

In order to benefit all of our stakeholders, we conduct our business with a focus on sustainability. We believe a critical aspect of creating value for our shareholders and gaining their trust in the long term is by distributing part of profits in a consistent and transparent manner. To achieve this, the Board of Directors of the Company in their meeting held on August 9, 2017 approved a formal dividend distribution policy. Since then, we have consistently declared dividends to our shareholders.

For CY 2022, in line with the guidelines of dividend policy, the Board of Directors recommended an interim and final dividend of ₹ 3.50/- per share, resulting in cash outflow of approx. ₹ 2,273 million.

In addition to this, the Company on June 9, 2022 issued and allotted 216,516,540 bonus equity shares of ₹ 10 each as fully paid-up bonus equity shares in the ratio of 1 (One) equity share of ₹ 10/- each for every 2 (Two) existing equity shares of ₹ 10/- each.

Message to Stakeholders

Throughout the year, we have achieved good results by streamlining our operations, expanding our distribution, and broadening our product offerings. As we move forward, we will capitalize on our strong market position, including our presence in high-growth markets, solid infrastructure and well-established distribution network. In the coming years, we will focus on consolidating our position as a key player in the beverage industry and are confident in our ability to create sustainable value for all our stakeholders in the future.

Vote of Thanks

I would like to express my deepest appreciation to all of our stakeholders including shareholders, investors, bankers, and creditors, for their unwavering support. I would also like to express our appreciation to our employees for their tireless efforts, dedication, and commitment to making our Company stronger. I also extend my sincere gratitude to our Board for their invaluable guidance and insights that have been instrumental in helping us navigate new opportunities and move forward with confidence.

Warm regards,

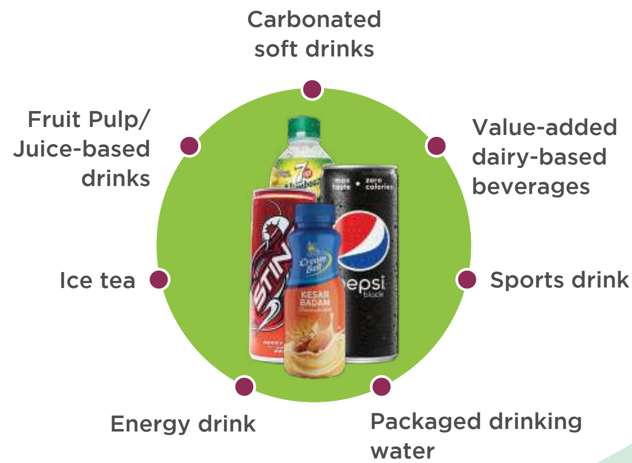
Ravi Jaipuria

Non-Executive Chairman

Refreshing the World, Consistently

We are refreshing the world through a portfolio of key beverages and optimizing our mix of products and keeping pace with the evolving needs and tastes of our consumers. In this fast-changing marketplace, we have organized our beverage line-up into 7 key categories and curated global and regional brands with huge potential to scale up.

15+ Brands across the following beverage types



Creating products that positively impact the world

Carbonated Soft Drinks

Pepsi | Pepsi Black | Mountain Dew | Mirinda

7UP | Evervess | 7UP Nimbooz Masala Soda

Fruit Pulp/Juice-Based Drinks

Tropicana 100% | Tropicana Delight | Slice | 7UP Nimbooz

Sports Drink

Gatorade →

Blue Bolt | Lemon | Orange

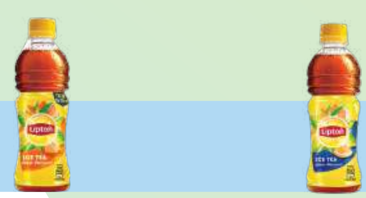
Packaged Drinking Water

Aquafina

Energy Drink

Sting

Lipton Ice Tea



Peach | Lemon

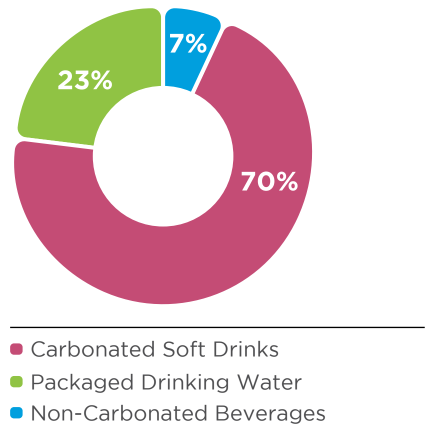
Value-added Dairy-based Beverages

Mango Shake | Cold Coffee | Belgian Choco | Kesar Badam | Elaichi

Refreshing Times, Resounding Growth

CY 2022 has been a year of achievements. Our continuous effort to invest in the business despite the pandemic disruptions in the past two years translated into robust demand and growth in the consolidated sales. Improvement in realization per case also helped increase our net revenue.

Segment-wise Sales Volume

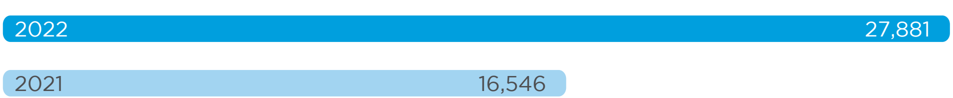


Key Financial Highlights

Net Sales (₹ Million)

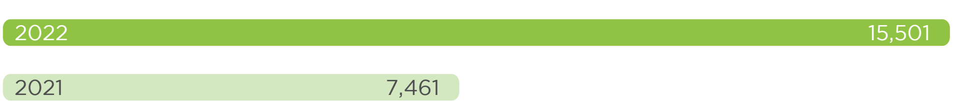
49.3% ↑

EBITDA (₹ Million)



68.5% ↑

Profit After Tax (₹ Million)

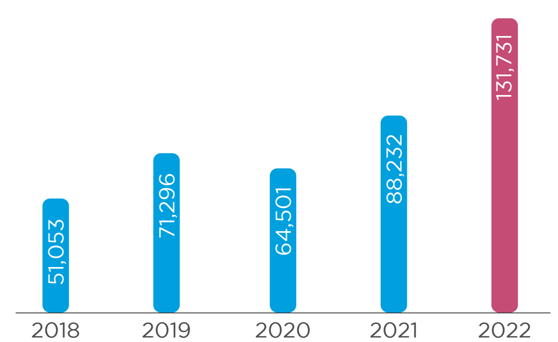


107.8% ↑

5-year Financial Highlights

Net Revenue

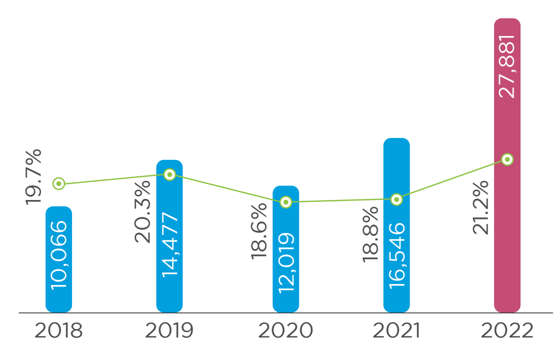
CAGR 2018-22: 26.7%



(₹ Million)

EBITDA and EBITDA Margin

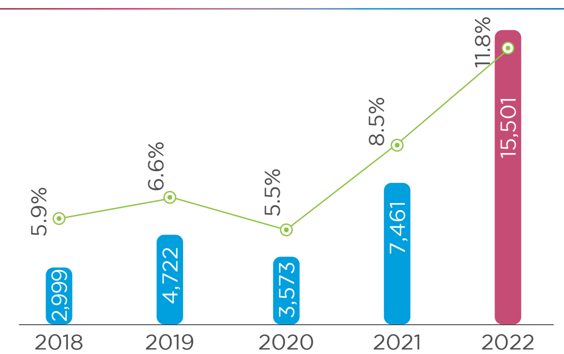
CAGR 2018-22: 35.1%



(₹ Million) (%)

PAT and PAT Margin

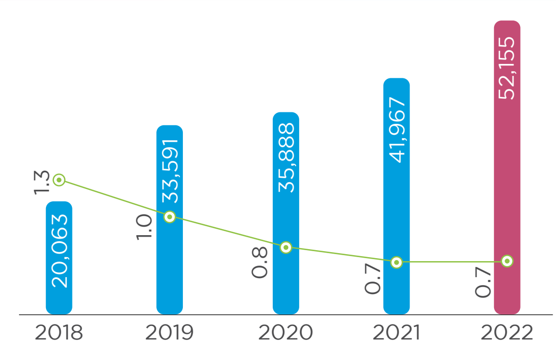
CAGR 2018-22: 50.8%



(₹ Million) (%)

Net Worth and Net Debt Equity Ratio

CAGR 2018-22: 26.9%



(₹ Million) (times)

Decisive Roadmap, Definite Progress

Strengthened Infrastructure

110+ Depots

2,400+ Primary Distributors

2,500+ Distribution Vehicles

925,000+ Visi-Coolers

Our Presence

South Asia

India — Nepal — Sri Lanka

Africa

Morocco — Zambia — Zimbabwe

Refreshing Growth

1995
Certain designated parts of 2 States and 1 UT in India

2005
5 States & 1 UT in India, 1 country

2015
17 States 2 UTs in India, 3 countries

2018
21 States 2 UTs in India, 5 countries

2019
27 States 7 UTs in India, 5 countries

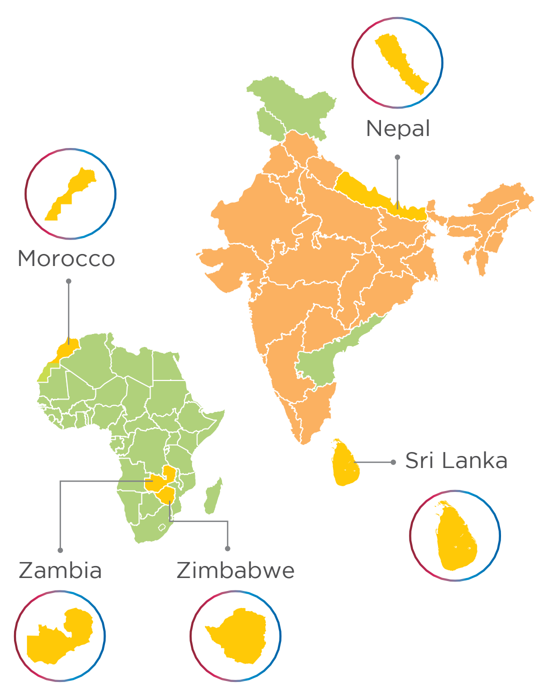
Presence Across Territories

PepsiCo reciprocates its confidence in VBL by regularly granting us additional territories and product licenses. Presence in adjoining territories helps us undertake initiatives on capacity and logistics optimization and achieve better cost efficiencies.

Presence Across Territories

1 Punjab
2 Himachal Pradesh
3 Uttarakhand
4 Delhi
5 Haryana
6 Rajasthan
7 Arunachal Pradesh
8 Assam
9 Meghalaya
10 Manipur
11 Mizoram
12 Nagaland
13 Tripura
14 Uttar Pradesh
15 West Bengal
16 Maharashtra
17 Goa
18 Chandigarh
19 Madhya Pradesh
20 Odisha
21 Chhattisgarh
22 Jharkhand
23 Bihar
24 Sikkim
25 Gujarat
26 Karnataka
27 Kerala
28 Tamil Nadu
29 Telangana
30 Daman & Diu
31 Dadra and Nagar Haveli
32 Puducherry (except Yanam)
33 Andaman & Nicobar Islands
34 Lakshadweep

VBL's International Territories



Map not to scale

Manufacturing Proficiencies

As on December 31, 2022, we have a total of 31 plants across our territories, with state-of-the-art technologies.

31 Manufacturing Facilities in India

6 Manufacturing Facilities in International Geographies

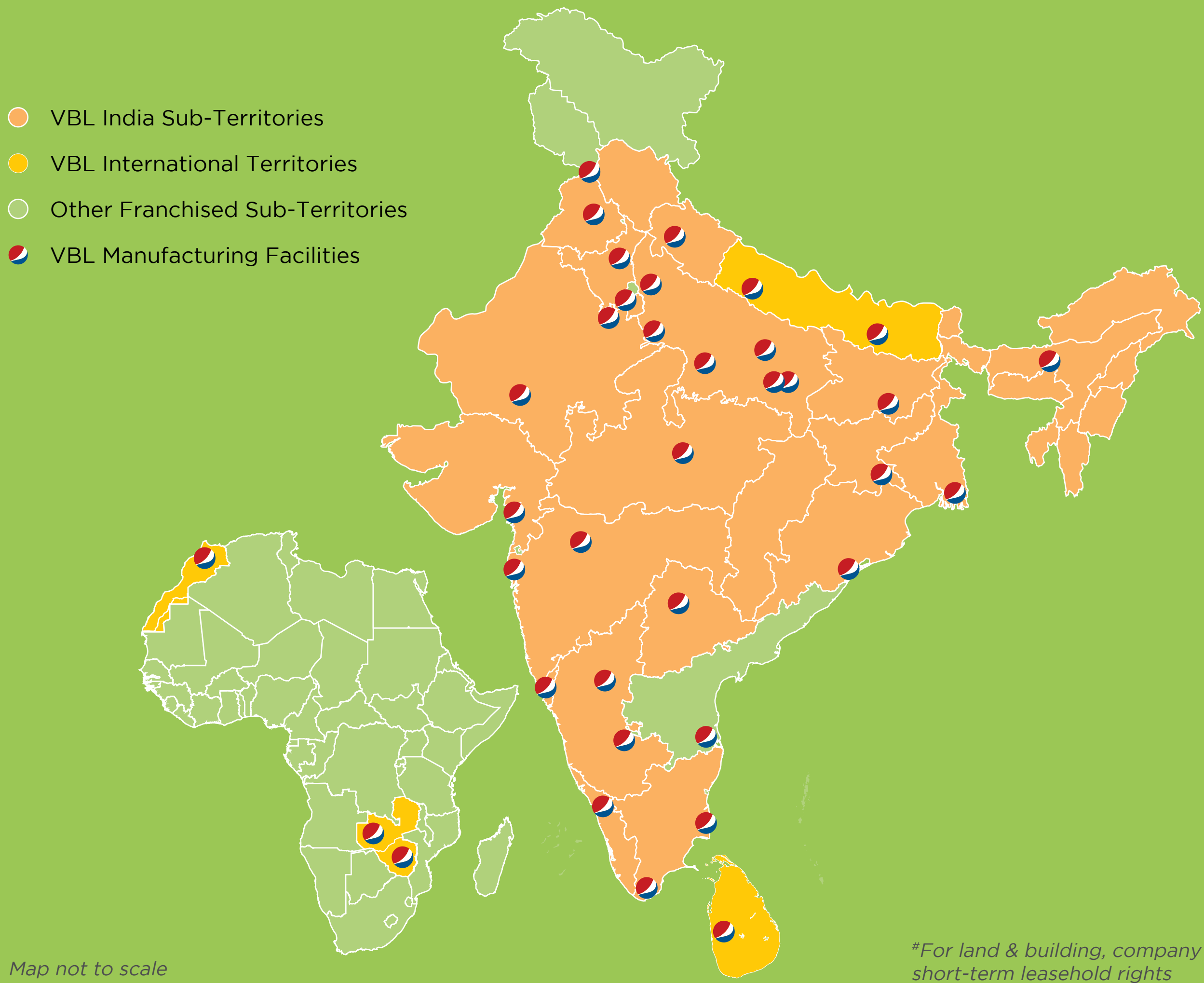
Manufacturing Facilities

INDIA

Pathankot
Phillaur
Nuh
Panipat
Greater Noida I
Greater Noida II
Jainpur
Bazpur
Sathariya
Sathariya II
Kosi
Sandila
Jodhpur
Bhiwadi
Mandideep
Jamshedpur
Cuttack
Kolkata
Guwahati Unit I & II
Goa
Tirunelveli
Dharwad
Bharuch
Begusarai
Aurangabad
Mahul#
Nelamangala
Palakkad
Mamandur
Sangareddy
Sri City

INTERNATIONAL

Nepal I
Nepal II
Sri Lanka
Morocco
Zambia
Zimbabwe



Map not to scale

#For land & building, company has short-term leasehold rights

Amplifying Strengths, Multiplying Outcomes

With enhanced consumption trends across markets, we continued to implement strategic initiatives to solidify our market position as a key player in the global beverage industry. We remain confident of continuing our journey of sustainable value creation for all the stakeholders.

Sustaining operational efficiency through

Manufacturing
37 state-of-the-art manufacturing facilities

Distribution & Warehousing
Depots, owned vehicles, primary distributors

Customer Management
Visi-coolers; local level promotion and instore activation

In-Market Execution
Reaching out to every 6th person in the world; Responsible for growth in categories and volume

Cost Efficiencies
Backward integration; production optimization; innovative packaging

Cash Management
Working capital efficiencies, disciplined capex management, acquiring new territories

PepsiCo

Creating Demand

- Trademarks
- Formulations through concentrate
- Product and packaging innovation through R&D investment
- Consumer pull management – Brand development

VBL

Delivering Demand

- Production facilities
- Sales and distribution – GTM and Logistics
- In-Outlet management – Visi Coolers
- Consumer push management – Market share gains

Towards a brighter future by:

- Identifying new opportunities and trends
- Expanding capacities and widening our portfolio
- Becoming stronger and better by leveraging demand revival
- Delivering robust operational and financial performance

Board of Directors

Ravi Jaipuria

Promoter & Chairman

He is the Promoter & Chairman of the Company and has over four decades of experience in conceptualizing, executing, developing and expanding food, beverages and dairy business in South Asia and Africa. He has completed higher secondary education from Delhi Public School, Mathura Road, New Delhi. He has an established reputation as an entrepreneur and business leader and is the only Indian Company's promoter to receive PepsiCo's award for International Bottler of the Year, awarded in 1997. He was also awarded the 'Distinguished Entrepreneurship Award' at the PHD Chamber Annual Awards for Excellence 2018.

Varun Jaipuria

Promoter, Executive Vice-Chairman and Whole-time Director

He is the Promoter, Whole-time Director & Executive Vice Chairman of the Company. He has been actively working with the Company since 2009 and has been instrumental in comprehensive development of Company's business including acquisitions and integration of acquired territories.

Under his leadership, Varun Beverages was awarded PepsiCo's Best Bottler in AMESA (Africa, Middle East and South Asia) sector in 2021 in recognition of Company's operational excellence, governance practices and sustainability initiatives.

He is a Harvard Alumni and had attended Program for Leadership Development (PLD), 2018-2019 batch from Harvard Business School, Boston.

Raj Gandhi

Whole-time Director

He is a qualified Chartered Accountant of 1980 batch. He also did management program with Harvard Business School. Out of his total 42 years of experience, 30 years of experience is with the RJ Corp Group itself. He is instrumental in formulating company's strategy, diversification, expansion, mergers and acquisitions, capex planning and capital/fund raising. He enjoys longstanding relationship with institutional investors and lenders.

Rajinder Jeet Singh Bagga

Whole-time Director

He holds a master's degree in mechanical engineering from the Indian Institute of Technology, Kanpur. He has been associated with the Company since 1996 and is currently heading technical operations since 2003. He has an experience of 26 years with the Company in managing technical operations and execution of projects. Prior to this, he was associated with Eveready Industries India Limited for approximately 10 years and was last working in the capacity as their production manager.

Dr. Naresh Trehan

Independent Director

He holds a bachelor's degree in Medicine and Surgery from the University of Lucknow and has been certified as a renowned Cardiothoracic Surgeon by the American Board of Thoracic Surgery. He has trained and practised at New York University Medical Center at Manhattan USA from July 1, 1971 to June 30, 1975 and is an honorary fellow at the Royal Australasian College of Surgeons. He has received many prestigious awards, including the Padma Bhushan Award, presented by the Government of India.

Pradeep Sardana

Independent Director

He holds a bachelor's degree in mechanical engineering from the Indian Institute of Technology, Delhi. He has 52 years of experience (41 years in service and 11 years in consultancy). He is presently the CEO of PM Consulting, a consultancy firm in the field of food, beverages, FMCG and other industries. Previously worked at senior management level with renowned companies including Polyplex Hydro Group, PepsiCo, Hindustan Lever Limited and Union Carbide and has successfully handled diverse assignments.

Dr. Ravi Gupta

Independent Director

He holds a Bachelor's degree and a Master's degree in commerce from the University of Delhi. He also holds a Bachelor's degree in law from the University of Delhi, a diploma in labor law from the Indian Law Institute, a Master's degree in business administration from the Faculty of Management Studies, University of Delhi and a doctorate in philosophy for his thesis on 'Country Risk Analysis in Investment Financing Decision Making' from the University of Delhi. He was employed as an Associate Professor in the commerce department of Shri Ram College of Commerce, University of Delhi. He was appointed by the Government of India as a member of the committee constituted for simplification of Income Tax Act.

Sita Khosla

Independent Director

She holds Bachelor's of Arts degree from St. Stephen's College and LLB from the Faculty of Law, University of Delhi and is enrolled with the Bar Council of Delhi. She practices in the areas of corporate, contract and commercial laws since 1992. She has been involved in providing advice on a wide range of issues from company formation, corporate governance and regulatory compliance to mergers and acquisitions, corporate restructuring, joint ventures, foreign investments, exchange control regulations and securities laws. She has acted as India legal advisor to major players in the civil aviation sector including international commercial airlines, MRO organizations and ground handling operators in respect of their operations in India.

Rashmi Dhariwal

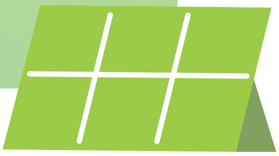
Independent Director

She holds a bachelor's degree in Arts from the University of Delhi and is a practising advocate at the Calcutta High Court since 1978. She is also the trustee of a non-profit organization called Prayatn which provides education to underprivileged children. She has also worked in several leading firms in India including Khaitan & Co, Calcutta and Delhi, Mulla & Mulla, Mumbai and also in the Philippines.

TOWARDS A NET ZERO TOMORROW

Sustainability is a core principle of our business model. We have integrated sustainability across our businesses and are collaborating across the globe to make inroads in the transition to a sustainable economy and society.

We continued to take efforts towards improving energy & water efficiencies and recycling of plastic waste, with an ultimate goal of having a net positive impact on the planet.



About the Report, Scope and Boundary

This is Varun Beverages Limited's first report to integrate the overall business and sustainability performance, data and context, reflecting our continued journey towards driving sustainable business practices into our core strategy.

Our Approach to ESG

Stewardship is core to what we do. We recognize that to serve our consumers better, we need to take a long-term view on a wide range of issues that affect our business and the communities in which we operate. To do this, we maintain a proactive dialogue with our stakeholders – consumers, employees, communities and the government – to ensure that we are managing these issues sustainably and delivering long-term value.

Further information on how we engage with our stakeholders can be found on Page 30.

Reporting Guidelines and Principles

This ESG Report marks our progress in communicating various sustainability initiatives concerning our stakeholder groups. The Report discloses our sustainability performance across the identified material topics. We also capture detailed information on the practices followed as a responsible beverage business, a people company, an environmental steward, and a corporate citizen.

We have also made disclosures of our data and processes in line with SEBI's new mandate through our Business Sustainability and Responsibility Report voluntarily exclusive of our ESG report.

Content of the Report

Our key ESG issues can be categorized into the following areas: Water Management, Carbon Footprint & Emissions, Product Safety & Quality, Consumer Health & Nutrition, Corporate Citizenship, Employee Health & Safety, Packaging Lifecycle Management, Business Performance, Corporate Governance, Business Ethics.

Scope and Boundary of Reporting and Reporting Period

The Report covers financial and non-financial information and activities of Varun Beverages Limited for the period January 1, 2022 to December 31, 2022. The financial information has been audited by M/s. Walker Chandiok & Co. LLP and M/s. O.P. Bagla & Co. LLP, our joint statutory auditors. The reporting scope and boundary for our disclosures, unless otherwise stated, covers the operations of Varun Beverages Limited.

Geographies Covered

Our entire operations in India.

Executive Vice Chairman's Message

Committed to Creating a Better, More Sustainable Future for the Planet

Varun Jaipuria

Promoter, Executive Vice-Chairman and Whole-time Director

Dear Stakeholders,

We understand that a sustainable, inclusive and resilient value system is vital to the future of humanity. At Varun Beverages, our purpose and strategy are centered on our commitment to the ESG principles. We have made significant strides on our ESG performance in the past few years, as we remained committed to work with our stakeholders across the value chain to build sustainable pathways forward.

Now, more than ever, we need to find viable ways to meet the needs of current and future generations. We connect economics with ecological value to make a difference. Today, as we refresh billions of our consumers daily with a huge portfolio of beverages touching all age groups and ensuring the highest quality and freshness, we ensure a sustainable ecosystem with a positive impact on the planet through our initiatives focused on the environment, social and governance agenda.

Towards a Net Zero Tomorrow

We have formalized our ESG strategy and commitments in four key pillars and strategic areas of action: Environmental Protection, Human Capital Development, Community and Governance. Our core values lay the foundation for seeking and creating value on our key ESG pillars. We are embedding ESG into our company's policies and driving progress. These sustainability metrics have been incorporated into our strategic and operational goals. Our key focus areas reflect how we are working as a team to deliver solutions to key challenges and create lasting value for our customers, communities, employees and our businesses.

In the following pages, you will read about meaningful developments on our environmental & social initiatives and our governance framework. Further, with earlier milestones achieved, we are now working on more ambitious plans, which encompasses positive water balance and plastic waste management goals for 2025; and reduction of carbon emission and enhancing renewable energy goals for 2030.

Our Environmental Initiatives

We implemented sustainable practices to strengthen the ecological foundation of our planet. We are also constantly looking at newer ways to be a good steward of the environment. During the year, we actively worked on improving the sustainability of our operations, reducing carbon emissions and expanded our efforts to use renewable sources of energy, water stewardship and recycle plastic waste. Moreover, our key areas also include supply chain management and responsible sourcing to procure raw materials from suppliers who have undertaken robust sustainability measures in their respective operations.

Our Social Initiatives

We spent the year fostering a collaborative, deeply-rooted and thriving culture of caring for our employees. We remained focused on creating an inclusive, safe and engaging workplace where every employee has the opportunity to learn, grow and remain healthy.

We deeply care about our customers and the communities in which we operate. We have actively engaged with DuPont Safety Solutions for implementing best practices in safety at larger manufacturing plants over a period of 18 months and have adopted "train the trainer" approach to cascade the process to other plants.

We aspire to be a model for inclusion and diversity, while also ensuring the safety, health and wellness of our employees. Being a manufacturer, we bolster a culture of sustainability by facilitating product safety and quality at each step – production, sale and consumption. Likewise, as we optimize our mix of products, we provide a portfolio of great-tasting and healthy beverages with nutrition benefits that have the greatest potential to scale and grow.

Our Governance Framework

With a strong corporate governance structure, we strive every day to further strengthen our policies and practices and enhance compliance and transparency to our shareholders and stakeholders. We have inculcated a vision-led governance framework by expanding the scope of our robust policies to contractors and suppliers with an ESG focus. Further, our corporate governance practices and enhanced disclosures have won many accolades. During the year, we were recognized by PepsiCo as the Best Bottler in AMESA Sector for Year 2021 for operational excellence, business efficiency and sustainability initiatives.

We are also carrying out various activities as part of our CSR initiatives. Since 2003, we have imparted free education to 25,000+ children of economically weaker sections by sponsoring evening education at DPS Schools through SHIKSHA KENDRA, an initiative by DPS Society. Further, through the initiative 'Pravah', we provide a structured, sustainable and scalable framework to the unemployed youth from marginalized families adding them to the mainstream workforce.

We aspire to be a model for inclusion and diversity, while also ensuring the safety, health and wellness of our employees. Being a manufacturer, we bolster a culture of sustainability by facilitating product safety and quality at each step – production, sale and consumption. Likewise, as we optimize our mix of products, we provide a portfolio of great-tasting and healthy beverages with nutrition benefits that have the greatest potential to scale and grow.

In the healthcare domain, we have launched "AARU Clinic", with an aim to provide free access to medical assistance to the underprivileged and economically weaker sections of the society. Till date, there are 2 centers at Kosi and Bhiwadi.

The ESG Journey Continues

We have made significant progress on the ESG front, but there's still a lot to do. Our achievements are only the beginning of long-term goals and achievements. There is a long road ahead and we need to take immediate action. As we move forward on our ESG journey, our mission will be to generate long-term value and build an even better company.

As demonstrated, we remain steadfast in our commitment to act and operate. Moving forward, our mission is to create value with measurable outcomes that drive and deliver sustainable growth. We will strive to maintain a key position in the sustainability space, continuing to drive improvement in our own organization, while also encouraging others to join in the movement to build a sustainable future.

Warm Regards,

Varun Jaipuria

Promoter, Executive Vice-Chairman and Whole-time Director

Our Cross-functional ESG Taskforce

As ESG touches every area of our business, the leadership of VBL too is strongly involved in instilling the ESG priorities throughout the business. With increasing demand for transparency and associated regulatory risks, we not only optimized the team to achieve success in ESG efforts, but created an ESG team with representation from across the organization's functional areas. The Board has constituted an ESG Committee to navigate the Company's ESG journey and identify opportunities & risks to the Company's operations, its reputation and its corporate responsibility. The Steering Committee identifies its existing capabilities and strengths, identifies gaps in processes and data, and creates a comprehensive roadmap to execute the overall ESG strategy.

BOARD LEVEL ESG COMMITTEE
Executive Vice-Chairman, 2 Whole-time Directors and an Independent Director

ADVISORS
Independent Directors

STEERING COMMITTEE
ESG Head, Technical Head, HR Head

Overall Management: ESG Head & Investor Relations Head

	Environment	Social	Governance
Functional Leads	Lead Plant Managers (North/East/South/West)	Head of Industrial Relations	Chief Risk Officer & Head of Compliances
Functional Team	AVP - ESG Quality Head Packaging Head	Central HR Team Plant HRs	CFO Taxation Head
	Annual Audit DQS	**Best Practices DuPont (H&S)**	**Assessment CFI, Golden Peacock**

Role of the Cross-functional ESG Taskforce

The cross-functional group develops and executes our ESG strategy with a co-ordinated approach to meet the changing ESG demands and to align cross-functional perspectives. The cross-functional group collaborates to share expertise and different perspectives, and to develop and implement a more coherent ESG strategy for the Company.

The Taskforce creates a common language, approach, and understanding of the business and sets foundational principles and concepts around ESG. It ensures complete coordination, consistency and accuracy across regulatory reporting and stakeholder communication.

Members of Steering Committee

ESG Head → **Technical Head (Board Member)** → **HR Head**

ESG Priorities – An Overview

Our ESG report focuses on four strategic areas of action: Environmental Protection, Inclusion & Diversity, Community and Governance. These areas reflect how we are working as a team to deliver solutions to key challenges and create lasting value for our customers, communities, employees and our businesses.

Our Mission

While refreshing billions of consumers with a vast portfolio of beverages touching all age groups, we shall ensure a sustainable ecosystem with a positive impact on our planet and well-being.

Environment

- Water stewardship
- Waste management
- Carbon emission reduction
- Renewable energy

Social

- Human capital management and diversity
- Health & safety
- Community engagement
- Nutrition and product safety

Governance

- Transparency, responsibility, and accountability
- Trainings on key policies including Code of Conduct, Anti-bribery, FCPA, POSH and Insider Trading
- Corporate governance
- Risk management

Instilling ESG priorities into our business practices

Our sustainability goals drive us to continually improve on our ESG-related achievements. Having achieved our milestones of CY 2022, we are now working towards new, more ambitious plans, including our 2025 goals on water positivity and plastic waste management; and our 2030 goals on reducing carbon emissions and enhancing renewable energy.

Our Focus Areas and Future Roadmap for ESG

Being Water Positive

2022 Highlights

1.70 liters of water used per liter of Beverage Production

(Improvement of 10% over 2021)

Roadmap to 2025

- Sustaining Water Recharge of more than 2.00x by 2025
- Reducing Water Usage Ratio from 1.92x in 2020 to 1.60x by 2025

Recycling Plastic Waste

2022 Highlights

80% Recycling of used PET bottles

(10% points increase over 2021)

Roadmap to 2025

100% recycling of used PET bottles by 2025 (66% in 2020)

Carbon Footprint

2022 Highlights

36% Reduction of carbon emissions/ liter over base year - 2020

(29% reduction over 2021)

Roadmap to 2030

Reducing Carbon Emissions per liter of beverage produced by 50% by 2030 over base year - 2020

Enhancing Renewable Energy

2022 Highlights

21 mn units from renewable resources

(~17% increase over 2021)

Roadmap to 2030

Increasing contribution from Renewable Energy to 25% by 2030
(Vs 7% in 2020)

Sustaining a Continuous Dialogue with our Stakeholders

Creating an open and meaningful dialogue with all our stakeholders helps us steer our strategy in a way that creates the most sustainable value for our business – now and in the future. This also helps us maintain agility, respond to opportunities and safeguard the Company against possible threats.

At Varun Beverages, our constant aim is to maintain an open and positive dialogue with all our stakeholders, consider their key interests and communicate with them on a regular basis. Maintaining a continuous dialogue with all our stakeholders helps us build trust and respect. It also helps make choices that further shape the role we play in the society.

Identifying key stakeholders

We identified five key internal and external stakeholder groups that are directly able to influence our decision-making, and should be engaged in the materiality assessment. The Company identified ESG-related key issues and formulated issue-wise improvement targets for itself, which have been duly communicated to all the stakeholders.

Strategies for engaging with stakeholders

As the level of access and time required to engage diverse stakeholder groups varies, DQS developed a catered strategy for communicating with each group.

Assess the most material issues

Start by conducting a materiality analysis to identify and prioritize the issues

Report on your impact

Use reporting frameworks developed by organizations

Be realistic, set clear goals

Use an industry standard framework in developing goals and objectives

Align to your business strategy

Your sustainability strategy should support your business goals

Involve your teams

Empower employees to make decisions based on sustainability goals

	Stakeholder	Engagement Pattern	Major Concerns
Internal	Management	Interviews, Board meetings	Business Performance
			Business Ethics
			Supply Chain Management
			Carbon Footprint & Emissions
			Energy Management
			Waste Management
			Resource Use & Conservation
	Employees	Facilitated discussions, Surveys, Townhall meetings, Leadership meetings, Email communications, Employee engagement activities, Webinars	Occupational Health & Safety
			Freedom of Association
			Diversity & Inclusion
			Talent Management
			Community Engagement
			Employee Engagement & Development
			Human Rights & Fair Labor Practices
External	Suppliers	Individual and broad-based communications, Supplier trainings, assessments, and remediation processes	Product Safety & Quality
			Human Rights & Fair Labor Practices
			Responsible Sourcing
			Sustainable Agriculture
			Packaging Lifecycle Management
			Regulation & Taxation
			Environmental Stewardship
			Diversity & Inclusion
	Retailers/Consumers	Surveys, Corporate websites, Marketing activities & communication, social media	Product Labeling
			Responsible Marketing
			Consumer Health & Nutrition
			Corporate Citizenship
			Product Safety & Quality
	Industry Association	Surveys, Annual & Sustainability Reports, Ratings, rankings and other indices, social media	Business Performance
			Innovation and R&D
			Human Rights & Fair Labor Practices
			Sustainable Initiatives

Materiality Assessment

We conducted a Materiality Assessment with support from Deutsch Quality Systems (DQS) and in alignment with GRI principles for CY 2022. DQS India is an internationally reputed independent field expert and the Indian subsidiary of DQS Holding GmbH, one of the leading Management System Certification, Assessment and Training organizations globally.

The key goal is to determine economic, social, and environmental aspects material to the Company.

During the process, DQS identified key stakeholders, brainstormed material aspects, evaluated their potential impact, and established priority topics to guide the management in goal-setting and corporate strategy development.

Based on suggestions from DQS, the Company will re-evaluate the material aspects on a regular basis and will continue to engage with stakeholders to stay relevant on current business needs and the industry climate, and also to ensure that any emerging stakeholder concerns and considerations are consistently incorporated into overall business strategy.

Approach to finalize material matters

The process

DQS created a specific process to identify stakeholders, devise engagement techniques, identify material elements, and interpret the outcomes. Materiality assessment was conducted in two aligned workstreams: stakeholder engagement and impact assessment. Five stakeholder groups were surveyed to determine which material aspects were considered priorities, and nearly 29 metrics were assessed to evaluate potential impact of VBL's business on the material aspects identified. However, material aspects indicated in this assessment may vary over time with changes in internal and external circumstances.

Top material priorities

Five Key Pillars of Material Aspects

After reviewing other relevant materiality assessments in the beverage industry, a list of relevant material aspects was developed and mapped their alignment with GRI and UNSDGs. These material aspects have been defined and categorized into five key pillars.

Environmental

- Water management
- Carbon footprint
- Energy management
- Waste management
- Ecological impact

Social Capital

- Product safety and quality
- Consumer health and nutrition
- Corporate citizenship
- Human rights and fair labor practices
- Product labeling
- Responsible marketing
- Sanitation and hygiene
- Data privacy and information security
- Rural livelihood and generation

United Nations Sustainable Development Goals catered to:

Human Capital

- Employee health and safety
- Diversity, equity and inclusion
- Employee engagement and development
- Talent recruitment and retention

Business Model and Innovation

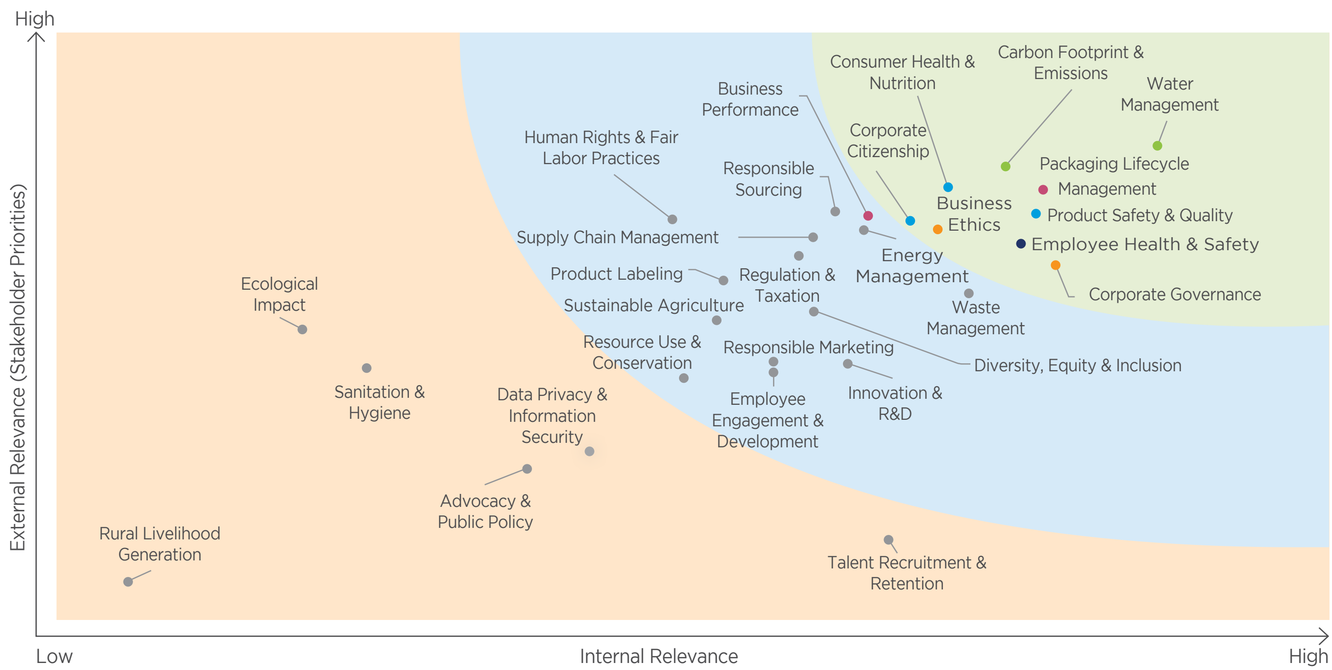
- Packaging lifestyle management
- Business performance
- Responsible sourcing
- Supply chain management
- Innovation and R&D
- Sustainable agriculture
- Resource use and conservation

Leadership and Governance

- Corporate governance
- Business ethics
- Regulation and taxation
- Advocacy and public policy

United Nations Sustainable Development Goals catered to:

Materiality Matrix



Pillar	Material Aspects	Ranking
Environment	Water Management	1
	Carbon Footprint & Emissions	2
Social Capital	Product Safety & Quality	4
	Consumer Health & Nutrition	5
	Corporate Citizenship	9

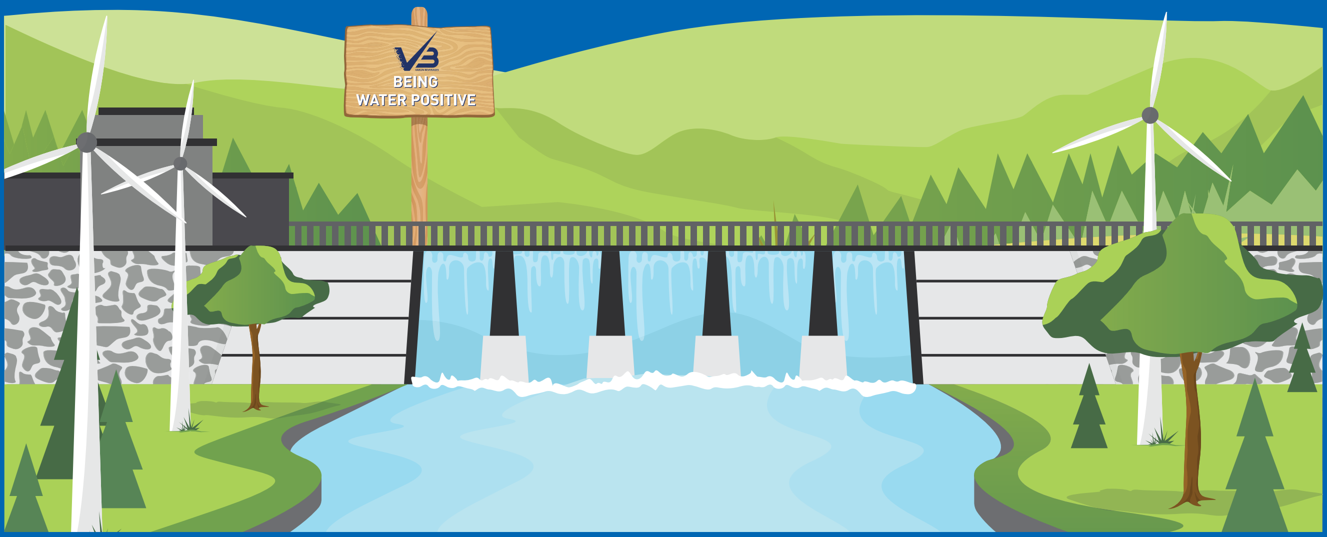
Pillar	Material Aspects	Ranking
Human Capital	Employee Health & Safety	6
Business Model and Innovation	Packaging Lifecycle Management	3
	Business Performance	10
Leadership & Governance	Corporate Governance	7
	Business Ethics	8

● Environment ● Social Capital ● Human Capital ● Business Model and Innovation ● Leadership and Governance

ENVIRONMENT

VBL's Contribution to Mother Earth

Mother Earth provides life-sustaining resources including water to environment for its survival and is a lifeline.



India being a tropical country, gets enough rainfall, substantial part of which is left to flow to ocean without any addition to the Earth's water reservoir.

VBL through its various initiatives harnesses the rainwater specifically to enable recharging of the groundwater levels.

Last year, VBL effectively recharged 12.79 bn liters of water into the ground water against its utilization of < half for its beverage production, leaving the balance to the precious reservoirs.

Our plan is to continue scaling up water recharge levels in tandem with our volume growth through improving water usage ratio coupled with adding to existing portfolio of ponds for rejuvenating, maintenance and upkeep and creating more water bodies. We have undertaken on ourselves to continuously sustain/ improve upon existing water recharge ratio of 2:1 (water recharge : water drawn)

Water Conservation and Management

At Varun Beverages, we followed our pioneering goal to replenish more water than we use in the manufacturing of our beverages. We also set targets to use water more efficiently, leverage impactful opportunities to replenish fresh water and treat our wastewater in our production processes.

Being Water Positive Matters

The world is at a critical juncture and needs environmental leadership from all sectors. Water resources are increasingly under pressure from population growth, economic development and changing climate conditions. In times of huge pressure on global water resources, we, as a beverage company, respect the right to water for people who could potentially be affected by our activities, including our employees, and the neighboring communities.

12.79 Billion Liters
Water replenished in 2022

116
Water bodies adopted and maintained

2.02 times
Water Recharge Ratio

1.70 times
Water Usage Ratio

Today, we need only 1.70 liters of water per 1 liter of final product for beverage production, an improvement of 10% over 2021.

As part of our "Water Positive" commitment to put more water into areas we operate than we take out, only half of the water recharged is consumed for our beverage production.

Reduce water consumption; Improve water efficiency

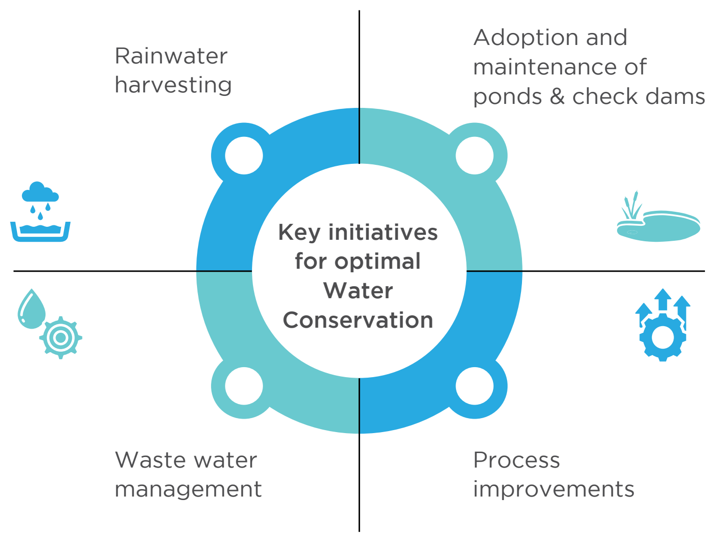
We have made a promise to ourselves to decrease our water consumption in the region and replenish whatever we use. Our goal is not just to use minimum amount of water; it is to minimize the negative impact associated with the use of water.

We actively manage our freshwater demands in areas of perennial water stress and scarcity. We are taking action to become even more water efficient. We own the responsibility and opportunity to take action and lead the industry in areas where our expertise can make a difference.

Promoting water resilience

Clean water is a basic human right and essential for thriving bio-diversity. We understand our responsibility to conserve water, reuse and recycle wherever possible, and keep it clean for future generations. We have been working to reduce our water impact across each part of the value chain.

Key Principles of Water Conservation



Our Enablers for Water Stewardship

Improve Water Recharge

- **12.79** billion liters rainwater recharged back to ground
- Adopted 116 ponds and Check Dams
- **50%** ponds rejuvenated in water-stressed zones

Reduce Water Usage

- Implemented **150+** process improvements
- Connected all filters (ACF / PSF) for water recovery
- Optimized drainage timing at ACF / PSF
- Bottle washer recovery in glass lines
- Reuse ETP water in utilities
- Improved RO efficiency wherever RO recovery is less than designed recovery
- Sensors / Foot operated taps for hand wash at plants

Continuing Water Efficiency

(In Million liters)

	CY 2021	CY 2022
Water withdrawal by source		
Surface water	1,490	1,928
Groundwater	3,366	4,393
Third-party water	–	–
Seawater	–	–
Others	–	–
Total water withdrawn	4,856	6,321
Total water consumed (Beverage Produced)	2,566	3,728
Water intensity - Per rupee of turnover*	0.04	0.04
Water intensity	1.89	1.70

*=(Beverage production mn Liters/ Total Turnover mn ₹)

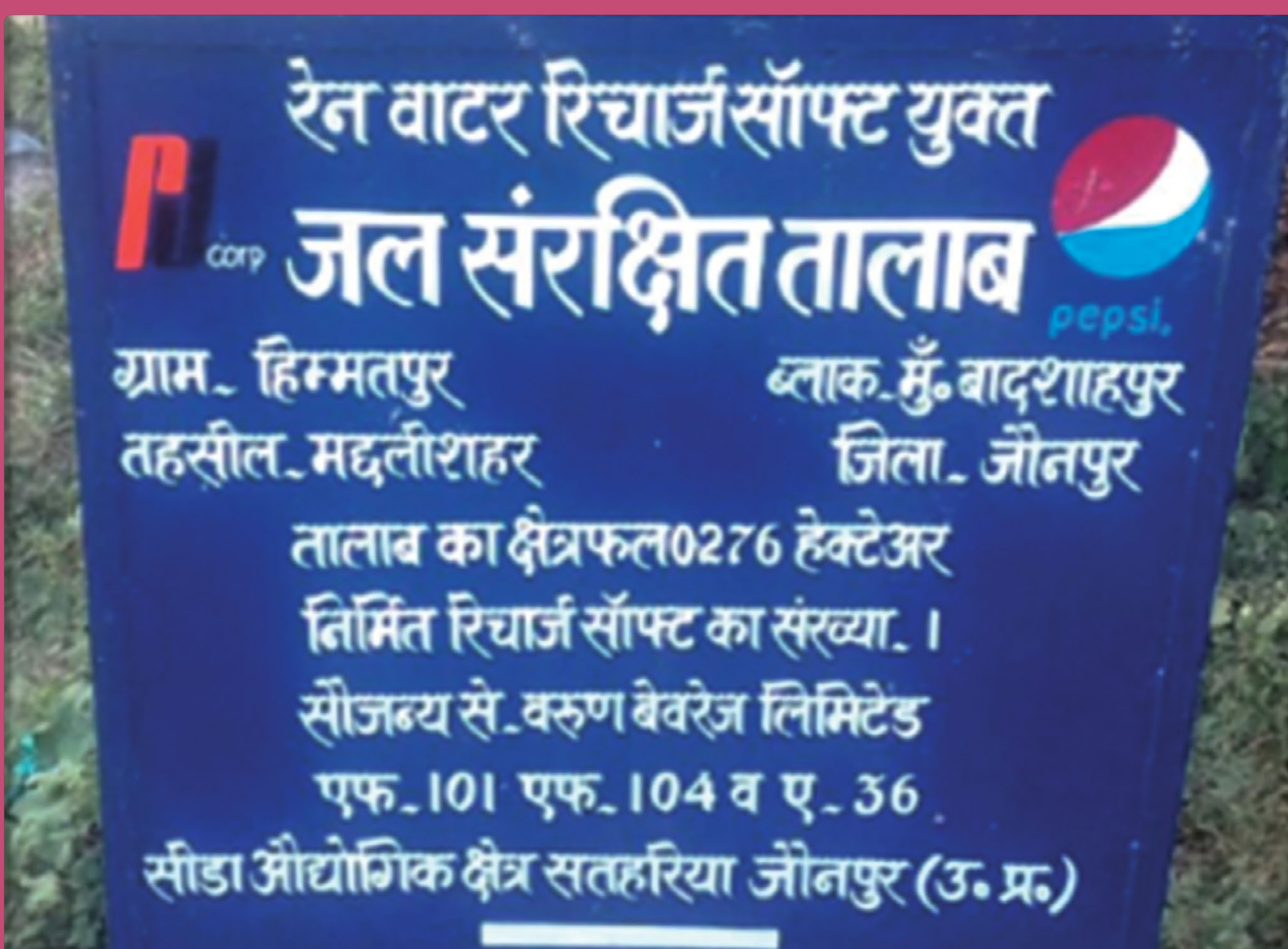
Water Discharged

(In Million liters)

	CY 2021	CY 2022
To ETP (treated) and reused in plants	2,290	2,593
To groundwater	–	–
To seawater	–	–
Sent to third parties	–	–
Sent to others	–	–
Total water discharged	–	–

Conducting Water Audit

We have engaged with DQS India to certify our water footprint assurance and validate the initiatives adopted towards water conservation and water recharge in CY 2022. The scope of this audit covered all our manufacturing plants in India. Previous years are audited by TUV India Pvt. Ltd.



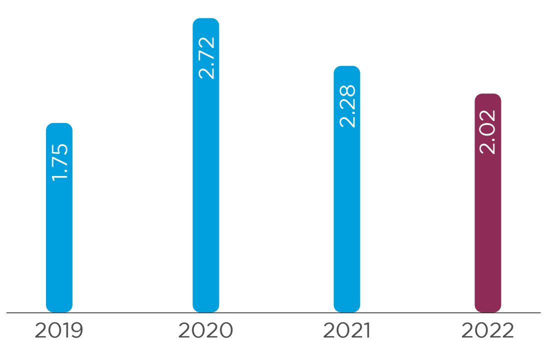
Key Findings of the Report

	Water consumption (In Billion liters)	Beverage production (In Billion liters)	Water usage ratio	Water recharge (In Billion liters)	Water recharge ratio	No. of ponds adopted
CY 2019	4.12	2.12	1.94 times	7.22	1.75 times	103
CY 2020	3.74	1.95	1.92 times	10.19	2.72 times	108
CY 2021	4.86	2.57	1.89 times	11.10	2.28 times	110
CY 2022	6.32	3.72	1.70 times	12.79	2.02 times	116

Water Recharge and Usage

At VBL, 100% of the water discharged from all the manufacturing facilities across India goes to effluent treatment plants that ensure sufficient quality of discharged water. Our efforts towards water recharge continued, resulting in over 2 times water recharge ratio even after high growth in sales volumes in CY 2022.

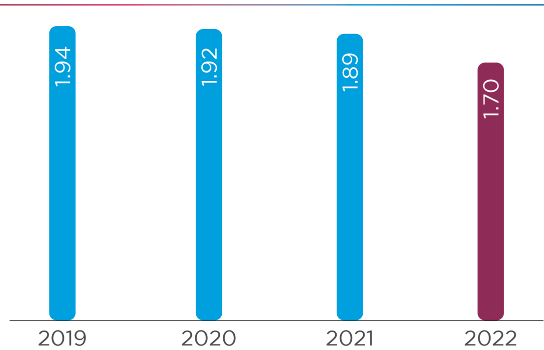
Water Recharge Ratio*



*Water recharged per liter of water consumed

Target 2025 Sustaining Above 2.00

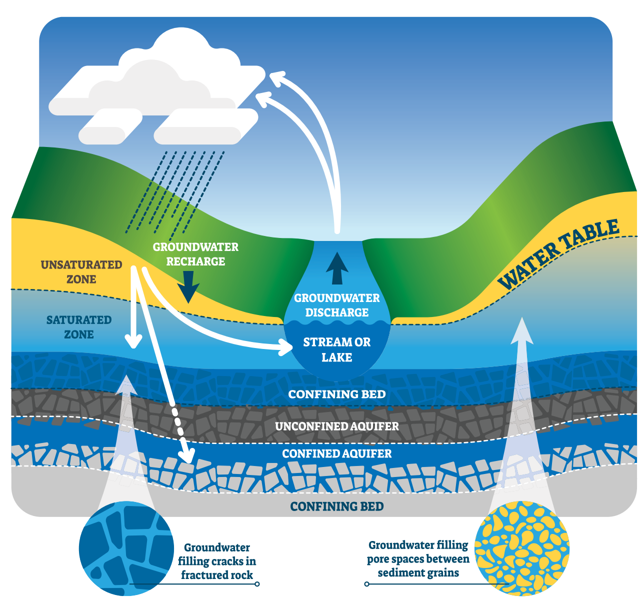
Water Usage Ratio*



*Liters of water consumed per liter of beverage produced

Target 2025 1.60x

21 Manufacturing Plants fall in "Safe" category of Central Ground Water Authority of India or use surface water



Impact Assessment of Water Ponds: Key Objective

The key aim of the Impact Assessment Report is to analyze the current situation of the adopted water ponds and also to understand the impact of the Water Rejuvenation Project on the local communities.

Methodology and Sample Approach

Framework

Implemented the IRECS Framework (Inclusiveness, Relevance, Expectation, Convergence and Service Delivery)

Conducted primary household survey for understanding socio-economic and environmental impact of intervention on villages in the vicinity

Developing Digital Data Collection Tools

Developed detailed survey questionnaire based on interactions with VBL team and secondary references

Survey CTO app selected as data collection tool, considering various features such as offline data collection, image capturing and geo-tagging

Pilots and Data Collection

Designed data collection tool, underwent multiple rounds of validation and test surveys (August 2022)

Final HH survey started from September 1, 2022

FGDs and IDIs were conducted with relevant stakeholders

Sampling Methodology

For the primary survey, the team interacted with more than 180 households to create a holistic and comprehensive picture of the community.

Unstructured interviews and FGDs provided a deeper understanding of the socio-economic and environmental impact of the intervention

Methodology and Sample Approach

Construction of Ponds and Deepening and Maintenance of Ponds – Key Observations

A. Socio-Economic Impact

Output

7
Ponds constructed in villages

3
Ponds constructed in plant premises

Outcome

- Better access to irrigation facilities
- Increase in crop productivity
- Enhanced crop diversification
- Increased area under irrigation
- Better land productivity and soil fertility
- Increase in green cover and bio-diversity
- Increase in water storage and conservation
- Increase in level of ground water and surface water level
- Increase in livestock productivity and product yield
- Increase in income and savings of the household

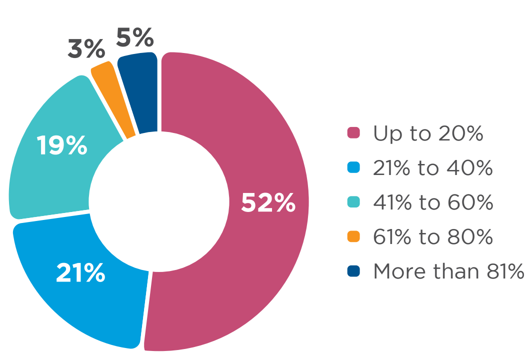
Impact

Sustainable management of natural resources and mitigation of climate change

Improvement in quality of life

Promotion of sustainable livelihoods

Increase in crop yield



Change in cropping pattern

	Before	After
Spices	13%	16%
Oilseeds	54%	57%
Flowers	3%	2%
Fruits	4%	9%
Vegetables	37%	49%
Commercial	21%	22%
Pulses	54%	56%
Cereals	100%	100%

Impact on Small and Marginal Farmers

68%
Ability to take up water-intensive crops

93%
Ability to take up crops in multiple seasons

87%
Increase in variety of crops in same season

28%
Increase in household consumption of crops

Improvement in Quality of Life

3%
Faced personal development

17%
Better inter-personal relations

31%
Mental well-being

95%
Physical well-being

52%
Material well-being

Utilizing additional income

19%
Savings

19%
Investment in additional income generation activities

56%
Social and family functions

10%
Better food and consumption at household

63%
Family education

60%
Family health

31%
Purchase of household assets

Key takeaways

Several farmers took up the practice of cultivating cash crops in pre-monsoon

Several households took up subsistence farming of fruits and vegetables

Several farmers adopted farming of commercial crops such as maize and peppermint

B. Environmental Impact

Construction of Ponds and Deepening and Maintenance of Ponds – Key Observations

Output

7

Ponds constructed in villages

3

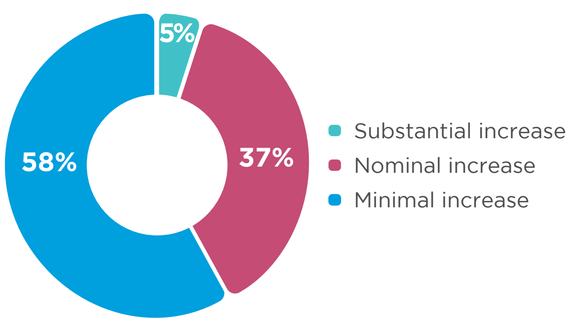
Ponds constructed in plant premises

Outcome

- Increase in birds and insects
- Increase in riverine/ aquatic animals
- Increase in terrestrial animals
- Increase in types of flowers
- Increase in green cover
- Increase in tree/plant species

Impact

Increase in groundwater level



Sources showing increase in water level

Hand pump	61%
Water body	50%
Farm pond	31%
Dug well	55%
Borewell	81%

Key takeaways

- **Efforts to access water from handpumps decreased significantly**
- **Accessibility to water in ponds improved**
- **Wells showed increase in water level throughout the year**
- **Time required for irrigation from borewells decreased**

Pond Rejuvenation - Key takeaways

18%
Farmers took up cropping in lean season

44%
Families stopped migration with water available throughout the year

66%
Households increased area under irrigation

66%
Farmers managed to cut cost on irrigation

43%
Saved money on electricity cost on irrigation

65%
Experienced an increase of up to ₹50,000 in income

Improvement in environmental impact

38%
Improved aesthetic beauty of area

9%
Water conservation

17%
Improvement in micro-climatic conditions

9%
Resilience to water logging/ floods during rains

46%
Improvement in fertility and quality of soil

91%
Increase in level of surface water sources

93%
Increase in level of groundwater

Increase in bio-diversity observed

39%
Increase in birds and insects

15%
Increase in riverine/aquatic animals

72%
Increase in livestock

50%
Increase in terrestrial animals

31%
Increase in types of flowers

90%
Increase in green cover

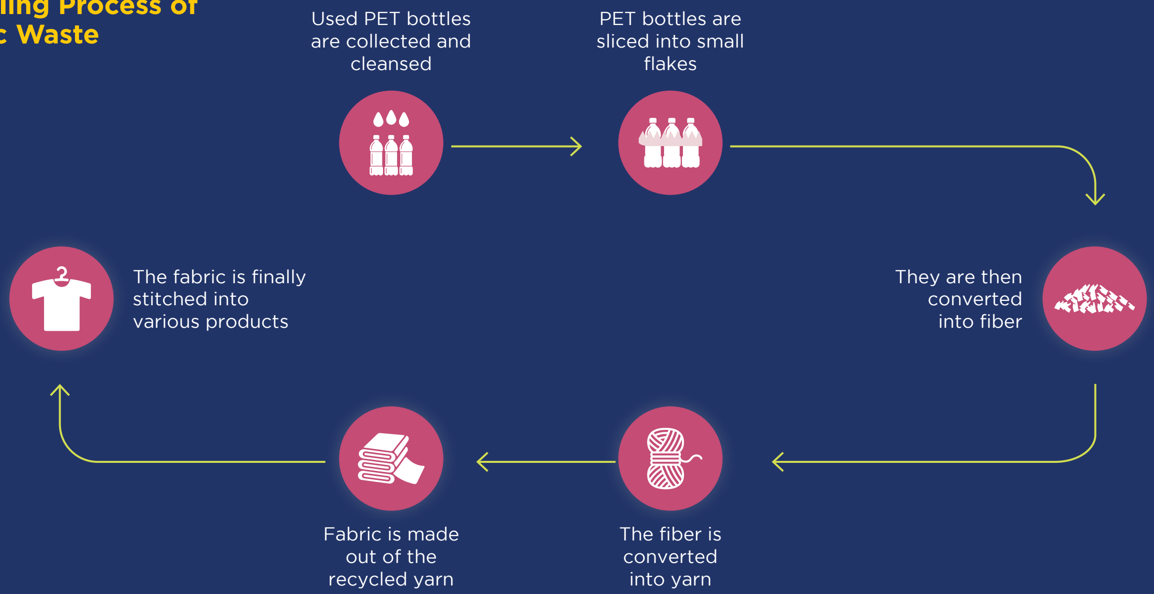
91%
Increase in tree/ plant species

Management and Recycling of Plastic Waste

We have a responsibility to keep plastic waste out of the environment and retain its value as a resource by delivering circular economy solutions. Our goals are aimed at reducing the use of plastic derived from non-renewable sources as well as recycling of used PET bottles.

Eliminating plastic waste is about more than just recycling and reusing. It is about creating innovative solutions that are sustainable and investing in the circular economy through recyclability and efficiency for plastic packaging.

Recycling Process of Plastic Waste



Priority Levers for Change

Key Enablers – Moving beyond compliance

A. Weight Reduction

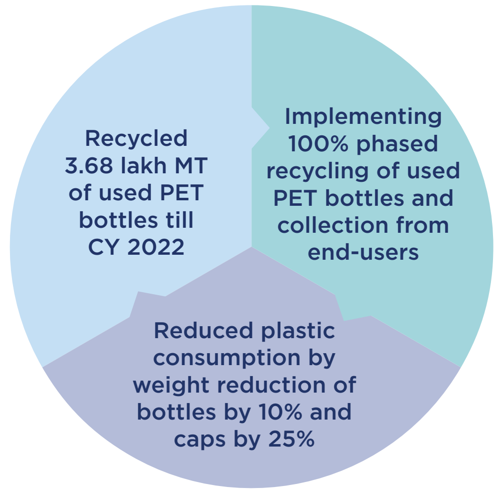
Rationalize

Weight reduction of Pre-forms by 10% and Closures by 25%

Recycle

Tied up with GEM Enviro for phased implementation of 100% recycling of used PET bottles

Progress upto CY 2022



Initiatives taken

Placed dustbins or direct vending machines	Enabled direct collection from institutions	Spread awareness through government agencies	Entered into JV with IDVB Recycling Operations Pvt. Ltd. for recycling of used PET bottles

Weight reduction of Pre-forms (Grams)

Reduction of 10% to 20%

In packs of 600 ml to 2.25 liters (2010 to 2022)

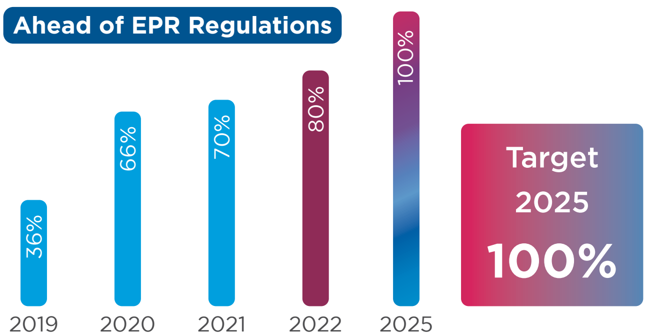
Weight reduction of Closures (Grams)

Reduction of 20% to 25%

In CSD/Juices/Water (2010 to 2022)

B. Recycling of Plastic Waste (%)

Plastic Waste Recycled (%)*



*Plastic waste recycled per Kg of PET sold in finished products. Plastic waste includes PET, shrink film, plastic closures, labels and laminates post consumption

Recycling of Plastic Waste

During CY 2022, we consumed ~147,500 MT PET Resins for the finished product and recycled ~118,392 MT of PET bottles (80%), which is much ahead of Extended Producer Responsibility (EPR) Regulations laid by CPCB. PET Resins, one of the main raw materials used as packaging material, are high-quality, food-grade, virgin PET chips that can be easily recycled for manufacturing products for diverse industries.

Partnering with GEM Enviro Management

We engaged GEM Enviro Management Private Limited for phased implementation of 100% recycling of used PET bottles. Headquartered in Delhi, GEM Enviro is a Central Pollution Control Board (CPCB) recognized Producer Responsible Organization (PRO) specializing in collection and recycling of packaging waste and promotion of recycled green products. It makes T-shirts and bags made from recycling of waste material, such as used PET bottles.

Action taken

1. **Collection of waste**

   Collected waste directly from end-users by placing dustbins and reverse vending machines, and by way of direct collection from institutions (such as hotels, banquet halls and exhibitions).

2. **Awareness on disposal of plastic waste**

   Conducted programs with 680+ participants across Nagar Nigam, sanitation staff, ragpickers and their families in Uttar Pradesh, Rajasthan and Haryana. A combination of welfare initiatives such as Swachhta Abhiyan, talks, slogan writing, display, and distribution of pet-recycled products and creative programs.

3. **Launched Ragpickers Awareness Program**

   We launched the Ragpickers Awareness Program to improve the livelihoods of ragpickers. We provided a fair price to them for the waste collected and submitted by them. We also provided them with healthy working conditions.

4. **Raised awareness on collection and proper disposal of plastic waste**

5. **Raised awareness on clean and green city**

6. **Installed bottle crushing machine**

7. **Conducted program on skill development**

8. **Distributed recycled merchandise (t-shirts, masks, safety kits, food items)**

Raised awareness for

500+
Ragpickers

1,000+
General public

IMPACT CREATED

Empowered 500+ ragpickers

Motivated ragpickers for increased collection through incentives

Increased income of ragpickers by helping them connect with buyers requiring waste as raw material

Creating a clean and pollution-free environment

Weight Reduction of Pre-forms (In grams)

Pack size	2010-14	2015-19	2020-22	Net reduction (%)
600 ML	25.5	22.2	22.2	12.9
750 ML	34.7	30.7	27.1	21.9
1.0 L	21.0	21.0	19.0	9.5
1.25 L	36.0	34.7	32.5	9.7
2.25 L	52.5	50.7	47.0	10.5

Weight Reduction of Closures (In grams)

Category	2010-14	2015-19	2020-22	Net reduction (%)
CSD/Juice	3.15	2.75	2.35	25.4
Water	1.70	1.50	1.35	20.6

Products and packaging reclaimed at end-of-life products

Input material	CY 2021			CY 2022		
	Reused	Recycled	Safely disposed*	Reused	Recycled	Safely disposed*
Plastics (in metric tons)	–	65,768 (70%)	–	–	1,18,392 (80%)	–
Hazardous waste - Sludge	–	–	795	–	–	1,152

*Safely disposed through authorised vendors.

OUR PRIORITIES & PROGRESS

Improving Energy Efficiency

Enhancing Renewable Energy

As a part of our transition to Net Zero, we strive to make use of renewable energy for our energy requirements and aim to expand our renewable energy portfolio further. Each of our manufacturing and office premises are striving to increase the use of renewable energy. We have taken conscious steps to make our manufacturing and production processes even more sustainable, making use of renewable energy (RE) and introducing innovation in the production practices.

Key Enablers for Solar/Wind Energy

Installing Solar Rooftop

Open Access RE Contracts

Latest Technology Energy Efficient Machines

Process Improvements

Progression in 2022

Generated ~21 million Units of electricity through renewable sources – this is equivalent to annual power consumption of 10,000+* households

(*as per Company estimates)

Planted ~80,000 tree saplings in 2022 vs ~32,000 saplings in 2021

Improving Energy Efficiency

We continuously work to implement new energy-saving measures across our offices, warehouses, and manufacturing facilities. These certifications are a testament of our commitment towards energy efficiency.

Further initiatives on enhancing Energy Efficiency

- Increase in Energy Efficient Machines
- Increase in Energy Efficient Visi-Coolers
- Use of frequency drive in ammonia and air compressor which saves electric energy.
- Use of frequency drive in boiler for ID and FD fan which saves electric energy.
- Heat recovery from hot compressed gases and used for heating water.
- Beverage filling at ambient temperature leading to huge power savings in refrigeration.
- Replacement of CFL/FTL lamps with LED lamps.
- Improving efficiency on critical resources like water and energy by doing water recoveries and optimizing energy consumption.
- Installation of steam-operated pump trap - SOPT for better steam condensate recovery across all units.

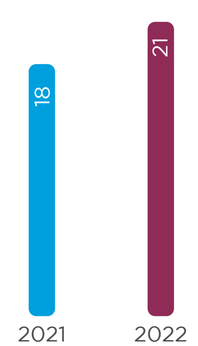
Reducing Energy Consumption

Renewable and Non-Renewable Sources

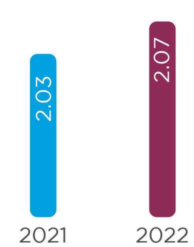
RENEWABLE	CY 2021	CY 2022
Electricity consumption	18 mn kWh	21 mn kWh
Fuel consumption (Briquette, Firewood, LPG, PNG)	61 mn Kg	74 mn Kg

NON-RENEWABLE SOURCES	CY 2021	CY 2022
Electricity consumption	193 mn kWh	283 mn kWh
Fuel consumption (HSD Diesel)	3.7 mn Liters	5.5 mn Liters

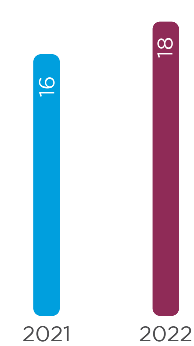
Renewable Energy Generated (in Million KW)



Energy Efficiency (8 Oz cases produced per kWh of energy consumed)



Increase in Solar Power (in MW)



We are investing in Electric Vehicles through our distributors to further reduce our carbon footprint. We are building a fleet of **600+** Electric Vehicles for last-mile delivery and sustainable distribution of our beverages and save **~1 million ton** carbon emissions per year.

Climate Sustainability – A Study on Carbon Footprint

Climate change is a key priority for Varun Beverages. As a global company, we have set a long-standing strategy to reduce our carbon footprint. We enable this by reducing our impact on climate change and by collaborating with key stakeholders to initiate new actions.

The transition toward a low-carbon economy remains one of the fundamental challenges of our society. At Varun Beverages, we are continually ensuring a positive environmental footprint. Having achieved our initial goal to reduce carbon emissions by 36% by 2022 base year 2020, we are now working towards our 2030 target to reduce absolute greenhouse gas (GHG) emission by 50% and increase contribution of electricity from renewable sources to 25%.

In addition to continuously finding ways to reduce emissions from our operations, we are investing in new technologies and processes that will decarbonize our industry. At the same time, we are also helping our distributors reduce their emissions by adopting Electric Vehicles for last-mile distribution of products. As a manufacturer and distributor of beverages, this is a complex challenge and we are determined to succeed in this.

As an organization, we are constantly adopting methods and measures to save electricity. We invest and adopt energy conservation methods related to enhance electricity efficiency.

GHG Emissions

VBL engaged with Deutsche Quality Systems (India) Pvt. Ltd. (DQS India) to conduct carbon footprint assessment and validate carbon footprint emissions for 6 of our manufacturing facilities in India. This was carried out in accordance with the combination of ISO 14064:2006 and GHG protocol.

DQS India is an internationally reputed independent field expert and the Indian subsidiary of DQS Holding GmBh, one of the world's leading management system certification assessment and training organizations.

Operational boundaries across different scopes

SCOPE 1

13.93	11.50	14.01
2022	2021	2020

(Includes direct emissions from fuels and gases consumed by sources owned or controlled by VBL)

SCOPE 2

60.20	69.50	67.39
2022	2021	2020

(Includes indirect emissions associated with purchase of electricity)

SCOPE 3

155.67	243.40	279.14
2022	2021	2020

(Includes energy consumption, refrigerant emission of visi-coolers placed with retailers and fuel consumption from employee commuting, business travel by air, rail and road, and upstream and downstream transportation)

TOTAL

229.80	324.40	360.54
2022	2021	2020

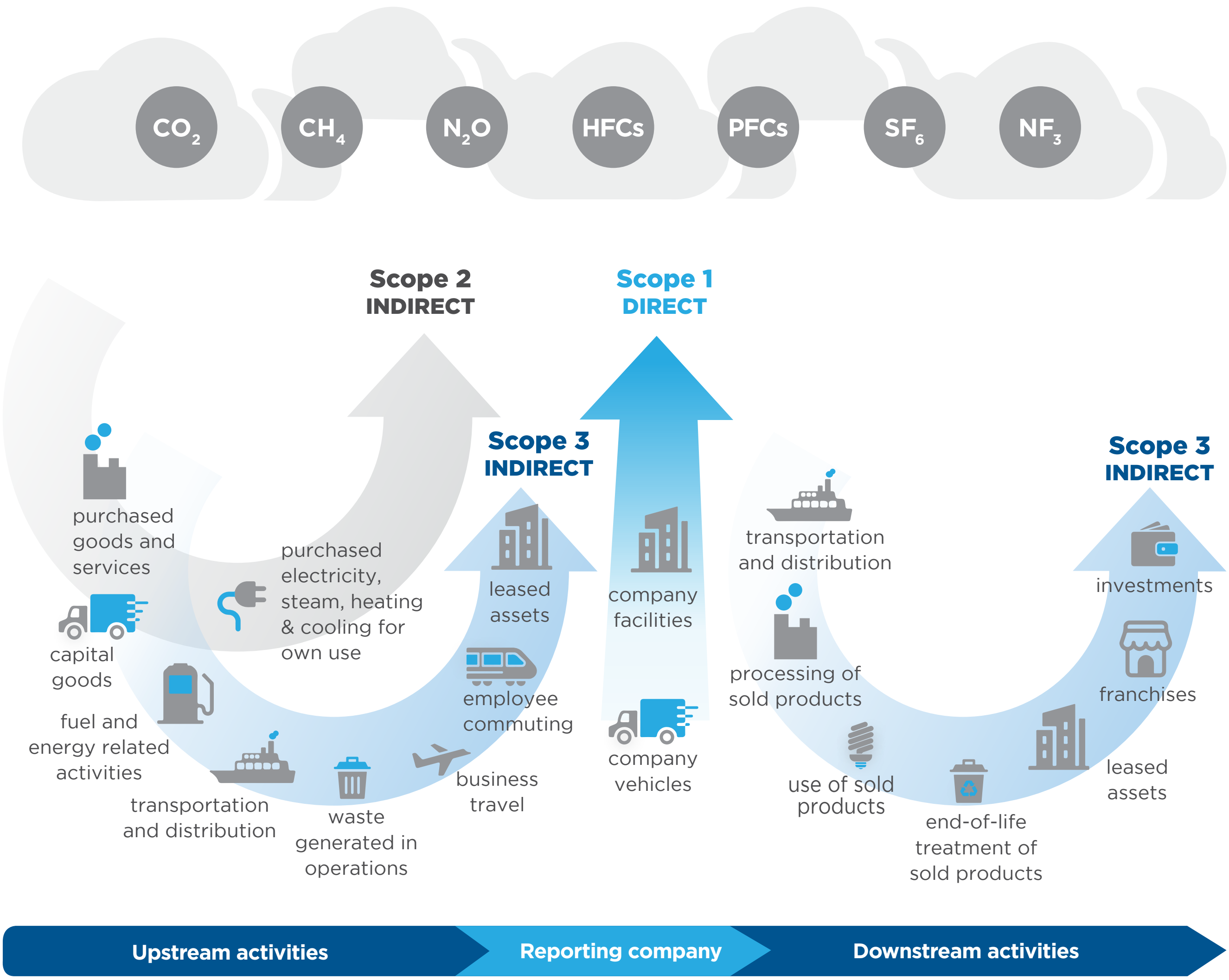
(Includes direct emissions from fuels and gases consumed by sources owned or controlled by VBL)

Figures in grams of CO_2e/liter

Intensity of GHG emissions per liter production of beverages - Key observations

0.36 KgCO_2e/Liter	0.32 KgCO_2e/Liter	0.23 KgCO_2e/Liter
CY 2020	CY 2021	CY 2022

~36% Reduction Achieved in CY 2022 vs CY 2020 (Base year)



Carbon Footprint - Key Goals for 2030

GOAL 1

Reducing GHG Emissions

50% reduction in total emissions per liter of beverage produced by 2030

GOAL 2

Enhancing Renewable Energy

Increase in contribution of electricity from renewable sources to 25% by 2030

Change Enablers

Enhancing the use of Renewable Energy

- Increasing contribution of renewable energy through rooftop solar and open access Power Purchase Agreements
- Reducing emissions by improving energy efficiency; deploying energy-efficient hi-tech machines and process improvements using less units of electricity
- Deploying best practices for energy efficiency including chiller optimization, air compressors, high efficiency motors and drives, LED lights, among others

Downstream Transportation

Optimizing Network Route

- To service market more efficiently
- Less miles driven to result in lesser fuel consumption

Optimizing Existing Fleet

- Improving efficiency by reducing static weight and better aero-dynamics
- Maintaining and servicing trucks for better performance

Using Alternative Fuels

- Moving to lower carbon intensive fuels
- Electrification using renewable electricity

Vending and Cooling

Accelerating roll-out of energy-efficient visi-coolers, including invertor-based technology, better insulation and green refrigerants

Evaluating options and roll-out renewable energy based visi-coolers

Establishing mechanism to better track and record utilization of coolers

Tree Plantation

Increase in saplings plantation

100,000 Target for Year 2023

~80,000 Year 2022

~32,000 Year 2021

~29,000 Year 2020

Responsible and Sustainable Sourcing

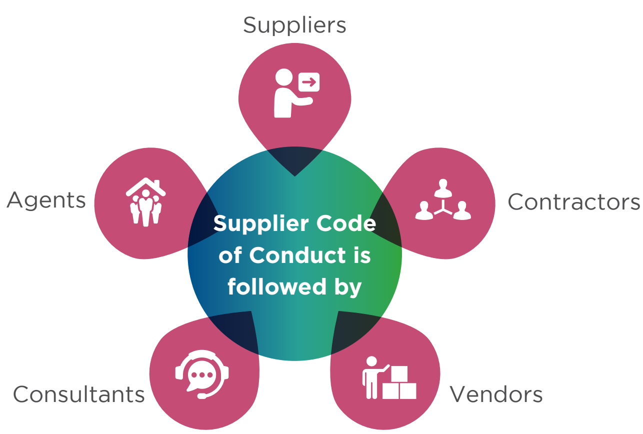
Supply chain management and responsible sourcing are our key focus areas to procure raw materials from suppliers who practice robust sustainability guidelines. Our approach with supply chain management is to drive sustainability, transparency, competitiveness and resilience, while also creating a positive social impact on all the communities.

Ethical sourcing is aimed at ensuring that products and materials purchased are sourced responsibly and sustainably throughout the supply chain. Incorporating value-driven sustainable practices into our sourcing and procurement operations and securing a sustainable supply chain is fundamental to the future growth of our business and to achieve a positive impact.

All our major ingredient suppliers are geared to achieve their sustainability targets with various initiatives aimed at reducing energy consumption, water usage, waste management and creating a net positive impact on the environment. We are closely tracking the progress of our responsible sourcing goals for major raw material and packaging material suppliers, which represent almost 90% of our total raw material / packaging material purchases and align suppliers with future sustainability targets.

Supplier Code of Conduct

At Varun Beverages, we believe acting ethically and responsibly is not only the right thing to do, but also the right thing for our business. Accordingly, Varun Beverages has adopted PepsiCo's Global Supplier Code of Conduct which sets expectations for suppliers in the areas of business integrity and anti-corruption, labor practices, health and safety, and environmental management. All suppliers have to follow the Code and all other relevant policies as a condition of doing business with PepsiCo and its affiliates. Suppliers have to communicate and apply the Code and relevant policies throughout their supply chain.



https://www.pepsico.com/docs/default-source/supplier-code-of-conduct/pepsico-global-scoc-final_english.pdf

Environmental Impact Assessment

Suppliers are engaged in responsible sourcing and technical intervention to procure raw materials which are less harmful to the environment. They are continuously working towards sustainable raw material sourcing keeping in mind the quality standards as per PepsiCo's guidelines. They responsibly follow statutory guidelines on environmental well-being such as proper disposal of hazardous waste, air and water pollution acts and take utmost precautionary steps to ensure compliance.

They are expediting their environment sustainability goals such as plantation and renewable energy to reduce carbon footprint on the environment. They procure electricity from the grid along with fast-paced implementation of solar power panels and windmills to reduce their dependency on conventional method of electricity. They use environment-friendly briquettes as fuel in their boiler for production of steam. They use third-party water suppliers to fulfill water usage needs, while some withdraw water from the ground or surface, as per the availability.

Key Initiatives on Responsible Sourcing by Suppliers:

- Electricity generation from renewable energy sources like solar power and wind power
- Installation of energy efficient machineries in production lines
- Installation of water treatment plants
- Implementing Pressurized Jet Sprays for cleaning purpose instead of direct water usage
- Use of treated water for gardening and sanitation purposes
- Adoption of ponds in nearby villages and recharging groundwater
- Tree plantation drives to maintain green belt around manufacturing units
- Rainwater harvesting to improve groundwater level
- Using bagasse cane residue as biofuel for generating steam through boilers
- Proper recycling of all kinds of waste like plastic waste, e-waste, hazardous waste

Supplier	Material Supplied	Initiatives Taken
PepsiCo India	Concentrate	PepsiCo has taken various initiatives on environment, social and sustainable practices including: • Reduction in energy consumption • Reduction in water usage • Developing rain water harvesting pits and ponds • Manure Machine for recycling of food waste
Reliance Industries Limited	PET Resin	As a part of the Net Zero and New Energy plans, Reliance has committed to establishing 20 GW of solar energy generation capacity by 2025, which will be entirely consumed for our captive needs of round-the-clock (RTC) power and intermittent energy for Green Hydrogen.
DCM Shriram	Sugar	• Sets rotary dryer for bagasse drying, utilizing waste flue gas from boilers. Fresh bagasse's moisture content of 48% to 50% is reduced to 12% with more efficient utilization of bagasse biofuel. This is a unique, one-of-its-kind initiative to reduce fuel consumption. • Owns Bio-Lab which produces bio-fungicides and bio-pesticides instead of chemical fungicides and pesticides used by farmers for cane crop. • Awarded Best Energy Efficient Plant in sugar sector by Bureau of Energy Efficiency (BEE), for being the lowest power consumption per ton cane.
Triveni Engineering	Sugar	Diverts B-category heavy molasses to distillery for ethanol blending in petroleum products
Tetra Pak	Packaging material	Procures 100% paper board from Forest Stewardship Council certified supplier and 100% Aluminum foil from Aluminum Stewardship Initiative member supplier.
Tasa Foods	Fruit pulp	Uses dried mango seeds as biofuel and decomposing fruit waste into manure provided to farmers
SIDEL Blowing Services S.A.S.	Manufacturing lines	• Committed to ISO 14001 environmental certification to reduce impact on the environment and promote sustainability development. It is committed to recycling PET (notably with the development of PET recycling line: rPET). • Uses 100% Green energy for all processes. It has taken measures to make energy efficient equipment to help in reduction of energy consumption. For example, Blowers with 45% energy saving, AQflex conveyors with 70% saving, Shrinkwrapper with 52% saving.
HUSKY Injection Molding Systems SA	Packaging Lines	• Supports use of bio-resins in hot runner applications. Optimized hot runner systems to reliably run bio-resins and accommodate challenges arising in production. • Launched UltraMelt platform to lower the risk of melt degradation, oxidation and discoloration; a highly effective solution to meet processing needs of bio-resins consistently.

Value chain partners assessed for Environmental and Social Impact

90%+

Raw material suppliers

90%+

Distributors covered

90%+

Capex suppliers

Social Impact Assessment

Our suppliers have policies and practices aligned with human rights. Major policies related to Freedom of Association and Rights to Collective Bargaining, Child and Forced Labor, Gender Equality and Non-discrimination are followed. With clean, hygienic and employee-friendly environment, suppliers provide healthy work conditions to employees and workers. The maximum number of working hours as per the Government norms are 48 hours per week (with overtime reimbursement, if required, under special circumstances). Occupational health and safety standards are ensured within the organization.

Regular training is carried out at fixed intervals (usually quarterly, half-yearly) for employees on company policies such as POSH, OHAS and Industrial Hygiene. SOPs and policies are well defined and readily available to the employees. Many of our suppliers are ISO 45001:2018 certified which specifies requirements for an occupational health and safety (OHAS) management system, and gives the guidance for its use to enable the organizations to provide a safe and healthy workplace by preventing work-related injury and ill health, and proactively improving its OHAS performance.

Few of the initiatives undertaken by Suppliers:

- Regular health check-up camps for employees
- Dispensary and mobile vans for employees
- Safety drills to check emergency preparedness for any mishappening

Regular trainings on anti-bribery, corruption, industrial hygiene

Taskforce teams to resolve employee grievances

SOCIAL INITIATIVES

An Engaged and Empowered Workforce

At Varun Beverages, we pride ourselves on our unique culture, rooted in a deep sense of purpose, a passion for winning, and a personal connection to our brands and each other. Our top priority is the health and well-being of our people, and have implemented progressive policies to safeguard them.

Supporting employees' well-being and creating a safe and healthy working environment is of paramount importance at Varun Beverages. We take a holistic approach to health in the workplace, recognizing that it is a complex blend of physical, psychological and social factors. We also offer a variety of programs that support our employees' well-being and encourage healthier lifestyle choices.

Unlocking the full potential of our people

Together, we are shaping a culture of inclusion and togetherness at VBL, with genuine interactions and where our employees can be themselves and can deliver superior results. By unlocking the full potential of our people, we have embarked on a journey to create a workplace and culture that attracts, develops and retains talent. With this, we seek a purpose and value-driven organization providing a world of opportunities.

Embedding an ESG-linked framework

Even as we refresh billions of consumers with a vast portfolio of our beverages, we ensure a sustainable ecosystem with a positive impact on our planet and well-being. To achieve our objective, we are embedding an ESG-led culture in our day-to-day working. The Board approved a policy to establish robust ESG-linked incentive framework. The policy is applicable to all employees including the KMPs and Board of Directors.

Broad aspects of the ESG-linked KRAs and incentives

- ESG-related key issues have been identified and formulated issue-wise improvement targets.
- Due weightage is accorded to achievement of respective targets.
- Based on global benchmarks and PepsiCo's best practices, issue-based targets are rolled out in an integrated manner for ESG-related aspects.
- Achievements on these targets are periodically reviewed at appropriate times for deciding on incentives, increments and growth.

Turnover Rate

	Permanent Employees CY 2020		Permanent Employees CY 2021		Permanent Employees CY 2022		Permanent Workers CY 2020		Permanent Workers CY 2021		Permanent Workers CY 2022	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Turnover Rate	21%	27%	16%	22%	20%	18%	15%	20%	5%	3%	5%	3%

Return to work and Retention rates of permanent employees and workers that took parental leave

100% Return to work rate

100% Retention rate

Investing in Training & Development

Training and development of our workforce by upskilling and reskilling them is significant. By embedding a continuous learning culture, we offer learning opportunities to our people which promote speed of performance and help deliver business growth.

Performance Management

	CY 2021	CY 2022
Career development	100%	100%

(in manhours)

	CY 2021	CY 2022
Health & Safety	167,626	197,366
Skill Upgradation	62,860	74,012
Others (includes training related to Environment and Governance)	188,579	222,037
Total	**419,065**	**493,415**

Priority Levers for Change

Key Enablers to manage social priorities

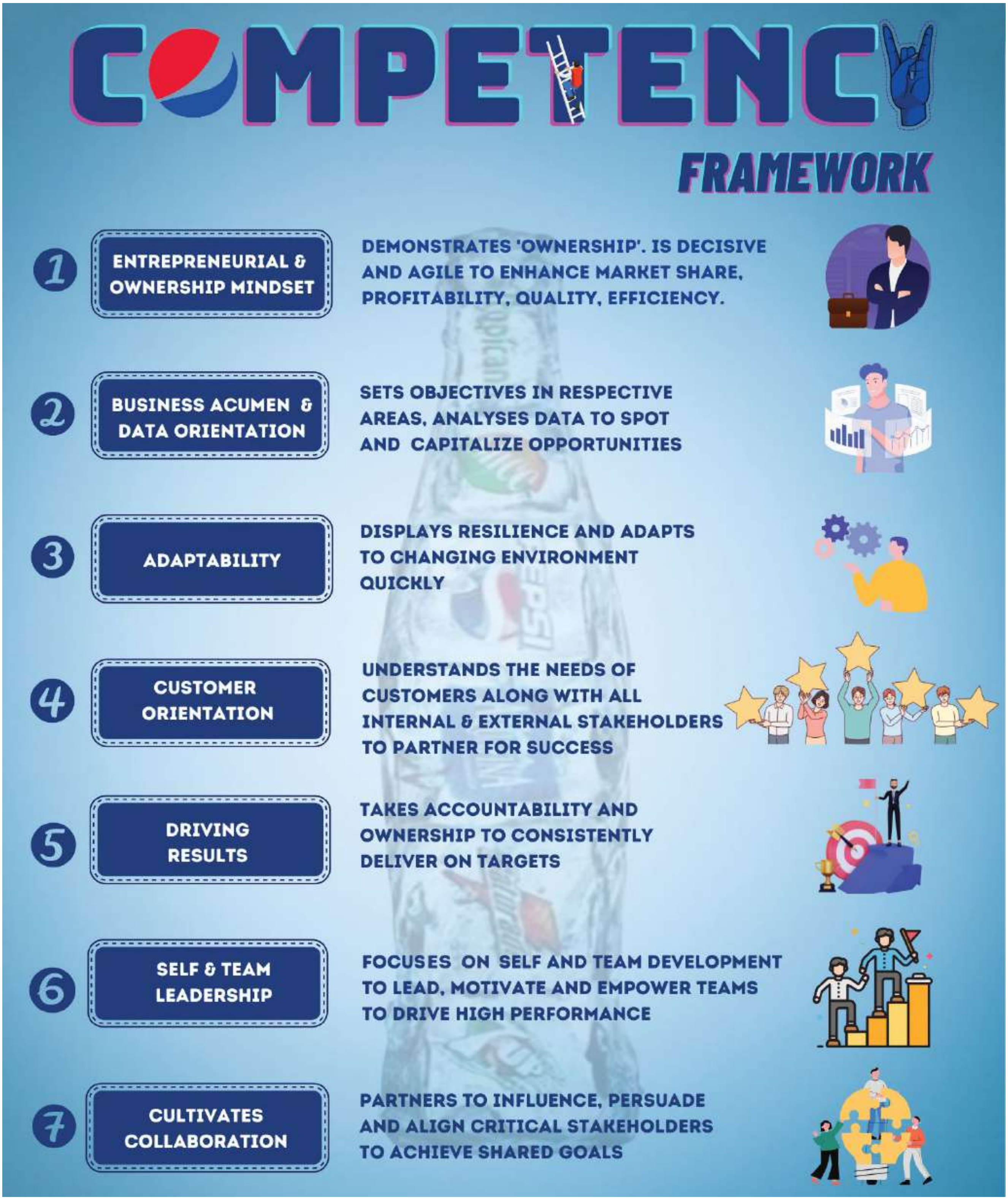
Diversity

- Fixed cross-functional targets to hire diverse employees across
  - Gender
  - Differently-abled individuals
- Targeting to double the existing mix (base year 2020) across by Year 2025

Employee wellness

- Initiated full-body medical check-ups and doctor consultations
- Started Visit Health App for employees for doctor consultations and check-ups
- Provided coaching on mental health and wellness
- Covered all workers under the Factories and Food Safety Acts

Key Aspects of Varun Beverages' Competency Framework



Talent management

Progress of our internal talent continues to be a key focus of the management, besides also providing employees with opportunities to grow their careers. We run a series of talent management programs aimed at providing insights into our people and their strengths. We also assess development needs and identify actions needed to unlock future growth and development of the employees.

Performance management

Our performance management framework has been strengthened, helping our teams adapt faster to changing consumer and business needs and focusing on growth opportunities. Leaders set focused priorities and meet their teams regularly to review progress, thus providing employees with frequent performance feedback conversations.

Employee Health & Safety

As part of Health & Safety, we set up a governance structure with a Steering Committee, Corporate Sub-Committees, and Plant APEX Committees. We approved charters and deliverables of each sub-committees for driving safety improvements. We finalized standards for Incident Management, Safety Interactions, General Safety Rules, Work at Height, Document Control and Contractor Safety Management. We also conducted trainings on Incident Management Standard and Safety Interaction. A Safety Perception Survey was carried out in 10 plants for 4,000 employees and contractors, which led to finalization of charters for all the Plant Committees. A Cluster Leadership Workshop was carried out for 150+ employees.

Work at Height and General Safety Rules

The standard describes the principles used to protect employees from the hazards of working at a height, with an elevation difference of 1.8 meters or more. The system identified hazards and risk assessment, planning and preparation, protective equipment, training and certification, inspections and special requirements. The General Safety Rules covered the reporting of safety hazards, injuries, incidents, emergency awareness, hazardous material and chemicals, special procedures, and good housekeeping, among others.

Incident Management System

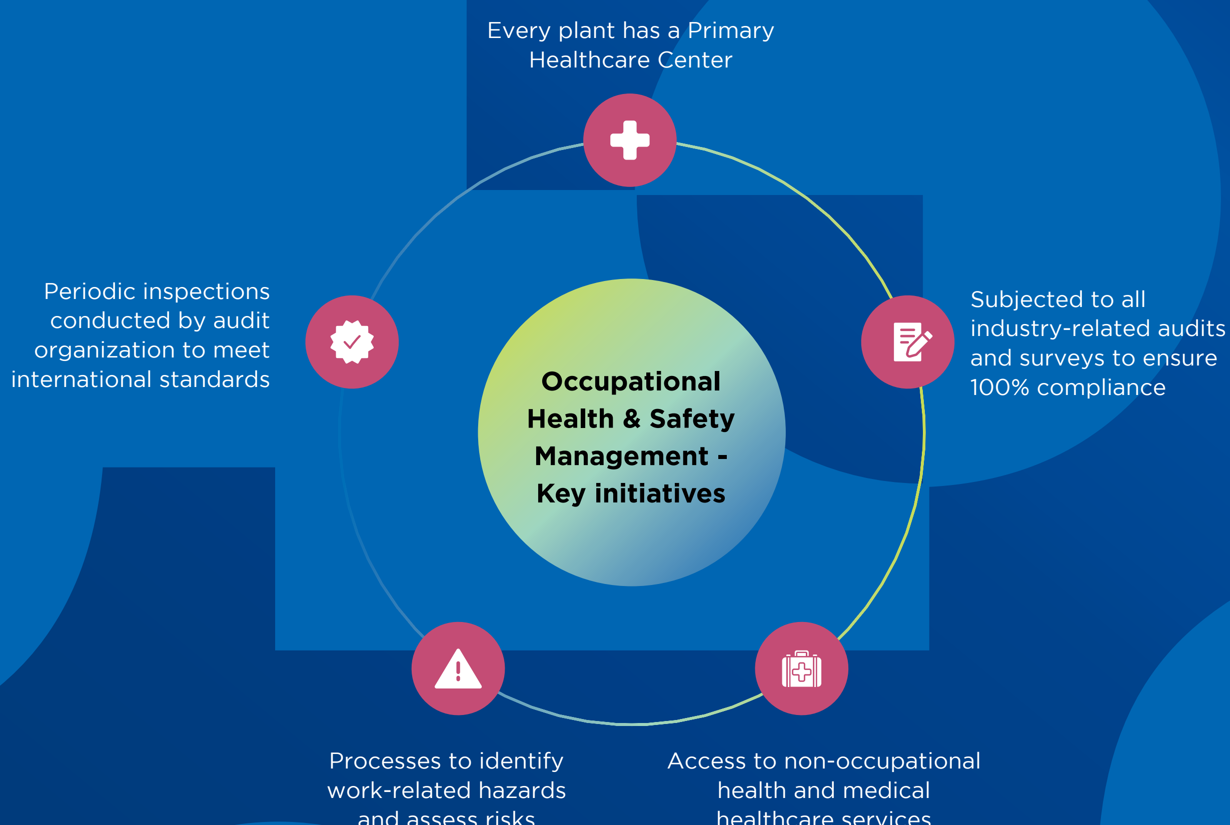
We conducted training for the nominated members from each plant and implemented the system to learn and drive injury-free environment. The standard covers the injury types, communication matrix for information sharing, process for incident investigation, roles and timeline for incident investigation, among others.

Safety Interaction System

We also finalized the standard for Incident Management, conducted trainings for nominated members from each plant, and started implementation of Incident Management System to learn and drive an injury-free environment. The standard covers the process for interacting with shopfloor employees and contractor by leadership for safety discussions. It also defined frequency of scheduled interaction for each plant by the leadership, and the tracking of observations and analyzing the trends.

Employee Passport and Contractor Safety Management

We also implemented the Employee Passport System to track and improve the training needs for contractors and employees. This apart, we have initiated a structured approach for reducing the risk associated with Contractor Safety Management with processes that include contractor selection, contract preparation, contract award, orientation and training, work coordination and auditing and contract evaluation.



Safety

- Initiated Phase 1 by engaging DuPont Safety Solutions for implementing best practices in health & safety at 6 of our large manufacturing plants over a period of 18 months
- Adopted "Train the Trainer" approach to cascade this program to all other manufacturing plants

Safety transformation

Safety remains our number one priority, and there is nothing more important than the health and safety of our people. Our goal is to invest in leadership capacity to drive zero fatal accidents and injuries at work. Our safety strategy focuses on implementing programs, processes and tools to address key risks including road safety, contractor safety as well as developing strong health and safety leadership and culture.

Key achievements

- Conducted Leadership Workshop on Leading Safety Efforts for 24 Senior Leaders
- Set up governance structure for Steering Committee, Corporate Sub-Committees, and Plant APEX Committees
- Ensured control measures by implementing Incident Management and Safety Interaction Systems
- Driving Work at Height and General Safety Rules for basic safety improvements at all plants
- Implemented Employee Passport System to track and improve training needs for contractors and employees
- Enabled structured approach for reducing risks associated with Contractor Safety Management

For Sub-Committees

- Approved charters and deliverables for each sub-committee
- Action plan made for functioning of all sub-committees
- Finalized standards for Incident Management, Safety Interactions, General Safety Rules, Work at Height, Document Control, Contractor Safety Management
- Completed training on Incident Management Standard
- Completed 2-day training on Safety Interaction

For APEX Committees

- Finalized charters for all plant committees
- Conducted plant/cluster leadership workshops for 150+ employees in 6 plants
- Ensured functioning of all committees with action items

Safety Incident/Number	Category	CY 2021	CY 2022
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total Recordable work-related injuries	Employees	1	0
	Workers	2	1
No. of fatalities	Employees	0	0
	Workers	2	2
High consequence work-related injury or ill health (excluding fatalities)	Employees	0	0
	Workers	0	1

Structured approach for reducing the risk associated with Contractor Safety

Contractor Selection

Contractor selection is a process of screening the available and known source through a process of evaluation of his technical, financial, quality background and equal safety records.

Contract Preparation

The tender bid package should be developed to include safety performance expectations and conditions for execution of the work.

Contract Award

The contract administrator shall confirm that the contractor's proposal meets the bid package's mandatory requirements. Confirmation shall include collection and review of the contractor's HSE documents.

Orientation and Training

Before contracted work begins, it is important for VBL to provide a SHE Orientation to familiarize contractor employees with essential SHE information and to communicate hazards posed by VBL operations.

Work Coordination and Auditing

The contract administrator shall establish a process so that contractor work is administered to meet the contract's mandatory SHE requirements.

Contract Evaluation

Plant shall establish a process for consistently evaluating contractor safety performance. The process should identify which contracted work activities should be evaluated and at what frequency.

OUR PRIORITIES & PROGRESS

Product Safety and Quality

Product Safety and Quality is of paramount importance at VBL. We adhere to comprehensive management systems and policies to ensure the highest standards of food safety.

Supply Chain and Sourcing

We strive to continuously improve our quality systems across the supply chain network to better our processes and enhance food safety capability. Risk-based controls are fundamental to our food safety management systems and are designed to mitigate potential hazards and risks in the manufacturing and support processes. All our suppliers are screened through a comprehensive certification process by PepsiCo and VBL is committed to source raw materials as well as packaging materials only from the approved suppliers of PepsiCo.

Aligned with our mission, we aim to delight our customers and bring more smiles with products that are safe and delicious.

Quality Assurance

We oversee food safety and quality in all manufacturing and logistics center. Each site must maintain its own food safety manufacturing system which conforms to PepsiCo's global standards as well as to regulatory requirements in India.

All VBL's production facilities strictly follow and adhere to PepsiCo's Global Food Safety Policy which covers raw material sourcing, manufacturing process, storage, shelf life, etc. Apart from world class internal testing facilities at each production facility, these are subject to regular Food Safety audits by independent third parties. The leaders and employees at VBL's manufacturing sites are responsible for incorporating food safety principles into manufacturing processes each day.

https://www.pepsico.com/docs/default-source/policies/global-food-safety-policy.pdf?sfvrsn=d7853172_3

Nutrition and Labeling Requirements

We are continuously looking for ways to improve our labeling standards for better consumer awareness. We follow PepsiCo's Global Labelling Policy as well as the applicable laws and regulations in India such as FSSAI guidelines. Our labeling policy in connection with our products is as follows:

Our products will provide on the side or back of our packaging nutrition information on the amount of energy (as calories, kilocalories or kilojoules), protein, carbohydrate, total sugars, total fat, saturated fat and sodium per 100g/ml or per serving. Additionally, we will include nutrition information for nutrients for which a health or nutrition claim is made.

Our products will include information on energy (as calories, kilocalories or kilojoules) per 100g/ml or per serving.

We will provide the percentage of the official Guideline Daily Amounts, Daily Values or equivalents for energy, total fat, saturated fat, sodium/salt and total sugars on either the front, side or back of pack in countries where such values are available.

We strive to educate our consumers on the use of key nutrients in each product fit in a balanced and healthy diet. We will continue to work with industry, governments, and other stakeholders to seek opportunities for providing nutrition information and education to consumers.

https://www.pepsico.com/docs/default-source/policies/pepsico-nutrition-criteria.pdf?sfvrsn=54fa599a_3

https://www.pepsico.com/docs/default-source/policies/pepsico-global-labeling-policy.pdf?sfvrsn=b73cdde1_3

Responsible Marketing and Sales

As a multinational beverage company with global brands that millions of consumers enjoy every day, we understand that it is vital to communicate responsibly about our products and healthy eating. VBL adheres to the PepsiCo's Policy on Responsible Advertising and Marketing to Children as well as PepsiCo's Global Policy on the Sale of Beverages to Schools. We also adhere to all relevant laws and regulations in India in this regard. Requisite trainings are conducted for all employees to ensure compliance to the above.

As per the franchise agreement with PepsiCo, above the line (ATL) marketing activities are PepsiCo's responsibility. PepsiCo believes children are a special audience and takes particular care in developing advertisements and evaluating programming that carries messages to children under 13 years of age. Therefore, to encourage the consumption of healthier food and beverage products, PepsiCo is committed on a global basis to only advertise to children under 13 those products that meet the International Food and Beverage Alliance (IFBA) Common Nutrition Criteria. Also, only plain water, fruit or vegetable juice, and dairy-based beverages may be marketed, consistent with the International Council of Beverages Associations (ICBA) Marketing to Children Guidelines. Additionally, PepsiCo will not advertise any products (regardless of nutritional profile) to children who are under the age of 6.

https://www.pepsico.com/docs/default-source/sustainability-and-esg-topics/pepsico-policy-on-responsible-advertising-and-marketing-to-children.pdf?sfvrsn=f7901072_3

https://www.pepsico.com/docs/default-source/policies/pepsico-global-policy-on-the-sale-of-beverages-to-schools.pdf?sfvrsn=c29ab1b6_3

Consumer Health and Nutrition

As we optimize our mix of products, we provide a portfolio of great-tasting and healthy beverages with nutrition benefits that have the greatest potential to scale and grow. We also provide our consumers with clear information on nutrition.

Serving nutrition by

Offering a portfolio of beverages with nutrition and hydration benefits

We are offering health-based, fruit-pulp and juice-based drinks, energy and sports drinks, dairy-based beverages as well as packaged and purified drinking water to our consumers.

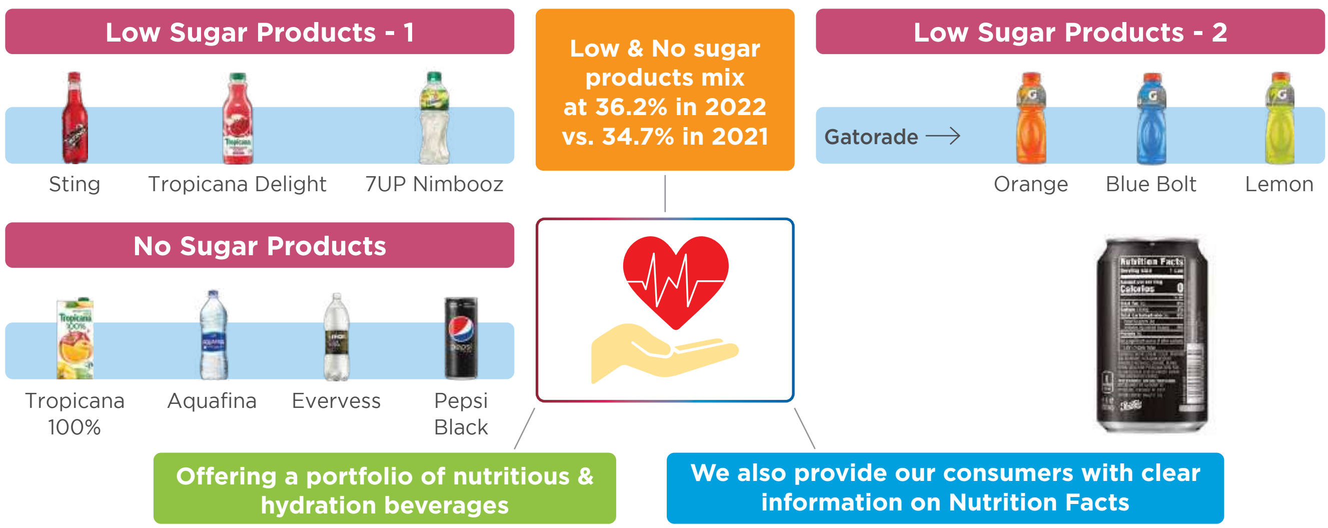
Sharing information on nutrition with consumers

We place clear nutrition information on our packages to help our consumers make informed choices.

With our nutrition-based portfolio, our aim is to improve the dietary habits of our consumers and help them interpret the nutrition quality of our products with simplified information on nutrition

Reducing Sugar

Keeping Pace with Evolving Needs and Taste Positive Choices



Focus on Nutrition

To diversify our product portfolio to meet changing consumer needs and deliver more nutritious choices, PepsiCo is guided by the PepsiCo Nutrition Criteria (PNC), which is also followed by Varun Beverages. This represents high nutrition standards guiding reduction of nutrients to limit and the increase of nutrients and food groups to encourage for the entire PepsiCo portfolio.

PepsiCo Nutrition Criteria

The PepsiCo Nutrition Criteria provides nutrition guidelines for our beverages, including nutrients to limit and specific guidelines for food groups and nutrients to encourage. This includes:

STANDARDS FOR NUTRIENTS TO LIMIT

Nutrients that have been well-established as dietary factors that can contribute to the risk of certain non-communicable diseases, when consumed in excess.

For nutrients to limit, the criteria is based on a model diet of 2,000 kcal per day, with saturated fat and added sugars at or below 10% of total energy, sodium at or below 2,000 mg per day, and no industrially produced partially hydrogenated oils (PHOs).

STANDARDS FOR FOOD GROUPS TO ENCOURAGE

Food groups that have been well-established as contributing to healthier diets.

STANDARDS FOR NUTRIENTS TO ENCOURAGE

Nutrients that have been identified as being commonly under-consumed in a given population. They can vary by market or region, and are often called "shortfall nutrients". contributing to healthier diets.

Guidelines on Sugar Content:

1. **WHO -** 10% of total energy contribution.
2. **The Healthy Choice Standards -** Less than 4.5g/100g.
3. **Beverages category for PepsiCo -** 1g-7g/100 ml (assuming 1cc liquid weighs 1g)

https://www.pepsico.com/docs/default-source/policies/pepsico-nutrition-criteria.pdf?sfvrsn=54fa599a_3

GOVERNANCE

Ensuring Robust Corporate Governance

Our sound governance and committed leadership enables us to integrate a cohesive ESG strategy and practices across the Company. We are committed to 'setting the tone from the top' to create a culture of integrity throughout the organization by engraining good corporate governance systems and principles in our business operations and culture, including our ESG practices.

At Varun Beverages, we believe that good governance takes both a top-down and bottom-up approach and we demonstrate that in various aspects of our ESG approach. We have put several mechanisms in place to ensure our sustainability strategy is integrated across the organization and our progress is transparently reported and properly measured.

Our sound business principles and commitment to ethical behavior, accountability and transparency foster an innovative and collaborative culture. Our ESG Policy assists us in overseeing our policies and programs and related risks concerning environmental, social, regulatory and public policy matters, including progress made against our ESG goals.

We evaluate and review information pertaining to social and environmental trends, with oversight over ESG goals and human rights practices. This helps us deal with issues that may affect our business, shareholders, broader stakeholder community or even the general public.

Key takeaways

- Robust policies
- Better transparency
- Harnessing CSR activities

Key enablers to manage our social priorities

National-level initiatives on promoting:

- HEALTHCARE
- EDUCATION
- ENVIRONMENT SUSTAINABILITY
- RURAL DEVELOPMENT

Assessment on various initiatives done by an expert or an independent agency.

Implementing best practices in ESG

ENVIRONMENT
Annual Audit by DQS for carbon footprint study & water assurance footprint

SOCIAL
Best practices in health and safety by DuPont Safety Solutions

GOVERNANCE
Assessment by CFI and Golden Peacock

Assessment on various initiatives done by an expert or an independent agency

Business Brand Award for Best Corporate Governance - 2022

CFI.CO (UK) for Best FMCG Corporate Governance (India) 2022

Business Leader of the year Awards for Best Corporate Governance Practices (FMCG) - 2022

Golden Peacock National Quality Award - 2022

India Achievers' Award 2022 for Best Corporate Governance

Responsible Business Award for Best Corporate Governance - 2022

PepsiCo's Best Bottler in AMESA Sector for the year 2021

CFI.CO (UK for Best FMCG Corporate Governance (India)- 2021

Golden Peacock Award Excellence in Corporate Governance - 2021

Award for Achievement in Continuous Improvement - 2021

Global Best Employer - 2020

PepsiCo's Best Bottler in AMESA Sector for the year 2019

PepsiCo's Best Bottler of the year - 2019

PepsiCo's Best Bottler of the year - 2014

PepsiCo's Best Bottler of the year - 2011

A Diverse and Value-Creating Board

Our diversified Board and its Committees supervise our business with the key objective of enhancing our stakeholder value. We have several functional Committees in place which comprise members with relevant experience. We conduct an annual evaluation of the Board and the senior management to monitor progress made on broad organizational objectives. Corporate policies are readily and easily available to respective stakeholders of the Company. Our employees have an easy access to interact with the senior management and voice their suggestions and opinions.

Board of Directors

Member	Icons of Committee they are members of	Area of Expertise
Ravi Jaipuria Promoter & Non-Executive Chairman	M C	L S I G F C
Varun Jaipuria Promoter, Executive Vice Chairman & Whole-time Director	M M C	L S I G C
Raj Gandhi Whole-time Director	M M C C M	L S I G F C
Rajinder Jeet Singh Bagga Whole-time Director	M M	L S I G C
Dr. Naresh Trehan Independent Director	M	L S G F C
Dr. Ravi Gupta Independent Director	C M	L S F C
Pradeep Sardana Independent Director	M	L S I G C
Rashmi Dhariwal Independent Director	M M C M M M	L S F C
Sita Khosla Independent Director	M C	L S F C

- Audit, Risk Management and Ethics Committee
- Stakeholders Relationship Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Investment and Borrowing Committee
- Share Allotment Committee
- Environmental, Social and Governance Committee

C Chairperson M Member

L Leadership S Strategic Planning I Industry G Global Business F Finance & Legal C Corporate Governance

Key Managerial Personnel

Sr. No.	Name	Designation
1	Mr. Raj Gandhi	Whole-time Director
2	Mr. Rajesh Chawla	Chief Financial Officer
3	Mr. Ravi Batra	Chief Risk Officer & Group Company Secretary

Board Committees

Audit, Risk Management and Ethics Committee

- Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible.
- Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company and approval of payment for any other services rendered by the statutory auditors of the Company.
- Reviewing with the Management the quarterly/annual results and annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter-alia, include reviewing changes in the accounting policies and reasons for the same, major accounting entries involving estimates based on exercise of judgement by Management, significant adjustments made in the financial statements.
- Review the Management's Discussion and Analysis of financial condition and results of operations.
- Scrutiny of inter-corporate loans and investments.
- Evaluation of internal financial controls and risk management systems.
- Reviewing the functioning of the whistle blower/ vigil mechanism.
- Formulate a detailed risk management policy which shall include:
    - Framework for identification of internal and external risks.
    - Measures for risk mitigation including systems and processes for internal control of identified risks.
    - Business continuity plan.
- Evaluate and review the risk management plan, the risk management system, including risk policy, risk process (risk identification, assessment, mitigation and monitoring), cyber security processes and risk registers laid down by the Management.
- Recommendation for appointment, removal and terms of remuneration of the Chief Risk Officer.

Stakeholders' Relationship Committee

To consider and resolve the grievances of security holders of the Company including but not limited to complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends and review of services rendered by the Registrar and Share Transfer Agent.

Nomination and Remuneration Committee

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommendations to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees and for evaluation of the performance of independent directors and the Board of Directors;
- Devising a policy on diversity of the Board of Directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board of Directors their appointment and removal, and specify the manner for effective evaluation of performance of Board, its committees and individual Directors and review its implementation and compliance;
- Determine whether to extend or continue the term of appointment of the independent directors on the basis of the report of performance evaluation of independent directors; and
- Framing suitable policies and systems to ensure that there is no violation by an employee as well as by the Company of any applicable laws in India or overseas, including:
    (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
    (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

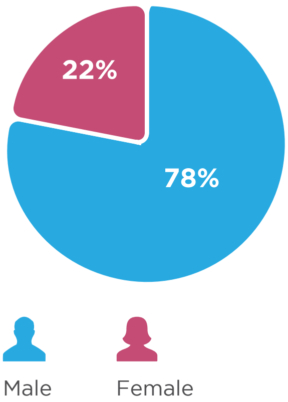
CSR Committee

To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 recommend the amount of expenditure to be incurred on the CSR activities and monitor the CSR Policy of the Company from time to time.

Environment, Social and Governance Committee

- Approve the Company's ESG strategy (the 'ESG Strategy') including related targets and incentives;
- Provide oversight of the execution of the ESG Strategy and the Company's progress on its long-term ESG commitments and targets;
- Provide oversight of the key policies and programs required to implement the ESG Strategy;
- Provide advice and direction to the Company's management on implementation of the Company's ESG Strategy;
- To identify opportunities and risks to the Company's operations, its reputation and its corporate responsibility.

Board Diversity



Evaluating climate-related risks and opportunities

Our business model and evaluation strategy help us manage climate-related risks and enhance our ability to identify as well as mobilize and harness climate-related opportunities. Our ability to effectively manage climate risks and opportunities is imperative in serving our stakeholders and efficiently safeguarding our assets, while creating opportunities for further growth.

Diversity and Inclusion

A key strategic business priority at Varun Beverages is to achieve diversity and inclusion and to create a workplace where every individual can fully demonstrate their potential. Gender, age and differently abled are priority diversity-related topics at VBL.

In gender diversity, we hope to construct an environment where women's perspectives are reflected in all aspects of our business operations.

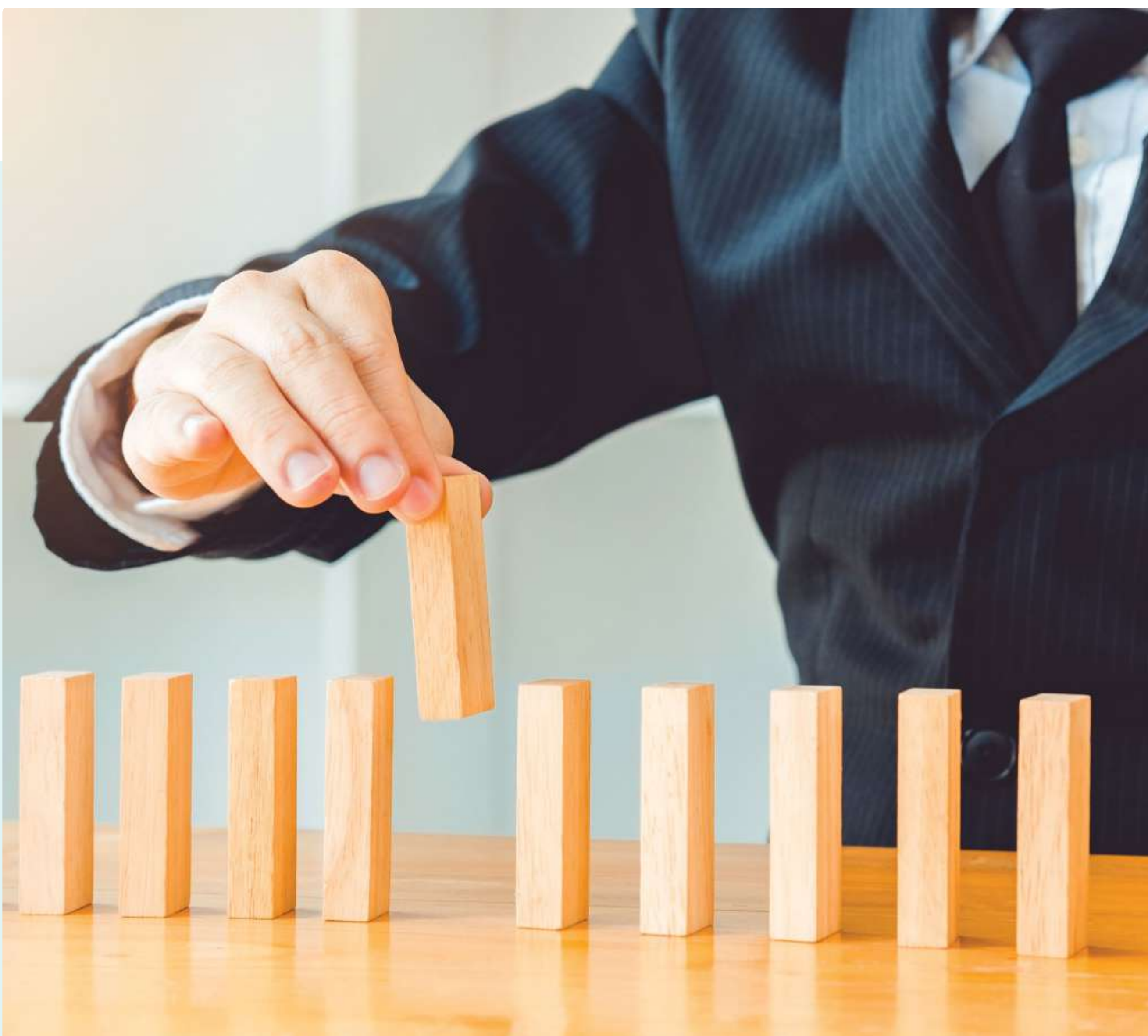
Principles of Business Conduct of PepsiCo

- To maintain awareness and comply with all applicable laws and regulations of the countries of operation
- To maintain confidentiality of all PepsiCo's and its partners information
- To compete fairly for PepsiCo's business and conduct all such business on behalf of PepsiCo in a lawful manner
- To encourage a diverse workforce and provide a workplace free from discrimination, harassment or any other form of abuse
- To treat employees fairly, including with respect to wages, working hours and benefits
- To prohibit all forms of forced or compulsory labor
- To prohibit use of child labor
- To respect employees' right to freedom of association and collective bargaining
- To provide safe and healthy working conditions
- To carry out operations with care for the environment and to comply with all applicable environmental laws and regulations
- To maintain accurate financial books and business records
- To deliver products and services meeting applicable quality and food safety standards
- To support compliance with Supplier Code of Conduct
- To observe policies regarding gifts and entertainment and conflicts of interest
- To ensure that all land acquisitions meet IFC Performance Standards
- To report suspected violations of the Code

Business Continuity Plan

Considering the highly volatile and unpredictable nature of environmental and ecological disasters, Business continuity is one of the utmost priorities for any organization in the event of occurrence of any natural disaster, pandemic, or any other likely event. In case of any high risk event, to ensure there is no disruption in the major business operations including sales, production and financial related functions, we have a detailed Business Continuity Plan in place to implement the mitigation plan immediately, restore the impacted operations within the defined time limits and ensure all functions are operating well like back-up IT servers, office facilities, raw material suppliers, etc.

Crisis Management teams are formed which will be in immediate action at the time of any disaster. Regular training is provided to them to ensure the clarity of roles and responsibilities of all the teams for quick response. Also, mock drills are conducted to check the preparedness to tackle such situations.



OUR PRIORITIES & PROGRESS

Creating a Positive Impact through our CSR Initiatives

Our CSR initiatives promote education, environmental sustainability, rural development across different sections of the society.

Education

Setting up of Shiksha Kendra

Shiksha Kendra, a school for the under-privileged children, has been set up and is implemented by the Delhi Public School, Gurgaon (DPS). Since 2003, we have provided free education to 30,000+ children of economically weaker sections of the society through Shiksha Kendra, an initiative by DPS Society. All the infrastructure of DPS and other resources such as books, uniform and transportation is made available to the students of Shiksha Kendra. The key motive of the program is to assist the under-privileged children to develop themselves into educated, confident and responsible citizens.

Work done:

- Provided free education to 30,000+ children
- Sponsored evening schools at Delhi Public Society for economically weaker sections

AARU Clinic

Our objective of AARU Clinic is to start Health Centers in rural areas where the manufacturing plants are located. This is a mark of our commitment to improve general health conditions of the under-privileged and benefit the society's economically weaker sections. Till date, two such centers have been opened at Kosi and Bhiwadi.

MISSION
To provide free access to medical assistance, i.e., access to medical consultation, essential medicines, pathology and diagnostic tests to people in the community and villages close to the plants, with an aim to improve the overall health index of the communities.

VISION
To predominantly offer free healthcare support to the underprivileged and economically weaker sections of the society by providing easy access to medical care.

Sustainable and Scalable framework through Pravah

Pravah Skill Development Center is an initiative aimed at upliftment of the youth and the society. Through the initiative 'Pravah', we provide a structured, sustainable and scalable framework to the unemployed youth from marginalized families, adding them to the mainstream workforce.

The Center's mission is to train the maximum skilled workforce to meet domestic regional requirements of a growing economy and become a leading skill development center at a national level. The Center assists in empowering and enriching the learning process. Over 16,000+ students have successfully passed and benefitted from this initiative.

Courses offered by Pravah Skill Development Center

Computer Course

To acquaint students with basic knowledge of computers

Fashion Designing

To make students learn to stitch all types of garments related to men, women and children

Beauty Care

To give women an opportunity to pursue their interests

English Communication Skills

To help participants understand various aspects of communication and refresh their communication skills

Job Assistance

To help students get placed in respective jobs through assistance in job placement

Managing and Responding to Risks & Opportunities

The key aim of the risk assessment process is to evaluate the principal risks, and to minimize the level of potential impact of it by adding control and preventive measures. We have established an ongoing process for identifying, evaluating and managing risks faced.

Risk assessment is a systematic process of evaluating the potential risks that may be involved in our activities. It is applicable to all our functions (production and distribution) and in all countries where we operate. Assessment and management of risks drives better decisions and helps us create a growing and sustainable business model.

Holistic framework for managing risks across operations and processes

BUSINESS GOALS AND OBJECTIVES

Risk identification	Risk analysis
Measure and monitor risks	Risk controls and mitigation

Key Risks and Mitigation Plan

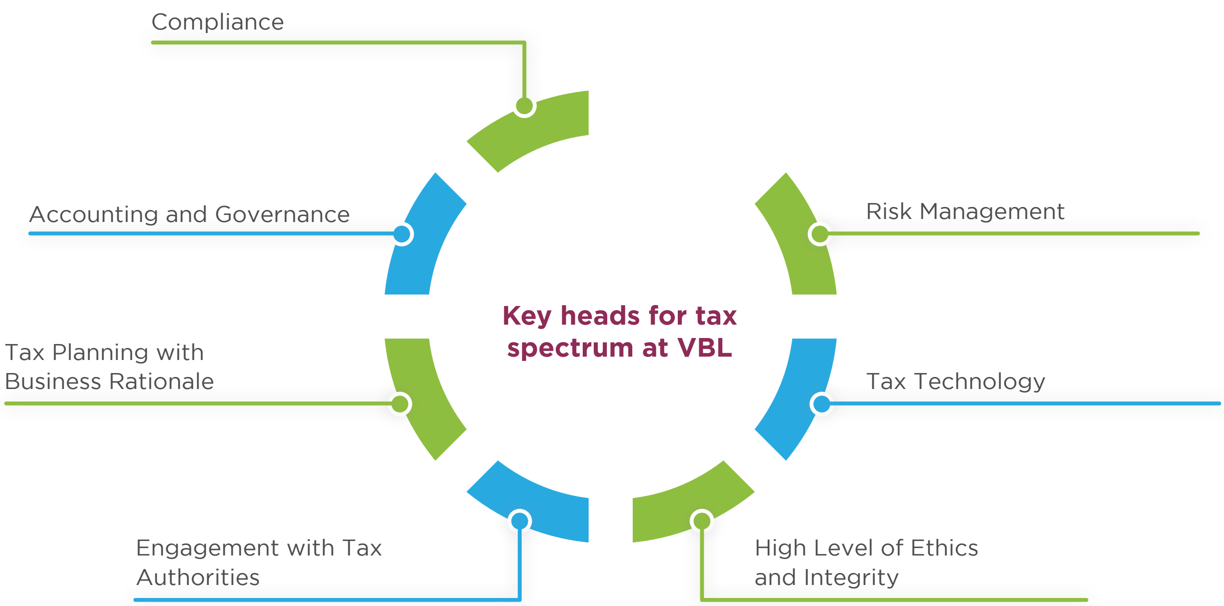
Risk	Description	Mitigation Plan
Demand Risk	A cyclical downturn can lead to a slowdown in the Company's target markets and impact its sales velocity.	Over the years, the Company has demonstrated its ability to drive significant growth in sales volumes by aiming to provide the right brand, the right price, the right product, and the right channel. In addition, the business is present in relatively under-penetrated markets with favorable demographics, climatic conditions and the rising population which should witness steady demand growth. Further, its wide range of product portfolio enables it to cater to diverse consumer segments.
Business Agreement Risk	The Company relies on strategic relationships and agreements with PepsiCo. Termination of agreements or less favorable renewal terms could adversely affect profitability.	Over the last three decades, the Company has partnered with PepsiCo, consolidating its market relationship with them, increasing the number of territories and sub-territories, producing, and distributing a wider range of PepsiCo beverages, adding multiple SKUs into the portfolio, and expanding its distribution network. The proven ability of the business to substantially strengthen the market share of PepsiCo enables it to be a reliable partner. The business maintains a symbiotic relationship with PepsiCo, working closely as active development partners, investing in joint projects and business planning with a focus on strategic issues. In 2019, the bottling appointment and trademark license agreement for India with PepsiCo India has been extended till April 30, 2039, from October 2, 2022, earlier.

Risk	Description	Mitigation Plan
Regulatory Risk	Regulations on consumer health and the risk of the Company's products being targeted for discriminatory tax and packaging waste recovery may adversely impact business.	The Company proactively works with PepsiCo, and the government and regulatory authorities to ensure that the facts are clearly understood and that its products are not singled out unfairly. VBL adheres to sustainable manufacturing practices and takes the environmental issues related to packaging waste recovery / recycling, water management and greenhouse gases emissions very seriously. The Company consistently works along with stakeholders to establish sustainability solutions that focus on protecting the environment, including NGOs and the communities in which it operates. PepsiCo's strategy of introducing healthier and "zero sugar" variant of products also augurs well for the Company's future. The Company has undertaken certain sustainability initiatives such as engaging with GEM Enviro Management Pvt. Ltd. for phased implementation of 100% recycling of used PET bottles, and with Deutsch Quality Systems (India) Private Limited for measurement and improvement of its carbon footprint as well as water footprint assurance.
Business Viability Risk	The inability to integrate the operations of, or leverage potential operating and cost efficiencies from, the newly acquired territories and sub-territories may adversely affect the Company's business and future financial performance.	The clear strategy and financial requirements of VBL ensures that all the future acquisitions or collaborations are value-added and in compliance with the acquisition guidelines of the Board. The Company also spends considerable management time and financial resources to ensure performance of the newly acquired activities, develop local market strategies (including for possible cultural and language barriers), and assimilate business practices to ensure business viability.
Consumer Preference Risk	Failure to adapt to changing consumer health trends and address misconceptions about the health effects of soft drink consumption may adversely affect demand.	In order to remain relevant, VBL's sales team works closely with PepsiCo to assess evolving consumer habits and continually concentrate on product innovation and increasing product range. In addition, the new product plan of PepsiCo lays more emphasis on healthy products with zero / limited calorie content and sugar content.
Raw Material Risk	An interruption in the supply or significant increase in the price of raw materials or packaging materials may adversely affect the Company's business prospects, results of operations and financial condition.	An integral part of VBL's strategy is to maximize cost efficiencies, focusing on actively reducing the cost of goods sold, minimizing operating expenses efficiently and increasing cash flows. Hence, the Company has pursued many programs for this purpose, including backward integration and consolidated sourcing of materials. It also leverages on its scale of operations to achieve better bargaining power with suppliers, resulting in better working capital management. The Company is focused on optimally utilizing its assets to help achieve higher operating efficiency and to amortize overheads costs on a wider case. In addition, the Company continues to invest in innovative solutions to boost operational efficiencies and work processes in its activities, ensuring consolidated operational data from production, scheduled sourcing, and superior monitoring of the supply of goods from manufacturers to the retail point of sale.

OUR PRIORITIES & PROGRESS

An ESG-focused Tax Reporting

The need for tax compliance, strategy and technology has been a key priority for VBL. Our tax policies demonstrate our approach to tax and is integral to our sustainable tax practices and our ESG commitment.



Compliance

We endeavor to adhere to all the tax regulatory compliances, periodical filings and reporting for all the applicable tax laws to ensure a long-term and sustainable business. Our robust compliance tracking tool comes with a pre-defined escalation matrix which ensures there is zero tolerance for any non-compliance.

Accounting and Governance

Our dedicated team of tax experts is responsible for proper accounting of taxes on all fronts – input, output, corporate and withholding taxes as per the applicable laws and accounting standards. In the process of any change in tax laws, the internal tax team review, assesses its implication on business transactions and circulates the updated SOPs to relevant stakeholders in order to implement the changes.

Tax Planning with Business Rationale

VBL has a transparent procedure for tax risk management and risk assessment, which is an important part of overall tax planning. As a principal, the Company does not take any aggressive tax position to ensure zero tolerance on non-compliance and tax evasion. We avail only those tax incentives in respective jurisdictions that are aligned with the Company's overall business objective.

Engagement with Tax Authorities

We regularly engage with tax authorities and provide full support, to understand the business model and tax positions with relevant authority of law. One of the key objectives of our tax team is also to build VBL's brand as "the most trusted and tax compliant company" in the areas we operate within.


Income

Risk Management

VBL has established an internal control process and escalation matrix to ensure that key risks are identified, quantified, analyzed and managed appropriately, and there is a continuous mitigating and monitoring of key risk areas. There is a process of review by the Audit, Risk Management & Ethics Committee, Internal Auditors and Statutory Auditors to ensure all transactions are falling either in "no risk" or "low risk" category for all tax compliances.

Tax Technology

In today's environment of online governance, tax technology is playing an importance role in sustainable growth of every organization. VBL has been making substantial investments in tax technology to ensure proper recording and reporting of all transactions through the system.

1. **Vendor Management:**

   VBL has a robust vendor management process which includes onboarding of new vendors with strong KYC documentation and verification of historical compliances under the GST laws. All vendors are mapped with correct HSN/SAC code and GST rates. All service vendors are mapped with correct withholding tax codes to ensure proper deduction of withholding tax while recoding the transaction in the books of accounts.

2. **Identification and Recording in Correct Ledger:**

   VBL has a robust identification process through SAP which starts from issuance of PO using correct HSN/SAC and tax code. The internal team identifies the transaction and controls the input tax entitlement through the system to ensure no wrong availment of input tax credit which is not permitted as per GST laws.

3. **System generated Sale Invoices, E-invoices and E-way bills:**

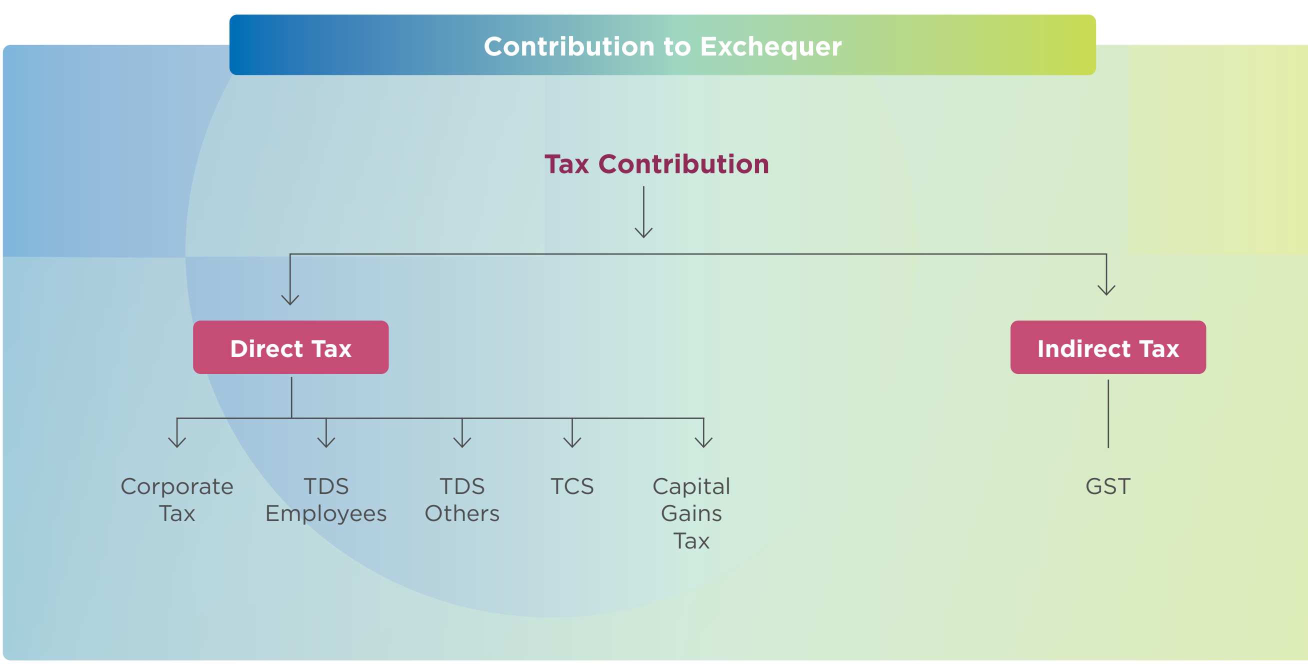
   VBL SAP is integrated with the E-invoicing portal and E-way bill portal of the government. The system is configured in a way that not even a single invoice can be generated without an E-invoice and E-way bill, as prescribed under the GST laws.

4. **Reporting on GST Portal:**

   GST returns for all the outward supplies are being filed basis the system generated sales register. This ensures that all the recorded outward supplies get reported along with the correct tax liability.

High Level of Ethics and Intergrity

VBL maintains high level of ethics with its strong accounting principles with complete transparency. The Company has a zero-tolerance policy on integrity while dealing with vendors, customers or third-party consultants and with government authorities. No employee or third-party working for and on the behalf of the Company can indulge in any unethical practice and should maintain the highest level of integrity.



Corporate Taxes, TDS, TCS, Capital Gains Tax and Dividend Distribution Tax

Over the years, VBL has made a significant contribution to the exchequer by way of Corporate Tax, TDS on Employees, TDS on others, TCS, Capital Gains and the Dividend Distribution Tax. Given an increase in turnover in the last five years, its Corporate Income Tax has more than doubled – from ₹ 488.5 million in FY 2017-18 to ₹ 1,383.9 million in FY 2021-22.

Tax trends in the last five years:

(₹ Million)

Description	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Corporate Tax (Excluding Interest u/s 234A/234B/234C)	488.5	855.9	934.5	347.2	1,383.9
TDS on Employees (As per Tax Audit Report)	181.6	227.7	430.1	454.9	561.0
TDS on Others (As per Tax Audit Report)	148.1	193.8	310.6	245.7	484.7
TCS (As per Tax Audit Report)	1.6	1.8	2.6	29.6	72.2
Dividend Distribution Tax	92.9	54.7	91.7	-	-
Capital Gains Tax (Including in Corporate Tax mentioned above)	0.1	-	0.1	1.2	0.1

Indirect Tax - GST

The key product of VBL is taxable at a higher rate of 28% GST with 12% cess. In the last five years, the total payment of Gross GST on outward supplies stands at ₹ 102,861.5 million. This has increased from ₹ 8,126.1 million in the first year (July 2017 - March 2018) of implication of GST to ₹ 31,918.8 million in Financial Year 2021-22.

Tax trends in the last five years:

(₹ in Million)

Financial Year	Gross Tax Payable (₹)	Paid through Cash (₹)	Paid through ITC (₹)
2017-18	8,126.1	3,851.9	4,274.2
2018-19	14,845.4	8,491.4	6,353.9
2019-20	23,280.4	12,024.5	11,255.9
2020-21	24,690.8	12,309.6	12,384.1
2021-22	31,918.9	15,639.0	16,276.9

Awards & Recognition

As every year, this year too we received recognition for our strong business processes, governance and ability to execute in the marketplace at scale, while delivering on our sustainability goals.

2022

- AMESA award
- Golden Peacock award for Quality
- Golden Peacock award for Corporate Governance
- CFI.CO (UK) for the 4th Consecutive Year for Best FMCG Corporate Governance (India)
- Business Brand Awards for Best Corporate Governance Practices
- CNBC TV18 - Incredible Brands of India Awards for Best Corporate Governance of the Year

2021

- Winner of Best FMCG Corporate Governance India 2021 awarded by Capital Finance International (UK) (third successive year)

2020

- Winner of Best FMCG Corporate Governance India 2020 awarded by Capital Finance International (UK)
- Winner of Bottler of the Year, 2019 by PepsiCo in AMESA sector (Africa, Middle East and South Asia) received in 2020

2019

- Varun Beverages Limited – Bottler of the Year 2019 by PepsiCo in South Asia Region
- Winner of Best FMCG
- Corporate Governance India 2019 awarded by Capital Finance International (UK)
- Varun Beverages Limited – Global Best Employer Award

2018

- National Best Employer Award by ET Now, in collaboration with World HRD Congress
- Distinguished Entrepreneurship Award in the PHD Annual Awards for Excellence 2018 to Mr. Ravi Jaipuria

2017

- Varun Beverages (Nepal) Private Limited – Best Unit of the Year
- Varun Beverages Lanka (Private) Limited – Donald M Kendall Award by PepsiCo for Small Developed Markets
- VBL Sonarpur Plant – Best Plant of the Year
- VBL Sonarpur Plant – CII Award for Food Safety

2016

- VBL India – FOBO Unit of the Year
- Varun Beverages Lanka (Private) Limited – FOBO Country of the Year

1997

Mr. Ravi Jaipuria, the only Indian Company's promoter to have received PepsiCo's International Bottler of the Year Award in 1997

Corporate Information

Board of Directors

Category	Name of Directors
Non-Executive Chairman	Mr. Ravi Jaipuria
Executive Vice Chairman & Whole-time Director	Mr. Varun Jaipuria
Executive / Whole-time Directors	Mr. Raj Gandhi Mr. Rajinder Jeet Singh Bagga
Non-Executive, Independent Directors	Dr. Naresh Trehan Dr. Ravi Gupta Mr. Pradeep Sardana Ms. Rashmi Dhariwal Ms. Sita Khosla

Chief Financial Officer

Mr. Rajesh Chawla

Chief Risk Officer & Group Company Secretary

Mr. Ravi Batra

Joint Statutory Auditors

M/s. Walker Chandiok & Co LLP
Chartered Accountants,
New Delhi

M/s. O.P. Bagla & Co LLP
Chartered Accountants,
New Delhi

Corporate Office

RJ Corp House, Plot No. 31,
Institutional Area, Sector-44,
Gurugram - 122 002

Registered Office

F-2/7, Okhla Industrial Area, Phase-I
New Delhi - 110 020

Registrar and Share Transfer Agent

KFin Technologies Limited

Selenium Tower B, Plot Nos. 31 & 32,
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad – 500 032
Toll Free No. : 1800 309 4001
Email: einward.ris@kfintech.com
Website: www.kfintech.com
SEBI Registration No.: INR000000221

Bankers

Axis Bank Limited
DBS Bank Limited
HDFC Bank Limited
ICICI Bank Limited
IDFC FIRST Bank Limited
IndusInd Bank Limited
JPMorgan Chase Bank N.A.
Kotak Mahindra Bank Limited
RBL Bank Limited
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Ltd
The Federal Bank Limited
YES Bank Limited

Board's Report

Dear Members,

Your Directors have pleasure in presenting the 28th (Twenty Eighth) Annual Report on the business and operations of your Company along with the Audited Financial Statements for the Financial Year ended December 31, 2022.

Financial Performance

The financial performance of your Company for the Financial Year ended December 31, 2022 is summarized below:

(₹ in Million)

Particulars	Standalone		Consolidated	
	Financial Year ended December 31, 2022	Financial Year ended December 31, 2021	Financial Year ended December 31, 2022	Financial Year ended December 31, 2021
Total Revenue	107,395.82	66,530.44	134,294.07	90,262.16
Total Expenses	90,550.80	59,715.22	114,057.64	80,196.08
Profit before tax after exceptional items	16,845.02	6,815.22	20,236.37	10,066.08
Less: Tax Expenses	4,143.03	1,920.35	4,735.23	2,605.56
Profit after tax	12,701.99	4,894.87	14,974.33*	6,940.52*
Balance brought forward from last year	13,942.96	10,074.42	13,967.42	8,042.43
Balance carried over to Balance Sheet	25,101.68	13,942.96	27,398.84	13,967.42
General Reserve	444.26	444.26	444.26	444.26
Other Reserves	23,132.57	25,268.66	16,685.20	22,057.07
Reserves & Surplus carried to Balance Sheet	48,678.51	39,655.88	44,528.30	36,468.75

**After adjustment on account of non-controlling interest.*

Consolidated Financial Statements

The Consolidated Financial Statements of your Company for the Financial Year 2022 are prepared in compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), Indian Accounting Standards ('Ind AS') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['SEBI (LODR) Regulations'] which shall also be provided to the Members in their forthcoming Annual General Meeting ('AGM').

State of the Company's Affairs

Your Company has presence in 27 States and 7 Union Territories in India and 5 other countries across the world (viz. Nepal, Sri Lanka, Morocco, Zambia & Zimbabwe). Further, Company is having 37 manufacturing facilities (31 in India and 6 in International Geographies) with more than 2,500 owned vehicles, more than 2,400 primary distributors and more than 110 depots. The Company continues to create long-term value through different facets of its business and improve its presence, product mix and utilisation levels. With an increasing penetration on the back of a robust distribution network and diversifying product portfolio, the Company has created a sustainable operating efficiency at its manufacturing facilities.

Deposits

Your Company has not accepted any deposits during the year under review falling within the ambit of Section 73 of the Act and the Companies (Acceptance of Deposits) Rules, 2014.

Transfer to General Reserve

During the year under review, your Company has not transferred any amount to General Reserve.

Change in the Nature of Business, if any

During the year under review, there was no change in the nature of business of the Company.

Dividend Distribution Policy

The Board of Directors of the Company in their meeting held on August 9, 2017 approved and adopted a Policy on Distribution of Dividend to comply with Regulation 43A of SEBI (LODR) Regulations and the same is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2019/03/Dividend-Distribution-Policy.pdf

Dividend

During the year under review, the Board of Directors in their meeting held on August 1, 2022 declared an interim dividend of ₹ 2.50 per Equity Share (face value of ₹ 10/- per Equity Share) to the eligible equity shareholders of the Company. Further, the Board of Directors have also recommended a final dividend of ₹ 1.00 per Equity Share (face value of ₹ 10/- per Equity Share) for the Financial Year 2022 for approval of equity shareholders at the ensuing AGM of the Company. Total cash outflow for dividend payout would be approx ₹ 2,273 million for Financial Year 2022.

Your Company has transferred the unpaid or unclaimed interim dividend to the Unclaimed Dividend Accounts of the respective financial years and the details of the same are uploaded on website of the Company at https://varunpepsi.com/corporate-governance/

Acquisition Guidelines

Your Company applies stringent strategic and financial criteria to any potential acquisition or partnership and to enhance transparency, the Board of Directors of the Company have approved and adopted Acquisition Guidelines for Company's M&A activities for viable acquisitions and the same is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2017/08/VBL-Guidelines-for-Acquisition-in-India.pdf

Bonus Issue

During the year under review, your Company has issued and allotted 216,516,540 Bonus Equity Shares in the proportion of 1:2 (i.e. one equity share for every two equity shares) to the eligible Members whose names appeared in the Register of Members / list of beneficial owners as on the record date fixed for this purpose.

As part of the aforesaid allotment, 38,418 Bonus Equity Shares representing fractional entitlement(s) of 76,836 eligible Members were consolidated and allotted to "Varun Beverages Limited – Bonus Issue Fractional Shares Trust" ('Trust') created for the purpose of selling and distributing the net sale proceeds among the eligible Members in proportion to their respective fractional entitlement. The aforesaid 38,418 Equity Shares were sold by the Trust on June 23, 2022 & June 24, 2022 and the net sale proceeds of the same were distributed to the eligible Members.

Share Capital

Pursuant to the approval of Members at the 27th AGM of the Company held on April 7, 2022, the Authorized Share Capital of the Company of ₹ 10,000,000,000/- (Rupees Ten Billion only) divided into 500,000,000 (Five Hundred Million) Equity Shares of face value of ₹ 10/- (Rupees Ten only) each and 50,000,000 (Fifty Million) Preference Shares of face value of ₹ 100/- (Rupees One Hundred only) each was re-classified to ₹ 10,000,000,000/- (Rupees Ten Billion only) divided into 1,000,000,000 (One Billion) Equity Shares of face value of ₹ 10/- (Rupees Ten only) each.

During the year under review, the Issued, Subscribed and Paid-up Equity Share Capital of your Company was increased from ₹ 4,330,330,800/- (Rupees Four Billion Three Hundred Thirty Million Three Hundred Thirty Thousand and Eight Hundred only) divided into 433,033,080 (Four Hundred Thirty Three Million Thirty Three Thousand and Eighty) Equity Shares of face value of ₹ 10/- (Rupees Ten only) to ₹ 6,495,496,200/- (Rupees Six Billion Four Hundred Ninety Five Million Four Hundred Ninety Six Thousand and Two Hundred only) divided into 649,549,620 (Six Hundred Forty Nine Million Five Hundred Forty Nine Thousand and Six Hundred Twenty) Equity Shares of face value of ₹ 10/- (Rupees Ten only) each due to allotment of 216,516,540 (Two Hundred Sixteen Million Five Hundred Sixteen Thousand Five Hundred and Forty) Bonus Equity Shares of face value of ₹ 10/- (Rupees Ten only) each.

Employees Stock Option Scheme

Your Company has Employees Stock Option Scheme 2016 ('ESOP Scheme 2016') and to align the same with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time ('SEBI ESOP Regulations'), the Members of the Company at their 27th AGM held on April 7, 2022 approved to amend the ESOP Scheme 2016 i.e. in compliance with SEBI ESOP Regulations.

Certificate from Secretarial Auditors of the Company that ESOP Scheme 2016 has been implemented in accordance with the SEBI ESOP Regulations and the resolution(s) passed by the Members of the Company will be uploaded on website viz. https://varunpepsi.com/ for inspection by Members of the Company.

The statutory disclosures as mandated under the Act and SEBI ESOP Regulations are available on website of the Company at https://varunpepsi.com/annual-reports/

Credit Rating

During the year under review, your Company's credit ratings by CRISIL is as below:

Long Term Rating	CRISIL AA+/Stable (Upgraded from 'CRISIL AA/Positive')
Short Term Rating	CRISIL A1+ (Re-affirmed)

Related Party Transactions

To comply with the provisions of Sections 177 and 188 of the Act and Rules made thereunder read with Regulation 23 of SEBI (LODR) Regulations, your Company took necessary prior approval of the Audit, Risk Management and Ethics Committee before entering into related party transactions. All contracts / arrangements / transactions entered into by the Company during the Financial Year 2022 with related parties, as defined under the Act and SEBI (LODR) Regulations, were in the ordinary course of business and on arm's length basis.

During the year under review, your Company and/ or its subsidiaries have not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the Policy of the Company on Related Party Transactions.

None of the transactions with any of the related parties were in conflict with the interest of the Company rather, these were synchronized and synergized with the Company's operations. Attention of Members is drawn to the disclosure of transactions with the related parties set out in Note No. 44 of the Standalone Financial Statements forming part of the Annual Report.

Your Company has framed a Policy on Related Party Transactions in accordance with the Act and SEBI (LODR) Regulations. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its related parties. The policy is uploaded on website of the Company at https://varunpepsi.com/policies/.

Since all transactions which were entered into during the Financial Year 2022 were on arm's length basis and in the ordinary course of business and there was no material related party transaction entered by the Company during the Financial Year 2022 as per Policy on Related Party Transactions, hence no detail is required to be provided in Form AOC-2 prescribed under Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees or Investments covered under the provisions of Section 186 of the Act are given in the Notes to the Standalone Financial Statements.

Subsidiaries, Associates and Joint Ventures

Your Company has following subsidiaries, associate and joint venture:

Subsidiaries

- Varun Beverages (Nepal) Private Limited;
- Varun Beverages Lanka (Private) Limited;
  - Ole Springs Bottlers (Private) Limited (step-down subsidiary);
- Varun Beverages Morocco SA;
- Varun Beverages (Zambia) Limited;
- Varun Beverages (Zimbabwe) (Private) Limited;
- Varun Beverages RDC SAS;
- Varun Beverages International DMCC; and
- Lunarmech Technologies Private Limited.

Associate

- Clean Max Tav Private Limited (w.e.f. 23.11.2022)

Joint Venture

- IDVB Recycling Operations Private Limited (w.e.f. 01.07.2022)

To comply with the provisions of Section 129 of the Act, a separate statement containing salient features of Financial Statements of Subsidiaries, Associate and Joint Venture of your Company (including their performance and financial position) in prescribed Form AOC-1 forms part of Consolidated Financial Statements and therefore not repeated here to avoid duplication. Further, contribution of Subsidiaries, Associate and Joint Venture to the overall performance of your Company is outlined in Note No. 57 of the Consolidated Financial Statements.

Financial Statements of the aforesaid Subsidiaries, Associate and Joint Venture companies are kept open for inspection by the Members at the Registered Office of your Company on all days except Saturday, Sunday and Public Holidays up to the date of AGM i.e. March 27, 2023 between 11:00 a.m. to 5:00 p.m. as required under Section 136 of the Act. Any Member desirous of obtaining a copy of the said Financial Statements may write to the Company at its Registered Office or Corporate Office. The Financial Statements including the Consolidated Financial Statements and all other documents required to be attached with this Report have been uploaded on website of the Company at https://varunpepsi.com/annual-reports/.

To comply with the provisions of Regulation 16(c) of SEBI (LODR) Regulations, the Board of Directors of the Company have approved and adopted a Policy for determination of Material Subsidiary and Governance of Subsidiaries. Further, Varun Beverages (Zimbabwe) (Private) Limited is a material subsidiary of the Company for the Financial Year 2022. Policy for determination of Material Subsidiary and Governance of Subsidiaries is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2022/09/3.-Policy-on-Material-Subsidiary-VBL.pdf

Directors and Key Managerial Personnel

Directors

To comply with the provisions of Section 152 of the Act and in terms of the Articles of Association of the Company, Mr. Ravi Jaipuria (DIN: 00003668), Non-Executive Chairman & Director is liable to retire by rotation at the ensuing AGM and being eligible, seeks re-appointment. The Board of Directors, on the recommendation of Nomination and Remuneration Committee ('NRC'), recommended his re-appointment for consideration by the Members at the ensuing AGM.

During the year under review, Mr. Varun Jaipuria, Whole-time Director (DIN: 02465412) was elevated and re-designated as "Executive Vice – Chairman" of the Company w.e.f. March 3, 2022 and all other terms and conditions of his appointment remained unchanged (including tenure i.e. up to October 31, 2024) as approved by the Members at their AGM held on June 26, 2020.

As recommended by NRC, the Board of Directors in their meeting held on February 6, 2023 approved the re-appointment of Ms. Sita Khosla (DIN: 01001803) w.e.f. February 16, 2023, Dr. Ravi Gupta (DIN: 00023487) w.e.f. March 19, 2023 and Ms. Rashmi Dhariwal (DIN: 00337814) w.e.f. March 19, 2023, as Independent Directors for a second term of upto 5 (Five) consecutive years, not liable to retire by rotation, subject to the approval of Members at the ensuing AGM of the Company.

Further, the above-mentioned Directors have affirmed that they are not debarred from holding the office of Director by virtue of any SEBI order or any other such Authority.

Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act including compliance of relevant provisions of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and SEBI (LODR) Regulations. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity (including the proficiency) and fulfils the conditions specified in the Act and SEBI (LODR) Regulations and are independent of the management.

None of the Directors of the Company are disqualified as per the provisions of Section 164 of the Act. The Directors of the Company have made necessary disclosures under Section 184 and other relevant provisions of the Act.

Brief resume and other details of the Directors being appointed/re-appointed at the ensuing AGM as stipulated under Secretarial Standard-2 issued by the Institute of Company Secretaries of India and Regulation 36 of the SEBI (LODR) Regulations, is separately disclosed in the Notice of ensuing AGM.

Mr. Kapil Agarwal (DIN: 02079161) has resigned from the position of Whole-time Director of the Company w.e.f. November 1, 2022 due to personal reasons.

Key Managerial Personnel

Mr. Raj Gandhi (DIN: 00003649), Whole-time Director was elevated and designated as Key Managerial Personnel of the Company w.e.f. March 3, 2022 in place of Mr. Kapil Agarwal (CEO & Whole-time Director) in accordance with the provisions of Section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other terms and conditions of appointment of Mr. Raj Gandhi remained unchanged (including tenure i.e. up to October 31, 2024) as approved by the Members at their AGM held on June 26, 2020.

Further, Mr. Rajesh Chawla, Chief Financial Officer and Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary, continued to be the Key Managerial Personnel of your Company in accordance with the provisions of Section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Board Evaluation

To comply with the provisions of Section 134(3)(p) of the Act and Rules made thereunder and Regulation 17(10) of SEBI (LODR) Regulations, the Board has carried out the annual performance evaluation of the Directors individually including the Independent Directors (wherein the concerned Director being evaluated did not participate), Board as a whole and following Committees of the Board of Directors:

i) Audit, Risk Management and Ethics Committee;

ii) Nomination and Remuneration Committee;

iii) Stakeholders' Relationship Committee; and

iv) Corporate Social Responsibility Committee.

The manner in which the annual performance evaluation has been carried out is explained in the Corporate Governance Report which forms part of this report. Board is responsible to monitor and review the evaluation framework.

Further, to comply with Regulation 25(4) of SEBI (LODR) Regulations, Independent Directors also evaluated the performance of Non-Independent Directors, Chairman and Board as a whole at a separate meeting of Independent Directors.

Board and Committees of the Board

The number of meetings of the Board and various Committees of the Board including composition are set out in the Corporate Governance Report which forms part of this report. The intervening gap between the meetings was within the period prescribed under the provisions of Section 173 of the Act and SEBI (LODR) Regulations.

Remuneration Policy

To comply with the provisions of Section 178 of the Act and Rules made thereunder and Regulation 19 of SEBI (LODR) Regulations, the Company's Remuneration Policy for Directors, Key Managerial Personnel (KMP), Senior Management and other Employees of the Company is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2020/03/Remuneration-Policy.pdf The Policy includes, inter-alia, the criteria for appointment and remuneration of Directors, KMPs, Senior Management Personnel and other employees of the Company.

Remuneration of Directors, Key Managerial Personnel and Particulars of Employees

The statement of disclosure of remuneration under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules'), is attached to this report as **Annexure – A**.

Further, as per second proviso to Section 136(1) of the Act read with second proviso of Rule 5 of the Rules, the Board's Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees as required under Rule 5(2) of the Rules. Any member interested in obtaining a copy of the said statement may write to the Compliance Officer at complianceofficer@rjcorp.in. The said statement is also available for inspection by the Members at the Registered Office of your Company on all days except Saturday, Sunday and Public Holidays up to the date of AGM i.e. March 27, 2023 between 11:00 a.m. to 5:00 p.m.

Statutory Auditors

Due to retirement of existing Joint Statutory Auditors viz. M/s. Walker Chandiok & Co. LLP (Firm Registration Number 001076N/N500013), Chartered Accountants, at the conclusion of ensuing AGM upon completion of their 2 (Two) consecutive terms of 5 (Five) years each and pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and based on the recommendation of the Audit, Risk Management and Ethics Committee, the Board of Directors have recommended appointment of M/s. J C Bhalla & Co., Chartered Accountants (Firm Registration Number 001111N) as Joint Statutory Auditors of the Company for a term of upto 5 (Five) consecutive years to hold office from the conclusion of ensuing AGM till the conclusion of 33rd (Thirty Third) AGM of the Company to be held in the Year 2028, subject to approval of Members at the ensuing AGM. Brief resume and other details of M/s. J C Bhalla & Co., Chartered Accountants, are separately disclosed in the Notice of ensuing AGM.

M/s. J C Bhalla & Co., Chartered Accountants, have given their consent to act as Joint Statutory Auditors of the Company and confirmed that their aforesaid appointment (if made), would be within the limits specified under Section 141(3)(g) of the Act. They have also confirmed that they are not disqualified to be appointed as Statutory Auditors in terms of provisions of Sections 139(1) and 141(3) of the Act and the Companies (Audit and Auditors) Rules, 2014.

Further, M/s. O P Bagla & Co. LLP, Chartered Accountants (Firm Registration Number 000018N/N500091) were appointed by the Members in their 27th AGM held on April 7, 2022 as Joint Statutory Auditors of the Company to hold office for a period of up to 5 (Five) consecutive years i.e. till the conclusion of 32nd AGM of the Company to be held in the Year 2027. They have also confirmed that they are not disqualified from continuing as Joint Statutory Auditors of the Company.

The Statutory Auditors' Report for the Financial Year 2022 does not contain any qualification, reservation or adverse remark and forms part of the Annual Report. The Statutory Auditors have not reported any fraud under Section 143(12) of the Act.

Cost Audit

In terms of Section 148 of the Act and the Companies (Cost Records and Audit) Rules, 2014, Cost Audit is not applicable on the Company for the Financial Year 2022.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

To comply with the provisions of Section 134 of the Act and Rules made thereunder, your Company has complied with the provisions relating to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, no complaint was received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Vigil Mechanism / Whistle Blower Policy

Pursuant to the provisions of Section 177 of the Act and Regulation 22 of SEBI (LODR) Regulations, the Company has adopted a Vigil Mechanism / Whistle Blower Policy to provide a platform to the Directors and Employees of the Company to raise concerns regarding any irregularity, misconduct or unethical matters / dealings within the Company. The same is detailed in the Corporate Governance Report which forms part of this report.

Secretarial Auditors

The Board of Directors on recommendation of the Audit, Risk Management and Ethics Committee, have appointed M/s. Sanjay Grover & Associates, Company Secretaries to conduct Secretarial Audit of your Company.

The Secretarial Audit Report for the Financial Year 2022 does not contain any qualification, reservation or adverse remark and is attached to this report as **Annexure - B**.

Risk Management

Pursuant to the provisions of Regulation 21(5) of SEBI (LODR) Regulations, top 1,000 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year shall constitute a Risk Management Committee. The Audit, Risk Management and Ethics Committee of the Board of Directors inter-alia monitor and review the risk management plan and such other functions as assigned from time to time.

Your Company has a robust Risk Management Policy which identifies and evaluates business risks and opportunities. The Company recognize that these risks needs to be managed and mitigated to protect the interest of the stakeholders and to achieve business objectives. The risk management framework is aimed at effectively mitigating the Company's various business and operational risks through strategic actions.

Internal Financial Controls

Your Company has in place adequate Internal Financial Controls. The report on Internal Financial Controls issued by M/s. Walker Chandiok & Co. LLP, Chartered Accountants and M/s. O P Bagla & Co. LLP, Chartered Accountants, Joint Statutory Auditors of the Company is annexed to the Audit Report on the Financial Statements of the Company and does not contain any reportable weakness in the Company.

Corporate Social Responsibility (CSR)

Your Company has a Corporate Social Responsibility Policy which is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2022/11/CSR-Policy.pdf

Annual Report on CSR activities for the Financial Year 2022 as required under Sections 134 and 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 is attached to this report as **Annexure - C**.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) read with Section 134(5) of the Act, the Directors state that:

(a) in the preparation of the annual accounts for the Financial Year ended December 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at December 31, 2022 and of the profits of the Company for the period ended on that date;

(c) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

(d) the annual accounts have been prepared on a going concern basis;

(e) proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls were adequate and operating effectively; and

(f) proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Other Information

Management Discussion & Analysis Report

Management Discussion & Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of SEBI (LODR) Regulations, forms part of the Annual Report.

Business Responsibility and Sustainability Report

Business Responsibility and Sustainability Report for the Financial Year 2022 describing the initiatives taken by the Company from an Environment, Social and Governance perspective as stipulated under Regulation 34(2)(f) of SEBI (LODR) Regulations forms part of the Annual Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is attached to this report as **Annexure - D**.

Corporate Governance Report

Your Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by Securities and Exchange Board of India. The report on Corporate Governance as stipulated under the SEBI (LODR) Regulations is attached to this report as **Annexure - E**. The certificate from M/s. Sanjay Grover & Associates, Practicing Company Secretaries confirming compliance with the conditions of corporate governance is also attached to the Corporate Governance Report.

Award

Your Company has been awarded by Capital Finance International (in the category - FMCG Sector), Business Brand and CNBC TV 18 - Incredible Brands of India Awards for following best Corporate Governance practices for the year ended 2022.

Listing

The Equity Shares of the Company are listed on the National Stock Exchange of India Limited and BSE Limited. Both these stock exchanges have nation-wide trading terminals. Annual listing fee for the Financial Year 2022-23 has been paid to the National Stock Exchange of India Limited and BSE Limited.

Annual Return

Pursuant to Sections 92(3) and 134(3)(a) of the Act, the Annual Return of the Company is uploaded on website of the Company at https://varunpepsi.com/annual-reports/

Research and Development

During the year under review, no Research & Development was carried out.

Cautionary Statement

Statements in the Board's Report and the Management Discussion & Analysis Report describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable laws and regulations. Actual results may differ from those expressed in the statements.

General

Your Directors confirm that no disclosure or reporting is required in respect of the following items as there was no transaction on these items during the year under review:

1. Issue of equity shares with differential voting rights as to dividend, voting or otherwise.
2. The Whole-time Directors of the Company does not receive any remuneration or commission from any of its subsidiaries.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. Issue of Sweat Equity Shares.
5. No application made or any proceeding pending under Insolvency and Bankruptcy Code, 2016 as at the end of the Financial Year 2022.
6. Details of difference between the amount of valuation at the time of one time settlement and valuation done while taking loan from banks or financial institutions are not applicable.

The Company is in regular compliance of the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India.

No material changes and commitments have occurred after the closure of the Financial Year 2022 till the date of this Report which would affect the financial position of your Company.

Acknowledgement

Your Company's organizational culture upholds professionalism, integrity and continuous improvement across all functions as well as efficient utilization of the Company's resources for sustainable and profitable growth.

Our Directors wish to place on record their appreciation for the sincere services rendered by employees of the Company at all levels. Your Directors also wish to place on record their appreciation for the valuable co-operation and support received from various Government Authorities, Banks / Financial Institutions and other stakeholders such as members, customers and suppliers, among others. Your Directors also commend the continuing commitment and dedication of employees at all levels which has been vital for the Company's success. Your Directors look forward to their continued support in future.

For and on behalf of the Board of Directors
For **Varun Beverages Limited**

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 6, 2023
Place: Gurugram

Annexure – A

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) Ratio of the remuneration of each director to the median remuneration of employees of the Company for the Financial Year 2022 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2022:

(₹ in Million)

Sl. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year 2022	% increase in Remuneration in Financial Year 2022	Ratio of Remuneration of Director to Median Remuneration of employees in Financial Year 2022
1.	Mr. Ravi Jaipuria, Non-Executive Chairman	73.46^	Not Comparable	Not Applicable
2.	Mr. Varun Jaipuria, Executive Vice-Chairman & Whole-time Director	54.69	13.02	147.81
3.	Mr. Raj Gandhi, Whole-time Director	56.60	-11.33	152.97
4.	Mr. Kapil Agarwal, Whole-time Director	237.21	Not Comparable*	Not Applicable
5.	Mr. Rajinder Jeet Singh Bagga, Whole-time Director	52.45	28.77	141.76
6.	Mr. Rajesh Chawla, Chief Financial Officer	9.61	Not Comparable#	Not Applicable
7.	Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary	13.30	18.11	Not Applicable

^ As approved by the Equity Shareholders of the Company in their meeting held on April 7, 2021, amount was paid as profit related Commission.

** Remuneration includes payment of terminal benefits on superannuation including but not limited to gratuity & leave encashment.*

#Appointed with effect from August 2, 2021.

Note: Since Independent Directors received no remuneration, except sitting fee for attending Board/ Committee meetings, the required details are not applicable.

(ii) The number of permanent employees as on December 31, 2022 were 8,636 and the median remuneration was ₹ 0.37 Million annually. The median remuneration of employees (excluding above Directors and KMPs) in Financial Year 2022 has increased by 6.74%.

It is hereby affirmed that the above-mentioned remuneration is in accordance with the Remuneration Policy of the Company which is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2020/03/Remuneration-Policy.pdf

(iii) The average percentile increase already made in the salaries of employees other than Managerial Personnel was 11.42% and the average percentile increase in the remuneration of Managerial Personnel was 7.06% vis-a-vis the last Financial Year. For the purpose of calculation of percentile increase of Managerial Personnel, the profit related commission paid to Mr. Ravi Jaipuria and remuneration paid to Mr. Kapil Agarwal have not been considered.

For and on behalf of the Board of Directors
For **Varun Beverages Limited**

Ravi Jaipuria
Chairman
DIN : 00003668

Date: February 6, 2023
Place: Gurugram

Annexure – B

Secretarial Audit Report

For the Financial Year ended December 31, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Varun Beverages Limited
(CIN: L74899DL1995PLC069839)
F-2/7, Okhla Industrial Area, Phase-I,
New Delhi-110020

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Varun Beverages Limited** (the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We report that-

a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

c) We have not verified the correctness and appropriateness of the financial statements of the Company.

d) Wherever required, we have obtained the management representation about the compliances of laws, rules and regulations and happening of events etc.

e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

f) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year started from January 1, 2022 and ended on December 31, 2022 ("audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2022 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, wherever applicable;

(v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; {not applicable during the audit period}

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; {not applicable during the audit period}

(h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; {not applicable during the audit period} and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, with which the Company has generally complied with. The Company is generally regular in filing e-forms with Registrar of Companies under the provisions of the Act.

During the audit period, we are of the opinion that the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines to the extent applicable.

The Company is PepsiCo's second largest global franchise (outside United States) and have a strategic association with PepsiCo since 1991. The Company is a trusted business partner to PepsiCo and possesses the rights to manufacture, distribute and sell carbonated soft drinks, fruit juice-based drinks, packaged drinking water and sports and energy drinks. As informed by the Management, Food Safety & Standards Act, 2006, Rules and Regulations made thereunder, are specifically applicable to the Company.

In our opinion and to the best of our information and according to explanations given to us, we believe that the Company is having systems in place to check the compliance of laws specifically applicable to the Company.

We further report that the Board of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act.

Advance notice is given to all directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes, the decisions at the Board meetings were taken unanimously.

We further report that there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Shareholders and the Share Allotment Committee of Board of Directors of the Company approved the following resolutions in their respective meetings:

1. the Shareholders of the Company on May 30, 2022 by way of postal ballot approved the issue of 216,516,540 Bonus Equity

Shares of ₹ 10/- each, in the proportion of One (1) new fully paid-up Equity Share of ₹ 10/- each for every Two (2) existing fully paid-up Equity Shares of ₹ 10/- each; and

2. the Share Allotment Committee of the Board of Director at their meeting held on June 9, 2022, approved the allotment of 216,516,540 Bonus Equity Shares of ₹ 10/- each, in the proportion of One (1) new fully paid-up Equity Share of ₹ 10/- each for every Two (2) existing fully paid-up Equity Shares of ₹ 10/- each.

For **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900
Peer Review Certificate No.: 1352/2021

Kapil Dev Taneja
Partner
CP No.: 22944 / Mem. No. F4019
UDIN.: F004019D003115446

Place: New Delhi
Date: February 6, 2023

Annexure - C

Annual report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2022

1. Brief outline on CSR Policy of the Company

Your Company has a CSR Policy which is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2022/11/CSR-Policy.pdf

During the year under review, Company has spent Rs. 85.04 Million on promoting healthcare, education, environmental sustainability, rural development, etc. through RJ Foundation having Regn. No. CSR00006099. For more details, please refer page no. 88 of the Annual Report.

2. Composition of CSR Committee

Composition of the CSR Committee and details of attendance during Financial Year 2022 are as under:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the Financial Year 2022	Number of meetings of CSR Committee attended during the Financial Year 2022
1	Mr. Ravi Jaipuria	Chairman (Non-executive Chairman)	2	2
2	Mr. Varun Jaipuria	Member (Executive Vice Chairman & Whole-time Director)	2	0
3	Mr. Raj Gandhi	Member (Whole-time Director)	2	2
4	Dr. Naresh Trehan	Member (Independent Director)	2	0
5	Ms. Rashmi Dhariwal	Member (Independent Director)	2	2

3. Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company

Composition of CSR Committee: https://varunpepsi.com/composition-board-committees/

CSR Policy: https://varunpepsi.com/wp-content/uploads/2022/11/CSR-Policy.pdf

CSR Projects: https://varunpepsi.com/wp-content/uploads/2022/04/CSR-Projects-FY-22.pdf

4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable

Not Applicable

5. **(a) Average net profit of the Company as per sub-section (5) of Section 135 :** ₹ 4,251.93 Million

   (b) Two percent of average net profit of the Company as per sub-section (5) of Section 135: ₹ 85.04 Million

   (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

   (d) Amount required to be set off for the financial year, if any: Nil

   (e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 85.04 Million

6. **(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** ₹ 85.04 Million

(b) Amount spent in Administrative Overheads: Nil

(c) Amount spent on Impact Assessment, if applicable: Not Applicable

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 85.04 Million

(e) CSR amount spent or unspent for the financial year 2022:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
85.04 Million	Nil	Not Applicable	Nil	Nil	Not Applicable

(f) Excess amount for set off, if any: Nil

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per sub-section (5) of Section 135	Not Applicable
(ii)	Total amount spent for the financial year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
Nil								

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:**

√ **Yes** **No**

If Yes, enter the number of Capital assets created/acquired: 1(One)

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the financial year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
1.	Cost of registration and construction incurred on the land acquired for animal welfare at Village Dautana, Tehsil Chhata, near Kosi Kalan	Mathura-281401, Uttar Pradesh	February 07, 2022	₹ 13.00 Million	CSR00006099	RJ Foundation	F-2/7, Okhla Industrial Area, Phase-I, New Delhi-110020

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135:

Not applicable.

Date: February 6, 2023
Place: Gurugram

Raj Gandhi
Whole-time Director
DIN: 00003649

Ravi Jaipuria
Chairman - CSR Committee
DIN: 00003668

Annexure - D

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

(a) Conservation of energy

(i)	Steps taken or impact on conservation of energy	A multi-pronged and sustainable approach is deployed in most of our plants as well as products to infuse the concept of energy conservation. Some of the energy conservation measures adopted across the manufacturing units were: 1. Use of frequency drive in ammonia and air compressor which saves electric energy. 2. Use of frequency drive in boiler for ID and FD fan which saves electric energy. 3. Heat recovery from hot compressed gases and used for heating water. 4. Recovery of treated hot water from three stage syrup transfer PHE. 5. Beverage filling at ambient temperature leading to huge power savings in refrigeration. 6. Replacement of CFL/FTL lamps with LED lamps. 7. Replacement of low efficiency pump with high energy efficient pump. 8. Improving efficiency on critical resources like water and energy by doing water recoveries and optimizing energy consumption. 9. Optimizing the resource consumptions and minimizing wastages by automations and controls. 10. Installation of steam operated pump trap - SOPT for better steam condensate recovery across all units. 11. Direct Coupled HP Compressors (No gear Box). 12. IE 5 permanent magnet motor. 13. Adiabatic cooling tower.
(ii)	Steps taken by the Company for utilizing alternate sources of energy	The Company has successfully utilized the environment friendly fuels like biomass and PNG operated boiler for steam generation and installed solar panels in many plants to generate clean energy.
(iii)	Capital investment on energy conservation equipments	1. Installation and commissioning of Solar Plant at Nuh and Greater Noida Plants. 2. Air recovery system in Blow Moulding Machine. 3. Filling machines which are capable of filling beverage at ambient temperature with high speed running. 4. Green Oven for Bottle Blowing machine which consumes less energy as compared to the traditional ones. 5. High energy efficient pumps. 6. Steam condensate recovery system across all units.

(b) Technology absorption

(i)	Efforts made towards technology absorption	The Company has been continuously improving on resource use efficiencies, especially that of common resources such as water, fuel and energy. The Company follows series of environment performance indicators for monitoring natural resources consumption on per case basis and continual improvement is being achieved and sustained.
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution	Over the past ten years, Company has reduced water usage on per case basis and significant reduction of energy consumption on per case basis. Some of the factories have also received the Green Factory certification from Indian Green Building Council (IGBC), Gold rating. Our Company also achieved significant reduction in weight of closure (from 1880 long height closure to 1881 short height closure) and preforms over years. This is implemented across all units resulting in to saving of resin consumption. Usage of nitrogen in packaged drinking water enables unit to reduce 10% of package weight. We also started metal cage for preform storage and handling to minimize recycling waste.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	There is no imported technology involved in the operations of the Company.
	(a) Details of technology imported	N.A.
	(b) Year of import	N.A.
	(c) Whether the technology been fully absorbed	N.A.
	(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.
(iv)	Expenditure incurred on Research and Development	Due to the nature of its business, the Company need not to initiate specific research and development activities, however Company supports all the pilot projects feasibility and commercialization along with PepsiCo.

(c) Foreign Exchange Earnings & Outgo

(₹ in Million)

Sl. No	Particulars	As at December 31, 2022	As at December 31, 2021
(i)	Earnings in Foreign Currency	2,297.96	617.07
(ii)	Expenditure in Foreign Currency	9,557.91	4,444.69

For and on behalf of the Board of Directors
For **Varun Beverages Limited**

Ravi Jaipuria
Chairman
DIN : 00003668

Date: February 6, 2023
Place: Gurugram

Annexure – E

Corporate Governance Report

To comply with Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['SEBI (LODR) Regulations'], the report containing details of Corporate Governance of Varun Beverages Limited ('the Company'/ 'VBL') is as follows:

Company's Philosophy on Corporate Governance

Corporate Governance is creation and enhancing long term sustainable value for the stakeholders through ethically driven business process. At VBL, it is imperative that your Company affairs are being managed in a fair and transparent manner.

Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success and we remain committed towards maximizing stakeholders' value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all.

We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving. Our multiple initiatives towards maintaining the highest standards of governance are detailed hereinafter.

The Corporate Governance framework of the Company is based on the following broad practices:

(a) Engaging a diverse and highly professional, experienced and competent Board of Directors with versatile expertise in industry, finance, management and law.

(b) Deploying well defined governance structures that establishes checks and balances and delegates decision making to appropriate levels in the organization.

(c) Adoption and implementation of fair, transparent and robust systems, processes, policies and procedures.

(d) Making high level of disclosures for dissemination of corporate, financial and operational information to all its stakeholders.

(e) Having strong systems and processes to ensure full and timely compliance with all legal and regulatory requirements and zero tolerance for non-compliance.

Best Corporate Governance practices

VBL maintains the highest standards of Corporate Governance. It is the Company's constant endeavour to adopt the best Corporate Governance practices keeping in view the international codes of Corporate Governance and practices of well-known global companies. Some of the best implemented global governance norms include the following:

- All securities related filings with Stock Exchanges and SEBI are reviewed by the Company's Board of Directors.
- The Company has following Board Committees: Audit, Risk Management and Ethics Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Allotment Committee, Investment and Borrowing Committee and Environment, Social and Governance Committee.
- The Company also undergoes Secretarial Audit conducted by an independent firm of Practicing Company Secretaries. The Secretarial Audit Report is placed before the Board and forms part of the Annual Report.
- Observance and adherence of all applicable Laws including Secretarial Standards issued by the Institute of Company Secretaries of India.

Governance Policies

At VBL, we strive to conduct our business and strengthen our relationship in a manner that is dignified, distinctive and responsible. We adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Therefore, we have adopted various codes and policies to carry out our duties in an ethical manner. Some of the codes and policies are as follows:

- Code of Conduct for Board of Directors and Senior Management;
- Code of Conduct for Prohibition of Insider Trading;
- Code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information;
- Policy on Related Party Transactions;
- Corporate Social Responsibility Policy;
- Policy for Determination of Material Subsidiary and Governance of Subsidiaries;

- Policy for Determination of Materiality of Events / Information;
- Remuneration Policy for Directors, Key Managerial Personnel, Members of Senior Management and other Employees of the Company;
- Familiarization Programme for Independent Directors;
- Vigil Mechanism/Whistle Blower Policy;
- Policy for Preservation of Documents;
- Policy on Diversity of the Board of Directors;
- Risk Management Policy;
- Dividend Distribution Policy;
- Archival Policy;
- Guidelines for Acquisition in India;
- Go Green Guidelines;
- Anti-Bribery Policy;
- Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace;
- Policy on Incentives Linked to ESG Initiatives; and
- Framework of Environment, Social and Governance (ESG)

Board of Directors

As at December 31, 2022, 5 (Five) out of 9 (Nine) Directors on the Board were Independent Directors. At VBL, it is our belief that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board's actions and decisions are aligned with the Company's best interests. The Board critically evaluates the Company's strategic direction, management policies and their effectiveness.

Size and composition of the Board of Directors as at December 31, 2022 is given below:

Category	Name of Directors
Non-executive Chairman	Mr. Ravi Jaipuria*
Executive Vice Chairman & Whole-time Director	Mr. Varun Jaipuria*
Executive / Whole-time Directors	Mr. Raj Gandhi
	Mr. Rajinder Jeet Singh Bagga
Non-executive, Independent Directors	Dr. Naresh Trehan
	Dr. Ravi Gupta
	Mr. Pradeep Sardana
	Ms. Rashmi Dhariwal
	Ms. Sita Khosla

**Mr. Ravi Jaipuria and Mr. Varun Jaipuria are Promoters of the Company.*

Inter-se Relationship among Directors

Except Mr. Ravi Jaipuria and Mr. Varun Jaipuria, none of the Director is a relative of other Director(s). Mr. Varun Jaipuria, Executive Vice Chairman & Whole-time Director is son of Mr. Ravi Jaipuria, Non-executive Chairman of the Company.

Core Skills / Expertise / Competencies available with the Board

The Board comprises qualified Members who possess required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees.

The Matrix setting out the Skills, Expertise and Competencies available with the Board in context of business of the Company is as under:

Sl. No.	Name of Director	Leadership / Operations	Strategic Planning	Industry Experience, Technical, Research & Development and Innovation	Global Business	Finance & Legal	Corporate Governance, Compliance & Risk Management
1	Mr. Ravi Jaipuria	√	√	√	√	√	√
2	Mr. Varun Jaipuria	√	√	√	√	–	√
3	Mr. Raj Gandhi	√	√	√	√	√	√
4	Mr. Rajinder Jeet Singh Bagga	√	√	√	√	–	√
5	Dr. Naresh Trehan	√	√	–	√	√	√
6	Dr. Ravi Gupta	√	√	–	–	√	√
7	Mr. Pradeep Sardana	√	√	√	√	–	√
8	Ms. Rashmi Dhariwal	√	√	–	–	√	√
9	Ms. Sita Khosla	√	√	–	–	√	√

Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field / profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee for appointment as an Independent Director on the Board. The Committee, inter-alia, considers criteria as prescribed under the Companies Act, 2013 ('the Act') and SEBI (LODR) Regulations viz. positive attributes, area of expertise, number of directorships and memberships held in various committees of other companies by such persons in accordance with the Company's Policy. The Board considers the Committee's recommendation and takes appropriate decision.

A statement in connection with fulfilling the criteria of Independence and directorships as required under the provisions of the Act and SEBI (LODR) Regulations received from each of Independent Director is disclosed in the Board's Report. Your Company had also issued formal appointment letters to all the Independent Directors in the manner provided under the Act. Terms and Conditions for appointment of Independent Directors are available on website https://varunpepsi.com/wp-content/uploads/2022/09/2.-Terms-of-IDs.pdf

In the opinion of the Board, the Independent Directors fulfill the conditions as specified in the Act and SEBI (LODR) Regulations and are Independent of the management.

Independent Directors' Induction and Familiarization

An appropriate induction programme for new Directors and ongoing training for existing Directors is a major contributor in maintaining the high Corporate Governance standards of the Company. The Whole-time Directors and the Company Secretary are jointly responsible for ensuring such induction and training programmes are given to the Directors. The management provides such information and training either at the meeting of Board of Directors or otherwise. The details of such familiarization programme for Independent Directors are posted on website of the Company at https://varunpepsi.com/wp-content/uploads/2022/09/1.-Details-of-Familiariation-Programme-of-IDs.pdf

Board Evaluation

The Board of Directors of the Company ensures formation and monitoring of robust evaluation framework of the Individual Directors including Chairman of the Board, Board as a whole and various Committees thereof and carries out the evaluation of the Board, the Committees of the Board and Individual Directors, including the Chairman of the Board on an annual basis.

Board Evaluation for the Financial Year ended December 31, 2022 has been completed by the Company internally which included the evaluation of the performance of the Board as a whole, Board Committees and Directors individually including Chairman of the Board and results of the same were shared with the Board.

Internal Audit

As recommended by the Audit, Risk Management and Ethics Committee, the Board of Directors in their meeting held on February 3, 2022 appointed M/s. VGG & Co., Chartered Accountants as Internal Auditors of the Company for the Financial Year 2022 to conduct internal audit of the Company and their report on findings is submitted to the Audit, Risk Management and Ethics Committee on periodic basis.

Separate Meeting of Independent Directors

To comply with the provisions of Schedule IV of the Act read with Regulation 25 of SEBI (LODR) Regulations, the Independent Directors met once during the Financial Year 2022, without the presence of Non-Independent Directors and members of the management team and inter-alia reviewed:

- The performance of Non-Independent Directors and the Board as a whole;
- The performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-executive Directors; and
- The quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to formal meetings, interactions also took place between the Chairman and Independent Directors.

Board Meetings, Board Committee Meetings and Procedure

Board is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies, their effectiveness and ensures that shareholders' long term interests are being served.

As on date of this report, the Board has 7 (Seven) Committees, namely Audit, Risk Management and Ethics Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Allotment Committee, Investment and Borrowing Committee and Environment, Social and Governance Committee.

The Company's internal guidelines for Board/Board Committee meetings facilitate the decision making process at its meetings in an informed and efficient manner.

Board/Committee Meetings

The Board meets at regular intervals to discuss and decide on Company / business policies and strategies apart from other regular business matters. The Board/ Committee Meetings are pre-scheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to all Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. The Board is updated on the discussions held at the Committee meetings and the recommendations made by various Committees.

Agenda of the Board/Committee Meetings is set by the Chief Risk Officer & Group Company Secretary in consultation with the Whole-time Director(s) and the Chairman of the Company. The agenda is generally circulated a week prior to the date of the meeting and includes detailed notes on items to be discussed at the meeting to enable the Directors to take an informed decision. However, in case of urgency, the agenda is circulated along with shorter notice as per the provisions of the Secretarial Standard on Meetings of the Board of Directors. Usually meetings of the Board are held at Corporate Office of the Company at Gurugram.

Board meets at least once in a quarter to review *inter-alia* the quarterly results, compliances and performance of the Company. Additional meetings are held on need basis.

The Company also provides facility to the Directors to attend meetings of the Board and its Committees through Video/Tele Conferencing mode.

6 (Six) Board meetings were held during the Financial Year 2022 on February 3, 2022, February 28, 2022, March 3, 2022, April 28, 2022, August 1, 2022 and November 1, 2022. The gap between two Board meetings was within the limit prescribed under Section 173(1) of the Act and Regulation 17(2) of the SEBI (LODR) Regulations.

Board Business

The business of the Board *inter-alia* includes:

- Framing and overseeing progress of the Company's annual plan and operating framework.
- Framing strategies for direction of the Company and for corporate resource allocation.
- Reviewing financial plans of the Company.
- Reviewing the quarterly and annual financial results of the Company.
- Reviewing the Annual Report including Audited Annual Financial Statements for adoption by the Members.
- Reviewing progress of various functions and business of the Company.
- Reviewing the functioning of the Board and its Committees.
- Reviewing the functioning of subsidiary companies.
- Considering approving the declaration / recommendation of dividend.
- Reviewing and resolving fatal or serious accidents or dangerous occurrences, any material significant effluent or pollution problems or significant labour issues, if any.
- Reviewing the details of significant development in human resources and industrial relations front.
- Reviewing details of foreign exchange exposure and steps taken by the management to limit the risks of adverse exchange rate movement.
- Reviewing compliance with all relevant legislations and regulations and litigation status, including materiality, important show cause, demand, prosecution and penalty notices, if any.
- Advising on corporate restructuring such as merger, acquisition, joint venture or disposals, if any.
- Appointment of Directors on the Board and Key Managerial Personnel, if any.
- Reviewing various policies of the Company and monitoring implementation thereof.
- Reviewing details of risk evaluation and internal controls.
- Reviewing reports on progress made on the ongoing projects.
- Monitoring and reviewing board evaluation framework.

Board Support

The Chief Risk Officer & Group Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. He is also responsible for preparation of Agenda in consultation with the Whole-time Director(s) and the Chairman of the Company and convening of Board and Committee Meetings. The Chief Risk Officer & Group Company Secretary attends all the meetings of the Board and its Committees, advises and assures the Board on Compliance and Governance principles.

Recording Minutes of proceedings of Board and Committee meetings

The Chief Risk Officer & Group Company Secretary ensures appropriate recording of minutes of proceedings of each Board and Committee Meeting. The minutes are entered in the Minutes Book within 30 (Thirty) days from the date of conclusion of the meetings as per the Secretarial Standards issued by the Institute of Company Secretaries of India.

Post meeting follow-up mechanism

The guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for decisions taken by the Board and Committees thereof. Important decisions taken at Board/ Committee meetings are communicated promptly to the concerned departments/divisions. Action-taken report (if any) on decisions/minutes of the previous meeting(s) is placed at the succeeding meeting of the Board/ Committees for noting.

Attendance of Directors at Board Meetings & last Annual General Meeting (AGM), number of other Directorships and Chairmanships / Memberships of Committees and Shareholding of each Director in the Company:

Name and DIN	Designation & Category	Attendance in Financial Year 2022		Number of Directorships in other Companies as on December 31, 2022$		Committee Membership and Chairmanship in other Companies# as on December 31, 2022		Shareholding in the Company as on December 31, 2022
		Board Meetings	AGM	Private	Public	Chairman ship	Member ship	
Mr. Ravi Jaipuria (00003668)	Promoter (Non-executive Chairman)	6/6	Yes	1	5	Nil	1	116,734,060
Mr. Varun Jaipuria (02465412)	Promoter, Executive Vice Chairman & Whole-time Director	6/6	Yes	3	2	Nil	Nil	104,171,974
Mr. Raj Gandhi (00003649)	Whole-time Director (Executive Director)	6/6	Yes	2	8	Nil	3	1,345,312
Mr. Kapil Agarwal* (02079161)	Whole-time Director (Executive Director)	5/6	Yes	Nil	Nil	Nil	Nil	848,544
Mr. Rajinder Jeet Singh Bagga (08440479)	Whole-time Director (Executive Director)	6/6	Yes	1	Nil	Nil	Nil	291,937
Dr. Naresh Trehan (00012148)	Non-executive & Independent Director	6/6	Yes	6	4	Nil	Nil	Nil
Dr. Ravi Gupta (00023487)	Non-executive & Independent Director	6/6	Yes	9	4	6	6	Nil
Mr. Pradeep Sardana (00682961)	Non-executive & Independent Director	6/6	Yes	Nil	2	Nil	1	2,895
Ms. Rashmi Dhariwal (00337814)	Non-executive & Independent Director	6/6	Yes	4	5	2	5	Nil
Ms. Sita Khosla (01001803)	Non-executive & Independent Director	6/6	Yes	Nil	Nil	Nil	Nil	Nil

$ *Does not include directorship in foreign companies.*

Includes only Audit Committee and Stakeholders' Relationship Committee in all public limited companies (whether listed or not) and excludes private limited companies, foreign companies and Section 8 companies.

* *Mr. Kapil Agarwal resigned from the position of Whole-time Director of the Company w.e.f. November 1, 2022.*

Note: *Video/Tele-conferencing facility is offered to facilitate Directors to participate in the meetings.*

Pursuant to Part C of Schedule V of the SEBI (LODR) Regulations, details of Directorship in other listed entity(ies) and category of Directorship as on December 31, 2022, are mentioned below:

Sl. No	Name of Director	Company	Category of Directorship
1	Mr. Ravi Jaipuria	Devyani International Limited	Non-executive & Non-Independent Director
		Global Health Limited	Non-executive & Non-Independent Director
2	Mr. Varun Jaipuria	Devyani International Limited	Non-executive & Non-Independent Director
3	Mr. Raj Gandhi	Devyani International Limited	Non-executive & Non-Independent Director
4	Dr. Naresh Trehan	Devyani International Limited	Non-executive & Independent Director
		Global Health Limited	Chairman & Managing Director
5	Dr. Ravi Gupta	Devyani International Limited	Non-executive & Independent Director
		Global Health Limited	Non-executive & Independent Director
6	Mr. Pradeep Sardana	Devyani International Limited	Non-executive & Independent Director
7	Ms. Rashmi Dhariwal	Devyani International Limited	Non-executive & Independent Director
		Vindhya Telelinks Limited	Non-executive & Independent Director

Committees of the Board

The Board Committees play a vital role in strengthening the Corporate Governance practices. The Board Committees are set up under formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board as a part of good governance practice. The Board supervise the execution of responsibilities by the Committee. Minutes of the proceedings of all the Committee meetings are circulated to the Board to take note of the same. The Board Committees may request special invitees to join the meeting, as appropriate.

As required under Schedule V (Annual Report) of the SEBI (LODR) Regulations, mandatory disclosure(s) related to the Audit, Risk Management and Ethics Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee are as follows:

(i) Audit, Risk Management and Ethics Committee

The terms of reference and composition of the Audit, Risk Management and Ethics Committee satisfy the requirements of Section 177 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulations 18 and 21 of the SEBI (LODR) Regulations.

The brief terms of reference of Audit, Risk Management and Ethics Committee are as under:

- Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible.
- Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company and approval of payment for any other services rendered by the statutory auditors of the Company.
- Reviewing with the Management, the quarterly / annual results and annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter-alia, include reviewing changes in the accounting policies and reasons for the same, major accounting entries involving estimates based on exercise of judgement by Management, significant adjustments made in the financial statements.
- Review of the Management's Discussion and Analysis of financial condition and results of operations.
- Scrutiny of inter-corporate loans and investments.
- Evaluation of internal financial controls and risk management systems.
- Reviewing the functioning of the whistle blower/ vigil mechanism.
- Formulate a detailed risk management policy which shall include:
  - Framework for identification of internal and external risks.
  - Measures for risk mitigation including systems and processes for internal control of identified risks.
  - Business continuity plan.
- Evaluate and review the risk management plan, the risk management system, including risk policy, risk process (risk identification, assessment, mitigation and monitoring), cyber security processes and risk registers laid down by the Management.
- Recommendation for appointment, removal and terms of remuneration of the Chief Risk Officer.

The Audit, Risk Management and Ethics Committee met 4 (Four) times during the Financial Year 2022 on February 3, 2022, April 28, 2022, August 1, 2022 and November 1, 2022.

Composition of the Committee and attendance of the Members at the meetings held during the Financial Year 2022:

Sl. No.	Name	Category	Designation	No. of Meetings Attended
1	Dr. Ravi Gupta	Independent Director	Chairman	4/4
2	Ms. Rashmi Dhariwal	Independent Director	Member	4/4
3	Ms. Sita Khosla	Independent Director	Member	4/4

Note: Video/Tele-conferencing facility is offered to facilitate Directors to participate in the meetings.

The Chief Risk Officer & Group Company Secretary acts as Secretary to the Committee.

The Chairman of the Audit, Risk Management and Ethics Committee was present at the last AGM held on April 7, 2022.

(ii) Stakeholders' Relationship Committee

The terms of reference and composition of the Stakeholders' Relationship Committee satisfy the requirements of Section 178 of the Act and Regulation 20 of SEBI (LODR) Regulations.

The brief terms of reference of Stakeholders' Relationship Committee are to consider and resolve the grievances of security holders of the Company including but not limited to complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends and review of services rendered by the Registrar and Share Transfer Agent.

Composition of the Committee during the Financial Year 2022:

Sl. No.	Name	Category	Designation
1	Ms. Sita Khosla	Independent Director	Chairperson
2	Ms. Rashmi Dhariwal	Independent Director	Member
3	Mr. Raj Gandhi	Executive Director	Member

Note: Video/Tele-conferencing facility is offered to facilitate Directors to participate in the meetings.

The Chief Risk Officer & Group Company Secretary acts as Secretary to the Committee and also designated as a Compliance Officer of the Company.

The Chairperson of the Stakeholders' Relationship Committee was present at the last AGM held on April 7, 2022.

Investor Grievances / Complaints

The details of the Investor Complaints received and resolved during the Financial Year ended December 31, 2022 are as follows:

Opening Balance	No. of complaints received	No. of complaints resolved	No. of complaints not solved to the satisfaction of shareholders	No. of complaints pending
0	47	47	0	0

To enable investors to share their grievance or concern, Company has set up a dedicated e-mail ID complianceofficer@rjcorp.in

(iii) Nomination and Remuneration Committee

The terms of reference and composition of the Nomination and Remuneration Committee satisfy the requirements of Section 178 of the Act and Regulation 19 of SEBI (LODR) Regulations and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

The brief terms of reference of Nomination and Remuneration Committee are as under:

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommendations to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees and for evaluation of performance of independent directors and the Board of Directors;
- Devising a policy on diversity of the Board of Directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board of Directors their appointment and removal, and specify the manner for effective evaluation of performance of Board, its committees and individual Directors and review its implementation and compliance;
- Determine whether to extend or continue the term of appointment of the independent directors on the basis of the report of performance evaluation of independent directors; and
- Framing suitable policies and systems to ensure that there is no violation by an employee as well as by the Company of any applicable laws in India or overseas, including:

(i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

(ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

The Nomination and Remuneration Committee met 8 (Eight) times during the Financial Year 2022 on February 3, 2022, March 3, 2022, April 7, 2022, April 13, 2022, April 28, 2022, June 9, 2022, August 29, 2022 and September 23, 2022.

Composition of the Committee and attendance of the Members at the meetings held during the Financial Year 2022:

Sl. No.	Name	Category	Designation	No. of Meetings Attended
1	Ms. Rashmi Dhariwal	Independent Director	Chairperson	8/8
2	Dr. Ravi Gupta	Independent Director	Member	7/8
3	Mr. Ravi Jaipuria	Non-executive Chairman	Member	7/8

Note: Video/Tele-conferencing facility is offered to facilitate Directors to participate in the meetings.

The Chief Risk Officer & Group Company Secretary acts as Secretary to the Committee.

The Chairperson of the Nomination and Remuneration Committee was present at the last AGM held on April 7, 2022.

Performance evaluation criteria for Directors

The Remuneration Policy of the Company lays down the criteria of appointment and remuneration of Directors/Key Managerial Personnel including criteria for determining qualification, positive attributes, independence of Directors, criteria for performance evaluation of Executive and Non-executive Directors (including Independent Directors) and other matters as prescribed under the provisions of the Act and the SEBI (LODR) Regulations. An indicative list of factors that may be evaluated including but not limited to participation and contribution by a Director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgement.

Remuneration of Directors

Details of remuneration paid to Directors of the Company for the Financial Year ended December 31, 2022 are as follows:

(₹ in million)

Sl. No.	Name	Sitting Fee	Profit Related Commission	Salary	Perquisite	Bonus/Incentive	Total
1	Mr. Ravi Jaipuria[$]	-	73.46	-	-	-	73.46
2	Mr. Varun Jaipuria	-	-	54.02	0.04	0.67	54.73
3	Mr. Raj Gandhi	-	-	46.60	0.04	10.00	56.64
4	Mr. Kapil Agarwal*	-	-	237.21	0.01	-	237.22
5	Mr. Rajinder Jeet Singh Bagga	-	-	52.45	0.04	-	52.49
6	Dr. Ravi Gupta	1.70	-	-	-	-	1.70
7	Mr. Pradeep Sardana	0.60	-	-	-	-	0.60
8	Ms. Rashmi Dhariwal	1.60	-	-	-	-	1.60
9	Ms. Sita Khosla	1.00	-	-	-	-	1.00

[$]As approved by the Equity shareholders of the Company in their meeting held on April 7, 2021, amount was paid as profit related commission.

**Salary includes payment of terminal benefits on superannuation including but not limited to gratuity & leave encashment.*

The details of specific service contracts, notice period and severance fees etc. are governed by the appointment letter issued to respective Director at the time of his / her appointment/re-appointment.

During the Financial Year 2022, no loans and advances in the nature of loans to firms/companies in which directors are interested was given by the Company and its subsidiaries.

Criteria of making payments to Non-executive Directors including all pecuniary relationship or transaction of Non-executive Directors

The Independent Directors are not paid any remuneration other than the sitting fee for attending meetings of the Board and the Committees thereof as approved by the Board.

There was no pecuniary relationship or transaction between the Non-executive Directors and the Company during the year except the sitting fee / profit related commission paid to them as detailed above.

Prohibition of Insider Trading

To comply with the provisions of Regulation 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for Prohibition of Insider Trading and the same is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2021/02/Code-under-Insider-Trading-Clean-Final.pdf

Vigil Mechanism / Whistle Blower Policy

To comply with the provisions of Section 177 of the Act and Regulation 22 of SEBI (LODR) Regulations, the Company has adopted a Vigil Mechanism / Whistle Blower Policy for Directors and Employees of the Company. Under the Vigil Mechanism Policy, the protected disclosures can be made by a victim through an e-mail or a letter to the Chief Risk Officer & Group Company Secretary ('Vigilance Officer') or to the Chairperson of the Audit, Risk Management and Ethics Committee.

The Policy provides for adequate safeguards against victimization of Directors and Employees who avail of the vigil mechanism and also provides a direct access to the Vigilance Officer or the Chairperson of the Audit, Risk Management and Ethics Committee, in exceptional cases. No personnel of the Company has been denied access to the Audit, Risk Management and Ethics Committee.

The main objective of this policy is to provide a platform to Directors and Employees to raise concerns regarding any irregularity, misconduct or unethical matters / dealings within the Company, which may have a negative bearing on the organization either financially or otherwise.

This policy provides an additional channel to the normal management hierarchy for employees to raise concerns about any breach of the Company's values or instances of violations of the Company's Code of Conduct. Therefore, it is in line with the Company's commitment to open communication and to highlight any such matters which may not be getting addressed in a proper manner. During the year under review, no complaint was received under the Whistle Blower Policy.

Compliance with the Code of Conduct

To comply with the provisions of Regulation 17(5) of SEBI (LODR) Regulations, the Company has adopted "Code of Conduct for Board of Directors and Senior Management" ('Code'). Code is available on website of the Company at https://varunpepsi.com/wp-content/uploads/2019/03/Code-Of-Conduct-For-Board-Of-Directors-and-Senior-Management-Revised.pdf

On the basis of declarations received from Board Members and Senior Management Personnel, the Executive Vice Chairman & Whole-time Director has given a declaration that the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code during the Financial Year 2022. A copy of such declaration is also attached with this report.

General Body Meetings

Annual General Meeting

The Annual General Meetings ('AGM') of the Company during the preceding three years were held at the following venue, date and time, wherein the following special resolutions were passed:

AGM	Financial Year	Day, Date & Time	Venue/Mode	Brief description of Special Resolutions
27th	2021	Thursday, April 7, 2022 at 11:00 a.m.	Registered Office Through Video Conferencing / Other Audio Visual Means facility	• Payment of profit related commission to Non-executive Directors • Amendments in the 'Employees Stock Option Scheme 2016' • Grant of stock options to the employees of holding, subsidiary, group or associate company(ies) of the Company under the 'Employees Stock Option Scheme 2016'
26th	2020	Wednesday, April 7, 2021 at 11:00 a.m.	Registered Office Through Video Conferencing / Other Audio Visual Means Facility	• Continuation of directorship of Dr. Naresh Trehan as Non-executive Independent Director • Payment of profit related commission to Non-executive Directors
25th	2019	Friday, June 26, 2020 at 11:00 a.m.	Registered Office Through Video Conferencing / Other Audio Visual Means facility	• Payment of profit related commission to Non-executive Directors

Extra-ordinary General Meeting

Apart from the Annual General Meeting, no other General Meeting was held during the Financial Year 2022.

Postal Ballot

No special resolution is proposed to be conducted through postal ballot.

During the year under review, pursuant to Regulation 44 of SEBI (LODR) Regulations and Sections 108, 110 and other applicable provisions of the Act read with Rules made thereunder, Members of the Company approved the issue of Bonus Shares by way of postal ballot.

Procedure followed for postal ballot

1. In compliance with Regulation 44 of the SEBI (LODR) Regulations and Sections 108, 110 and other applicable provisions of the Act read with the Rules made thereunder and General Circulars issued by Ministry of Corporate Affairs, the postal ballot notice dated April 28, 2022 was dispatched on Friday, April 29, 2022 containing draft resolution together with the explanatory statement and remote e-voting instructions through electronic mode to all those Members whose e-mail address were registered with the Company/Registrar and Share Transfer Agent ("RTA") or Depository/Depository Participants and whose names appeared in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on Friday, April 22, 2022. The Company also published notice in the newspapers declaring details of completion of dispatch on Saturday, April 30, 2022 as mandated under the Act and applicable rules.

2. Members were requested to cast their vote only through remote e-voting facility provided by National Securities Depository Limited ("NSDL") between Saturday, April 30, 2022 (9:00 A.M. IST) and Sunday, May 29, 2022 (5.00 P.M. IST) (both days inclusive) on the draft resolution mentioned in the postal ballot notice.

3. The Scrutinizer, Mr. Devesh Kumar Vasisht, Partner of M/s. Sanjay Grover & Associates, Company Secretaries, New Delhi submitted his report on May 30, 2022, after completion of the scrutiny.

4. The results of the postal ballot were announced by Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary on May 30, 2022. The last date of remote e-voting i.e. Sunday, May 29, 2022, was taken as the date of passing the resolution.

5. The result of the postal ballot along with the scrutinizer's report was displayed at the registered office of the Company, hosted at the Company's website at www.varunpepsi.com and on the website of NSDL at https://www.evoting.nsdl.com and was also communicated to the Stock Exchanges.

6. The consolidated summary of the result is as under:

Item	Net Valid Votes Cast (No. of Equity Shares)	Votes in favour of the Resolution (No. of Equity Shares and % of Net Valid Votes)	Votes against the Resolution (No. of Equity Shares and % of Net Valid Votes)
Ordinary Resolution for Issue of Bonus Shares	389,914,316	385,770,920 (98.94%)	4,143,396 (1.06%)

Means of Communication

Information like Quarterly / Half Yearly / Annual Financial Results and press releases / presentations on significant developments in the Company that have been made available from time to time have been submitted with the Stock Exchanges to enable them to put on their websites and communicate to their Members. The same is also made available to Institutional Investors or to the Analysts (if any) and are also hosted on the Company's website at www.varunpepsi.com.

The Quarterly / Half Yearly / Annual Financial Results are published in English and Hindi language newspapers normally in Business Standard. Moreover, a report on Management Discussion & Analysis as well as Business Responsibility and Sustainability Report also forms part of the Annual Report. The Company is filing all reports / information including Quarterly Financial Results, Shareholding Pattern and Corporate Governance Report etc., electronically on NSE website viz. www.nseindia.com and on BSE website viz. www.bseindia.com.

General Shareholders Information

A) Annual General Meeting

Date: March 27, 2023 (Monday)

Time: 11:00 a.m. (IST)

Venue/Mode: Through Video Conferencing / Other Audio Visual Means facility

B) Financial Year

Company is following January 1 to December 31 as its Financial Year.

C) Financial Calendar 2023 (tentative)

First Quarter Results	:	On or before May 15, 2023
Second Quarter Results	:	On or before August 14, 2023
Third Quarter Results	:	On or before November 14, 2023
Audited Annual Results for the year ending on December 31, 2023	:	On or before February 29, 2024
Annual Book Closure	:	March 20, 2023 to March 27, 2023 (both days inclusive)

D) Dividend and its Payment

During the year under review, the Board of Directors in their meeting held on August 1, 2022 declared an interim dividend of ₹ 2.50 per Equity Share (face value of ₹ 10/- per Equity Share) to the eligible equity shareholders of the Company. Further, the Board of Directors have also recommended a final dividend of ₹ 1.00 per Equity Share (face value of ₹ 10/- per Equity Share) for the Financial Year 2022 for approval of equity shareholders at the ensuing AGM of the Company. Total cash outflow for dividend payout would be approx. ₹ 2,273 million for Financial Year 2022.

The Company has transferred the unpaid or unclaimed Interim Dividend to the Unclaimed Dividend Account – Varun Beverages Limited and the details of unpaid and unclaimed dividend amount lying in the said Accounts (maintained with HDFC Bank Limited for the dividend declared in 2017, Yes Bank Limited for the dividend declared in 2018, IndusInd Bank Limited for the dividend declared in 2019, Axis Bank Limited for the dividend declared in 2020, IndusInd Bank Limited for the dividend declared in 2021 and ICICI Bank Limited for the interim dividend declared in 2022) are uploaded on website of the Company at https://varunpepsi.com/corporate-governance/

E) Listing of Shares on Stock Exchanges and Stock Code

Sl. No.	Name and Address of the Stock Exchange	Stock code
1.	National Stock Exchange of India Limited, Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	VBL
2.	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	540180

Annual listing fee for the Financial Year 2022-23 has been paid to the National Stock Exchange of India Limited and BSE Limited.

F) Listing of Debt Instruments on Stock Exchanges and Codes: N.A.

G) Market Price Data for the period January 1, 2022 to December 31, 2022

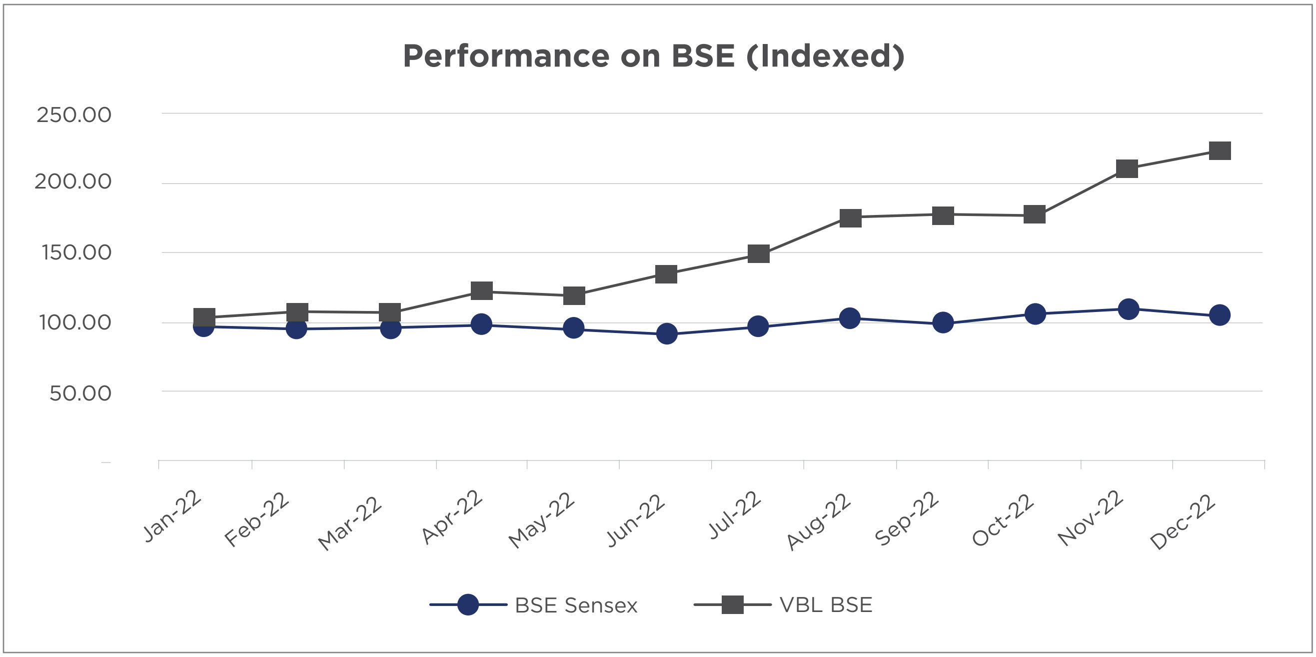
Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
Jan-22	953.00	837.20	415,711	951.00	835.60	8,900,063
Feb-22	968.05	835.85	412,869	969.00	879.65	8,857,041
Mar-22	1,015.00	876.30	425,492	1,014.80	875.40	10,720,858
Apr-22	1,152.75	931.65	3,070,961	1,153.95	931.75	20,695,224
May-22	1,150.35	1,012.00	3,374,061	1,145.00	1,030.00	24,287,565
Jun-22	1,166.50	716.65	1,081,710	1,166.90	720.05	21,381,758
Jul-22	911.05	780.45	1,047,997	910.60	780.55	21,984,003
Aug-22	1,083.60	889.70	2,162,868	1,084.15	890.00	42,009,418
Sep-22	1,194.80	1,006.85	1,958,362	1,194.70	1,007.50	31,740,062
Oct-22	1,154.70	963.35	1,669,082	1,155.00	965.10	33,762,673
Nov-22	1,324.90	1,050.80	2,720,963	1,324.00	1,052.40	81,716,434
Dec-22	1,432.05	1,242.00	1,690,037	1,432.45	1,241.05	42,346,243

Note: Share prices after June 6, 2022 (i.e. ex-Bonus date) reflects the impact of allotment of Bonus Equity Shares in the proportion of 1:2 on June 9, 2022.

Performance in comparison to broad - based indices

Performance on BSE

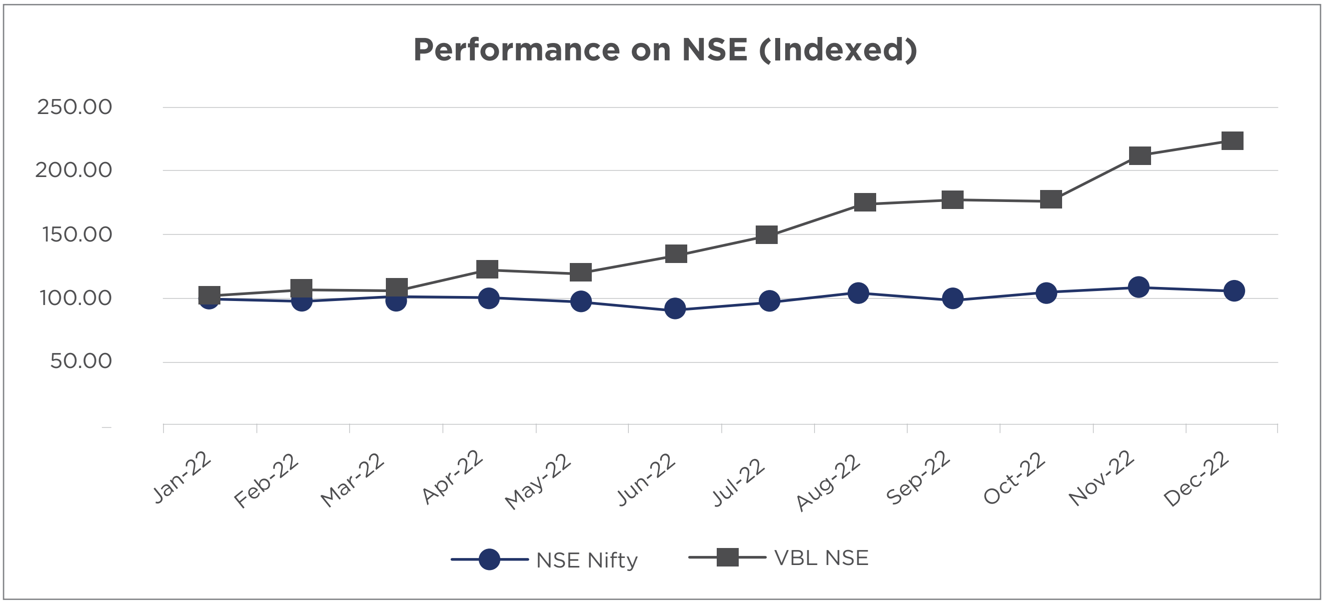
Comparison of share price of VBL with BSE Sensex.



	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22
VBL BSE	101.93	106.59	106.15	122.31	119.32	133.77	149.42	174.92	176.64	177.68	210.07	223.76
BSE Sensex	99.59	96.56	100.54	97.95	95.39	91.01	98.83	102.20	98.58	104.28	108.32	104.44

Performance on NSE

Comparison of share price of VBL with NSE Nifty.



	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22
VBL NSE	101.86	106.44	105.97	121.98	118.94	133.49	149.05	174.63	176.33	177.14	211.04	223.33
NSE Nifty	99.92	96.77	100.64	98.55	95.57	90.93	98.87	102.34	98.50	103.79	108.09	104.33

H) Registrar and Share Transfer Agent

The Registrar and Share Transfer Agent of the Company was changed from "Link Intime India Private Limited" to "KFin Technologies Limited" w.e.f. January 4, 2023 and all the work relating to the shares held in physical form as well as the shares held in the electronic (demat) form is being done by KFin Technologies Limited, whose details are given below:

KFin Technologies Limited

Selenium Tower B, Plot Nos. 31 & 32,
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad – 500 032
Toll Free No. : 1800 309 4001
Email: einward.ris@kfintech.com
Website: www.kfintech.com
SEBI Registration No.: INR000000221

I) Share Transfer System

As on December 31, 2022, 649,546,101 (Six Hundred Forty Nine Million Five Hundred Forty Six Thousand One Hundred One) equity shares of the Company were in dematerialized form and 3,519 (Three Thousand Five Hundred Nineteen) equity shares were in physical form.

Transfer of Equity Shares in dematerialized form are done through depositories with no involvement of the Company. In terms of SEBI (LODR) Regulations, securities of listed companies can only be transferred in dematerialized form including where the claim is lodged for transmission or transposition of shares. Company obtains a yearly certificate from a Company Secretary in Practice as required under Regulation 40(9) of SEBI (LODR) Regulations and files copy of the said certificate with the Stock Exchanges.

Accordingly, to avail benefits of dematerialization, Members are advised to dematerialize the shares held by them in physical form.

J) Distribution of Shareholding (as on December 31, 2022)

(Nominal Value ₹ 10 per share)

Shareholding	No. of Shareholders	Percentage	Amount (₹)	Percentage
1 – 5000	243,835	97.30	93,738,430	1.44
5001 – 10000	2,660	1.06	18,904,760	0.29
10001 - 20000	1,536	0.61	21,646,150	0.33
20001 - 30000	524	0.21	13,007,500	0.20
30001 – 40000	307	0.12	10,780,150	0.17
40001 - 50000	252	0.10	11,353,850	0.17
50001 - 100000	463	0.18	33,013,460	0.51
100001 & Above	1,027	0.41	6,293,051,900	96.88
Total	**250,604**	**100.00**	**6,495,496,200**	**100.00**

K) Categories of Shareholders (as on December 31, 2022)

Sl. No.	Description	No. of Equity Shares	Percentage
1	Alternative Investment Fund	858,461	0.13
2	Body Corporates	8,321,789	1.28
3	Banks	222,629	0.03
4	Clearing Members	119,197	0.02
5	Directors and their Relatives (Other than Promoter Director)	1,638,695	0.25
6	Employees	580,472	0.09
7	Foreign Institutional Investors	31,637	0.00
8	Foreign Portfolio Investors – Corporates	171,816,245	26.45
9	HUF	566,376	0.09
10	Mutual Funds	19,022,162	2.93
11	NBFC	6,107	0.00

Sl. No.	Description	No. of Equity Shares	Percentage
12	Non Resident Indians	1,483,937	0.23
13	Non Resident Indian Non Repatriable	926,447	0.14
14	Promoter Group	16,242,729	2.50
15	Promoter (Company)	177,900,412	27.39
16	Promoters (Individuals)	220,906,034	34.01
17	Qualified Institutional Buyer	2,159,393	0.33
18	Resident Individuals	26,728,548	4.11
19	Trusts	18,350	0.00
	Total	**649,549,620**	**100.00**

L) Dematerialization of Shares and Liquidity

As on December 31, 2022, 99.99% of the total equity shares were held in dematerialized form. The Company's shares are actively traded on the stock exchanges.

The Company does not have any GDR's/ADR's/Warrants or any Convertible instruments having any impact on equity.

M) Commodity price risk or foreign exchange risk and hedging activities

The details for the same have been provided in the Notes to Financial Statements of the Company for the Financial Year 2022.

N) Credit Rating

During the year under review, your Company's credit rating by CRISIL is as below:

Long Term Rating	CRISIL AA+/Stable (Upgraded from 'CRISIL AA/Positive')
Short Term Rating	CRISIL A1+ (Re-affirmed)

O) Plant locations

The Plant locations have been provided at page no. 15 of the Annual Report.

P) Reconciliation of Share Capital Audit

The Reconciliation of Share Capital Audit is conducted by a Company Secretary in practice to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited ('Depositories') and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with Depositories) and that the requests for dematerialization of shares are processed by the Registrar and Share Transfer Agent within statutory period and uploaded with the concerned depositories.

Q) Compliances under SEBI (LODR) Regulations

The Company is regularly complying with the SEBI (LODR) Regulations as stipulated therein. Information, reports, certificates and returns as required under the provisions of SEBI (LODR) Regulations are sent to the stock exchanges within the prescribed time.

R) Certification under Regulation 17(8) of SEBI (LODR) Regulations

To comply with Regulation 17(8) of SEBI (LODR) Regulations, the Whole-time Director and the Chief Financial Officer (CFO) of the Company have given Compliance Certificate stating therein matters prescribed under Part B of Schedule II of the said Regulations which forms part of this Corporate Governance Report.

To comply with Regulation 33(2)(a) of SEBI (LODR) Regulations, while placing the Quarterly Financial Results before the Board of Directors, the Whole-time Director and CFO certifies that the Financial Results do not contain any false or misleading statement or figures or do not omit any material fact which may make the statements or figures contained therein misleading.

S) Certificate from Company Secretary in Practice regarding Non-disqualification of Directors

None of the Directors on the Board of the Company have been debarred or disqualified from appointment or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority, as stipulated under Regulation 34 of the SEBI (LODR) Regulations and certificate in this respect received from an Independent Firm of Practising Company Secretaries is annexed.

T) Fees paid to the Statutory Auditors

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to Statutory Auditors of the Company and their other associated firms during the Financial Year ended December 31, 2022 is as follows:

(₹ in Million)

Particulars	M/s. Walker Chandiok & Co. LLP	M/s. O P Bagla & Co. LLP
Audit Fee	8.23	5.10
Other Services	0.00	2.94
Reimbursement of Expenses	0.91	0.01
Total	**9.14**	**8.05**

U) Information on Deviation from Accounting Standards, if any

No deviations from Indian Accounting Standards (Ind AS) in preparation of annual accounts for the Financial Year 2022.

V) Investor Correspondence

Mr. Ravi Batra
Chief Risk Officer & Group Company Secretary
Plot No. 31, Institutional Area, Sector - 44,
Gurugram 122 002 (Haryana)
Tel: +91 124 4643100
Email: complianceofficer@rjcorp.in

W) Disclosure of Compliance with Corporate Governance requirements specified in Regulation 17 to 27 and Regulation 46 of SEBI (LODR) Regulations

The Company has complied with the applicable provisions of SEBI (LODR) Regulations including Regulation 17 to 27 and Regulation 46 of SEBI (LODR) Regulations.

The Company submits a quarterly compliance report on Corporate Governance signed by Compliance Officer to the Stock Exchanges within 21 (Twenty One) days from the close of every quarter. Such quarterly compliance reports on Corporate Governance are also posted on website of the Company.

Compliance of the conditions of Corporate Governance have also been audited by an Independent Firm of Practising Company Secretaries and after being satisfied of the above compliances, they have issued a compliance certificate in this respect. The said certificate is annexed with this report and the same will be forwarded to the Stock Exchanges along with the Annual Report of the Company.

DISCLOSURES

(i) The Company has not entered into any material significant related party transaction which has potential conflict with the interests of the Company at large. The Board of Directors had approved a Policy on Related Party Transactions and the same is uploaded at https://varunpepsi.com/wp-content/uploads/2022/08/Policy-on-Related-Party-Transactions.pdf.

(ii) The Company has complied with the requirements of Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets and there was no instance of non-compliance during the last three years and is compliant of all the applicable provisions of SEBI (LODR) Regulations.

(iii) Policy for Determination of Material Subsidiary and Governance of Subsidiaries can be accessed at https://varunpepsi.com/wp-content/uploads/2022/09/3.-Policy-on-Material-Subsidiary-VBL.pdf

During the Financial Year 2022, Varun Beverages (Zimbabwe) (Private) Limited was a material subsidiary of the Company. It was incorporated on April 14, 2015 at Harare, Zimbabwe and its statutory auditors viz. PKF Chartered Accountants (Zimbabwe) were appointed on January 1, 2020.

(iv) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 forms part of the Board's Report.

(v) Company does not have any share in the demat suspense account or unclaimed suspense account as on December 31, 2022.

Green Initiative

Pursuant to Sections 101 and 136 of the Act read with the Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014 and Regulation 36 of SEBI (LODR) Regulations, the Company can send Notice of Annual General Meeting, Financial Statements and other communication in electronic form. Your Company is sending the Annual Report including the Notice of Annual General Meeting, Audited Financial Statements, Board's Report along with their annexure etc. for the Financial Year 2022 in electronic mode to the shareholders who have registered their e-mail address with the Company or their respective Depository Participants (DPs).

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in demat form can register their e-mail addresses with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with the Company / RTA, by sending a letter, duly signed by the first/sole holder quoting details of Folio Number.

For and on behalf of the Board of Directors
For **Varun Beverages Limited**

Date: February 6, 2023
Place: Gurugram

Ravi Jaipuria
Chairman
DIN: 00003668

CODE OF CONDUCT

This is to certify that the Company has laid down a Code of Conduct (the Code) for all Board Members and Senior Management Personnel of the Company and a copy of the Code is put on the website of the Company viz. www.varunpepsi.com.

It is further confirmed that all the Directors and Senior Management have affirmed their compliance with the Code for the Financial Year ended December 31, 2022.

Varun Jaipuria
Executive Vice Chairman
& Whole-time Director
DIN: 02465412

Date: February 6, 2023
Place: Gurugram

CERTIFICATION UNDER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Board of Directors,
Varun Beverages Limited

We, Raj Gandhi, Whole-time Director and Rajesh Chawla, Chief Financial Officer of Varun Beverages Limited, pursuant to the requirement of Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and to the best of our knowledge and belief, hereby certify that:-

A) We have reviewed Financial Statements and the Cash Flow Statement for the Financial Year ended December 31, 2022 and that to the best of our knowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year ended December 31, 2022 which are fraudulent, illegal or violative of the Company's Code of Conduct.

C) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and that we have disclosed to the Auditors and the Audit, Risk Management and Ethics Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D) We have indicated to the Auditors and the Audit, Risk Management and Ethics Committee:

   (i) significant changes in internal control over financial reporting during the Financial Year ended December 31, 2022;

   (ii) significant changes in accounting policies during the said Financial Year and that the same have been disclosed in the notes to the Financial Statements; and

   (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Raj Gandhi
Whole-time Director
DIN: 00003649

Rajesh Chawla
Chief Financial Officer

Date: February 6, 2023
Place: Gurugram

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) read with Clause (10)(i) of Para C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
Varun Beverages Limited
(CIN: L74899DL1995PLC069839)
F-2/7 Okhla Industrial Area Phase I,
New Delhi- 110 020

1. The equity shares of Varun Beverages Limited ("the Company") are listed on BSE Limited and National Stock Exchange of India Limited.

2. We have examined the relevant disclosures received from the Directors of the Company and registers, records, forms and returns maintained by the Company and produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Clause 10(i) of Para C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. We have also done examination and verification of the disclosures under Sections 184/189, 164 and 149 of the Companies Act, 2013 (the Act) received from the Directors and Register of Directors and Key Managerial Personnel and their Shareholding under Section 170 of the Act and Director Identification Number (DIN) status of the Directors at MCA portal i.e. www.mca.gov.in. In our opinion and to the best of our knowledge and on the basis of information furnished to us by the Company and its officers, we certify that none of the below named Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority as on December 31, 2022:

Sr. No.	Name of Director	DIN	Date of Appointment
1.	Mr. Ravi Jaipuria	00003668	16/06/1995
2.	Mr. Varun Jaipuria	02465412	01/01/2009
3.	Mr. Raj Gandhi	00003649	21/10/2004
4.	Mr. RajinderJeet Singh Bagga	08440479	02/05/2019
5.	Dr. NareshTrehan	00012148	01/12/2015
6.	Dr. Ravi Gupta	00023487	19/03/2018
7.	Mr. Pradeep Sardana	00682961	28/03/2016
8.	Ms. Rashmi Dhariwal	00337814	19/03/2018
9.	Ms. Sita Khosla	01001803	16/02/2018

4. Ensuring the eligibility of the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

5. This certificate is based on the information and records available as on December 31, 2022 and we have no responsibility to update this certificate for the events and circumstances occurring thereafter.

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No.: P2001DE052900
Peer Review Certificate No.: 1352/2021

Kapil Dev Taneja
Partner
CP No.:22944 /Mem. No. F4019
UDIN.: F004019D003115303

Place: New Delhi
Date: February 6, 2023

CORPORATE GOVERNANCE CERTIFICATE

To,
The Members
Varun Beverages Limited
(CIN: L74899DL1995PLC069839)
F-2/7 Okhla Industrial Area Phase I,
New Delhi- 110 020

We have examined the compliance of conditions of Corporate Governance by **Varun Beverages Limited** ("the Company"), for the financial year ended on December 31, 2022 as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No.: P2001DE052900
Peer Review Certificate No.: 1352/2021

Kapil Dev Taneja
Partner
CP No.:22944 /Mem. No. F4019
UDIN.: F004019D003115402

Place: New Delhi
Date: February 6, 2023

Management Discussion & Analysis

Economic Overview & Outlook

Global Economy

The global economy is experiencing a slowdown in CY 2022 due to a combination of factors, including the ongoing effects of COVID-19, tightening financial conditions, higher-than-average inflation, and the ongoing Russia and Ukraine war. This has resulted in a forecasted decrease in global growth from 6.0% in CY 2021 to 3.2% in CY 2022. As the global economy continues to face these challenges in 2023, growth is projected to slow further to 2.7%, marking one of the weakest growth profiles since 2001, with the exception of the global financial crisis and the acute phase of the COVID-19 pandemic. The outlook for the global economy in 2023 remains uncertain as the world continues to navigate the ongoing challenges caused by the pandemic.

Source: IMF – World Economic Overview: Oct 2022

Indian Economy

The Indian economy has demonstrated tremendous resilience in the face of a challenging external environment. Despite the impact of a tightening global monetary policy cycle, slowing global growth and elevated commodity prices, the economy is relatively well-positioned to weather global headwinds compared to most other emerging markets. India is expected to remain one of the fastest-growing major economies in the world due to robust domestic demand. The World Bank has revised its 2022-23 GDP forecast upward to 6.9% from 6.5%, reflecting a strong performance in the second quarter of 2022-23 financial year. India's economy is relatively insulated from global spillovers due to its large domestic market and limited exposure to international trade flows. Despite some challenges, the outlook for India's economy remains positive.

Source: World Bank – India Development Update – November 2022

Soft Drinks Market Overview & Outlook

In CY 2022, the domestic soft drinks industry experienced a year of robust growth, following two years of impact from the Covid-19 pandemic in the key summer season. The industry effectively adapted to changes in consumer behavior and demand brought about by the pandemic and continued to introduce new products in line with evolving consumer tastes and preferences. The resurgence of out-of-home channels and pent-up demand driven by consumers returning to socializing also contributed to the significant increase in demand. Additionally, with a favorable demand environment and strong performance, the market for energy drinks picked up and emerged as a growth category.

The Indian beverages industry presents significant growth opportunities in the future, driven by deeper penetration into rural markets, an expanding demographic profile, and a growing middle-class population. Furthermore, with the growth in per capita income, consumers are willing to spend more on premium and niche products. Urbanization is also playing a significant role in the growth of the industry, as more people move to urban areas and have greater disposable income. The main segments constituting the soft drinks market in India are carbonates, juices, and bottled water. Carbonates is the largest category in value terms.

Soft Drinks – Key Growth Drivers and Opportunities

Indian soft drink market is expected to see significant growth as consumption is steadily anticipated to increase, driven by a variety of factors including:

Positive Demographic Characteristics: India has a large young population with individuals in the age group of 15-64 years making up the majority of the overall population, which creates a sizable workforce to support economic growth. Due to the shifting population demographics, the rising spending power of young consumers, accelerated urbanization, and growing rural consumption, are likely to drive the demand for soft drinks in India.

Rapid Urban Growth and Increasing Earnings: Over 50% of India's population falls within the working age group, resulting in an increase in disposable income and a shift in spending habits. Furthermore, the growing number of women joining the workforce in India has led to higher family disposable income, which has contributed to increazed consumer spending.

Rise in Average Expenditures Per Household: Over the past 10 years, there has been a significant increase in the average amount spent per household. Indian consumers are spending the majority of their discretionary incomes towards categories beyond basic necessities. Factors such as rising disposable income, evolving consumer preferences and a growing population are driving the demand for beverages.

Rural Development and Electrification: Predictions for the rural areas in India look optimistic with forecasts of good monsoon and improved agro-economic conditions which is a positive sign for the country's economy as a whole. The increase in electrification in Indian villages along with improved electricity supply will further aid in the penetration of cooling systems in these regions, thereby promoting the expansion of the industry.

Location: A large portion of the Indian population resides in regions with hot, dry, or moderate climates. This will significantly boost the consumption of soft drinks in the coming years.

Innovative Products: The Indian market has a large young population which has been driving the demand for new and unique flavors. To cater to this trend, the industry is continuously focusing on expanding its product offerings and introducing innovative options, such as new and creative flavors. and packaging solutions.

Business Overview – A Key Player in the Beverage Industry

VBL's Presence

Varun Beverages Limited ("VBL" or the "Company") is a key player in India's beverage industry. The Company's operations span 6 countries – 3 in the Indian Subcontinent (India, Sri Lanka and Nepal), which contributed to ~85% of the net revenues, and 3 in Africa (Morocco, Zambia, Zimbabwe), which contribute to ~15% of net revenues in CY 2022.

Symbiotic Relationship with PepsiCo

The Company enjoys a strategic, symbiotic, and longstanding association with PepsiCo spanning 31 years, since the beverage company's entry in India, accounting for ~90%+ of its sales volumes in India. With its vast manufacturing facilities and established distribution network, VBL manufactures, markets, and distributes PepsiCo-owned products like carbonated soft drinks, carbonated juice-based beverages, juice-based beverages, energy drinks, sports drinks and packaged drinking water.

The various PepsiCo brands manufactured and distributed by VBL include Pepsi, Pepsi Black, Mountain Dew, Sting, Seven-Up, Mirinda Orange, Seven-Up Nimbooz Masala Soda, Evervess, Duke, Slice, Tropicana Juices (100% & Delight), Gatorade, as well as packaged drinking water under the brand Aquafina.

The Company has built a strong sales team that collaborates closely with PepsiCo on local advertizing and marketing campaigns. The Company has also been granted franchise rights for several PepsiCo products in India's 27 States and 7 Union Territories, as well as Nepal, Sri Lanka, Morocco, Zambia, and Zimbabwe.

Business Model

The Company manufactures and distributes a wide range of carbonated soft drinks ("CSD"), as well as a large selection of non-carbonated beverages ("NCB"), including packaged drinking water. It has a unique business model with end-to-end execution capabilities from manufacturing, distribution and warehousing, customer management, and in-market execution, to managing cash flows and future growth. PepsiCo offers brands, concentrates, and marketing support to VBL. In turn, VBL takes complete control over the manufacturing and supply chain processes, driving market share gains, enhancing cost efficiencies, and managing capital allocation strategies.

VBL – Demand Delivery

- Production Facilities
- Sales & Distribution - GTM & Logistics
- In-outlet Management - Visi-Coolers
- Consumer Push Management (BTL) - Market Share Gains

PepsiCo – Demand Creation

- Trademarks
- Formulations through Concentrate
- Product & Packaging innovation through investment in R&D
- Consumer Pull Management (ATL) - Brand Development

VBL has vast experience in managing the distribution of soft drinks, involving complex logistics and packaging of products. While business operations are similar across all markets, each territory and sub-territory has unique operational challenges. These challenges range from reliable electricity supply to refrigeration and cooling equipment to logistics infrastructure as well as demographics and general socioeconomic conditions in the relevant market.

The Company has a solid and well-entrenched distribution network covering urban, semi-urban and rural markets, addressing the demands of a wide range of consumers. The distribution network is strategically located to maximize market penetration across licensed sub-territories in India. The Company's solid production capabilities and distribution network enables it to effectively respond to competitive pressures, market demand and evolving consumer preferences across targeted territories.

As of December 31, 2022, the Company has 37 state-of-the-art manufacturing facilities (31 in India & 6 in international territories). Further, it has a robust supply chain with 110+ depots, 2,500+ owned vehicles, 2,400+ primary distributors and presently installed 925,000+ visi-coolers across various markets.

Over the years, VBL has expanded its operations in India both organically and in-organically. In-organically it has expanded through the acquisition of additional territories from PepsiCo as well as previously franchized territories. With its committed and knowledgeable sales staff, the Company focuses on driving growth and expanding market share across categories through various customer push strategies in licensed territories. It undertakes local level promotion, in-store activations, customer relation management, merchandizing, individual account management and evaluation of high demand region for strategic placement of vending machines and visi-coolers.

VBL has also implemented several strategic initiatives aimed at enhancing operational excellence such as backward integration of manufacturing processes and centralized raw material sourcing. The Company has established backward integration facilities for production of preforms, crowns, plastic closures, corrugated boxes, corrugated pads, plastic crates and shrink-wrap films in certain facilities to ensure operational efficiencies and high-quality standards.

Key Business Developments – 2022

Commenced commercial production at greenfield facilities

During the year, the Company established the following new manufacturing facilities in India:

- A facility in Bihar to manufacture carbonated soft drinks, juice-based drinks and packaged drinking water
- A backward integration plant in Jammu & Kashmir to manufacture plastic preforms and closures
- A manufacturing line in Kosi Uttar Pradesh for production of Kurkure Puffcorn for PepsiCo

Agreement to distribute & sell "Lays, Doritos and Cheetos" in Morocco

During the year, the Board of Directors approved the proposal for Varun Beverages Morocco SA, a wholly-owned subsidiary of the company, to enter into an agreement to distribute and sell PepsiCo's snack products namely "Lays, Doritos and Cheetos" in the territory of Morocco.

Credit Rating

During the year CY 2022, CRISIL (an S&P Global Company) has upgraded the long-term rating for bank loan facilities as CRISIL AA+/Stable from CRISIL AA/Positive and reaffirmed the rating for short-term instruments as CRISIL A1+.

Awards & Accolades

The Company was awarded "Best Bottler in Africa, Middle East and South Asia (AMESA) sector" of the year 2021 by PepsiCo during the year. This annual award recognizes the quality standards, commitment towards sustainability, support to local community, customer service, and volume performance of PepsiCo's bottling partners. The award is a testament to VBL's operational expertize, end-to-end execution capabilities, governance practices, and strong performance track record.

In addition, the Company received the following three prestigious Corporate Governance Awards in CY 2022:

- Capital Finance International for Best FMCG Corporate Governance India 2022
- Business Brand Awards for Best Corporate Governance Practices
- CNBC TV18 - Incredible Brands of India Awards for Best Corporate Governance of the Year

Bonus Issue

During the year under review, the Company has issued and allotted 216,516,540 Bonus Equity Shares in the proportion of 1:2 (i.e. one equity share for every two equity shares) to the eligible Members whose names appeared in the Register of Members / list of beneficial owners as on the record date fixed for this purpose.

Dividend Payout

The Company's Board of Directors agreed to formalize a dividend strategy in line with good corporate governance practices with the company's listing in November 2016.

Salient Features –

- Endeavor to maintain a dividend payout in the range of 10-30% of annual profit after tax on standalone financials
- Consider financial parameters like earnings outlook, future capex requirements, organic growth plans, capital restructuring, debt reduction, cash flows, etc.
- Consider external parameters like macro-economic environment, regulatory changes, technological changes, statutory and contractual restrictions, etc.

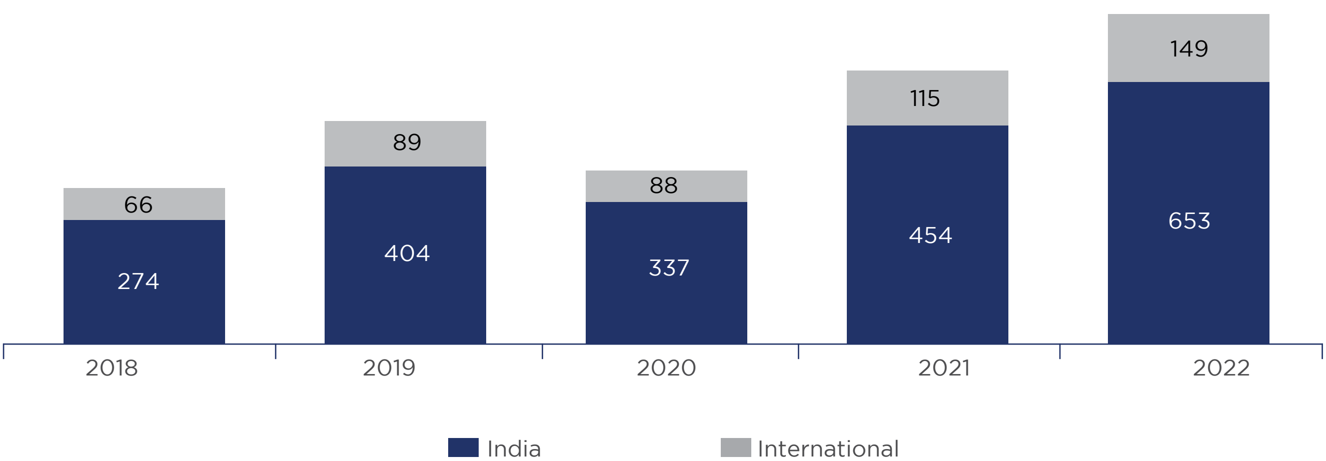
For a detailed perspective, please refer to the Company's website at www.varunpepsi.com

- For CY 2022, in line with the guidelines of dividend policy, the Board of Directors recommended an interim/final dividend of ₹ 3.50/- per share, resulting in cash outflow of approx. ₹ 2,273 million

Financial Summary

Sales Volume

Total Sales Volumes (MN Unit Cases*)



CAGR (2018-22) ~ **24%**

*A unit case is equal to 5.678 liters of beverage divided in 24 bottles of ~ 237 ml each

P&L

Particulars (₹ in Million)	CY 2022	CY 2021	YoY (%)
1. Income			
(a) Revenue from operations	133,905.58	89,582.91	49.5%
(b) Excise Duty	2,174.16	1,350.61	61.0%
Net Revenues	**131,731.42**	**88,232.30**	**49.3%**
(c) Other income	388.49	679.25	-42.8%
2. Expenses			
(a) Cost of materials consumed	64,170.92	39,689.13	61.7%
(b) Purchase of stock-in-trade	1,885.71	1,654.69	14.0%
(c) Changes in inventories of FG, WIP and stock-in-trade	(3,445.07)	(997.22)	-245.5%
(d) Employee benefits expense	12,166.42	10,076.99	20.7%
(e) Finance costs	1,861.22	1,847.00	0.8%
(f) Depreciation, amortization and impairment expense	6,171.89	5,312.62	16.2%
(g) Other expenses	29,072.39	21,262.26	36.7%
Total expenses	**111,883.48**	**78,845.47**	**41.9%**

Particulars (₹ in Million)	CY 2022	CY 2021	YoY (%)
EBITDA	**27,881.05**	**16,546.45**	**68.5%**
3. Profit before share of loss of associate and joint venture (1-2))	20,236.43	10,066.08	101.0%
4. Share of loss of associate and joint venture	(0.06)	-	NA
5. Profit before tax (3+4)	**20,236.37**	**10,066.08**	**101.0%**
6. Tax expense	4,735.23	2,605.56	81.7%
7. Net profit after tax (5-6)	**15,501.14**	**7,460.52**	**107.8%**

Balance Sheet

Particulars (₹ in Million)	31-Dec-22	31-Dec-21
Equity and liabilities		
Equity		
(a) Equity share capital	6,495.50	4,330.33
(b) Other equity	44,528.30	36,468.75
(c) Non-controlling interest	1,131.07	1,167.89
Total equity	**52,154.87**	**41,966.97**
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
i. Borrowings	17,270.22	18,133.27
ii. Other financial liabilities	1,654.25	312.63
(b) Provisions	2,041.13	2,085.43
(c) Deferred tax liabilities (Net)	3,368.48	3,111.41
(d) Other non-current liabilities	5.94	6.73
Total non-current liabilities	**24,340.02**	**23,649.47**
Current liabilities		
(a) Financial liabilities		
i. Borrowings	19,913.67	15,421.70
ii. Trade payables	8,242.60	7,117.53
iii. Other financial liabilities	5,593.85	3,929.66
(b) Other current liabilities	4,889.71	3,096.76
(c) Provisions	291.91	497.40
(d) Current tax liability (Net)	755.66	139.41
Total current liabilities	**39,687.54**	**30,202.46**
Total liabilities	**64,027.56**	**53,851.93**
Total equity and liabilities	**116,182.43**	**95,818.90**

Particulars (₹ in Million)	31-Dec-22	31-Dec-21
Assets		
Non-current assets		
(a) Property, plant and equipment	54,415.78	51,551.71
(b) Capital work in progress	6,066.32	4,966.08
(c) Right of Use of Assets	9,155.01	5,727.99
(d) Goodwill	242.30	242.30
(e) Other intangible assets	5,509.10	5,585.74
(f) Investment in associates and Joint Venture	0.04	-
(g) Financial assets	486.81	420.64
(h) Deferred Tax Assets (Net)	0.00	24.07
(i) Other non-current assets	6,266.77	1,839.23
Total non-current assets	**82,142.13**	**70,357.77**
Current assets		
(a) Inventories	19,938.85	14,480.87
(b) Financial assets		
i. Trade receivables	2,993.38	2,212.49
ii. Cash and cash equivalents	1,543.32	1,507.50
iii. Other bank balances	1,309.35	1,858.72
iv. Others	3,977.06	2,455.55
(c) Current tax assets (Net)	0.00	11.08
(d) Other current assets	4,278.34	2,934.92
Total current assets	**34,040.30**	**25,461.13**
Total assets	**116,182.43**	**95,818.90**

Varun Beverages Limited reports its financials on a calendar year basis. Given that the soft drinks business is seasonal, with the bulk of sales occurring during the summer season, it is best to track the Company's performance on an annual basis. Revenues and profits follow a bell-curve with a significant portion accruing in the April-June quarter.

In CY 2022, VBL registered strong performance, with notable growth across all key parameters. The Company's efforts to invest in its business despite the pandemic-induced disruptions during the peak season over the last two years and return to normalcy in daily activities resulted in robust demand, leading to a consolidated sales volume growth of 40.9% year-over-year. The Company's India business saw robust volume growth, and key international markets reported healthy double-digit sales volume growth.

The overall macro-environment was largely supportive and out-of-home consumption saw significant growth, driven by increased travel, reopening of offices, and the general opening up of markets. The Company also set up additional infrastructure and expanded its major distributor network, which supported growth in the underpenetrated South and West regions and enabled VBL to gain a larger share of the growing market.

Net Revenue from operations stood at ₹ 131,731.42 million as against ₹ 88,232.30 million in CY 2021. Total sales volumes stood at 802 million cases in CY 2022 as compared to 569 million-unit cases in CY 2021. In the domestic market, sales volume stood at 653 million cases as compared to 454 million unit cases in CY 2021. The international business registered a sales volume growth of 30%. CSD constituted 70%, Juice 7%, and Packaged Drinking water 23% of total sales volumes in CY 2022.

Realization per case stood at ₹ 164 in CY 2022, driven by a price hike in select SKUs, rationalized discounts/ incentives, and improvement in the mix of smaller SKUs (250ml) especially the energy drink - Sting which has a higher net realization.

During the year, gross margins declined by 180 bps to 52.5% primarily due to a surge in preform prices by more than 30%, despite inflationary pressures in raw material costs, gross margins were minimally impacted during the year due to early stocking of crucial raw materials and an increase in realizations. However, EBITDA still increased by 68.5% to reach ₹ 27,881 million YoY. This improvement was driven by a rise in realizations and operating leverage from increased sales volume, which resulted in an improvement in EBITDA margins by 241 basis points to 21.2% in CY 2022.

Depreciation increased by 16.2% to ₹ 6,172 million as compared to ₹ 5,313 million in CY 2021, on account of capitalization of assets. Finance cost remained almost flat in CY 2022. For CY 2022, PAT grew by 107.8% to ₹ 15,501 million driven by high growth in revenue from operations, improvement in margins, and transition to lower tax rate in India.

On the balance sheet front, Net Debt stood at ₹ 34,096 million as on December 31, 2022, as against ₹ 30,053 million as on December 31, 2021. This increase was due to greenfield expansion in the states of Rajasthan and Madhya Pradesh, as well as brownfield expansion at 6 plants in India for CY 2023.

Debt-to-Equity ratio stood at a healthy level of 0.65x and the Debt to EBITDA ratio stood at 1.23x as on December 31, 2022. During CY 2022, the Company invested in various expansion projects including ₹ 6,300 million primarily for greenfield expansion in Bihar & Jammu and brownfield expansions in India. It also invested for brownfield expansion in Morocco and Zimbabwe. Additionally, it invested, ₹ 3,700 million for purchasing land for future capacity expansion. As of December 31, 2022, the Company had a CWIP of approximately ₹ 6,066 million for further greenfield expansion in Rajasthan and Madhya Pradesh, and for brownfield expansion at 6 existing plants for CY 2023 in India. The growth-oriented capex will be primarily funded through internal accruals, further reinforcing the company's financial position.

Growth Outlook

Volume Gains
- Well-positioned to leverage PepsiCo brand to increase market penetration in licensed territories
- Consolidating existing distributors and increasing distribution in underpenetrated regions

Acquisitions
- Penetrate newer geographies
- Identify strategic consolidation opportunities in South Asia / Africa

Strengthen Balance Sheet
- Repayment of debt through strong cash generation
  - To enable significant interest cost savings

Operating Leverage
- Contiguous territories/markets offer better operating leverage and asset utilization - economies of scale
- Production and logistics optimization
- Packaging synchronization and innovations
- Technology use to improve sales and operations processes

Diversified Portfolio
- To periodically launch innovative products in select markets in line with changing consumer preferences
- Focus on non-cola carbonated beverages and NCB's
- Bottled water provides significant growth opportunity

The Company is in the process of further expanding its capacities to meet the higher demand expectations. Its strong distribution model and on-the-ground end-to-end infrastructure facilities continue to be the key growth drivers and VBL remains committed to extending it to newer areas and under-penetrated regions to further boost its market presence.

From an operational standpoint, VBL continues to focus on new product categories in order to stay ahead of market trends and evolving customer preferences. During the year, the Company's energy drink, Sting, performed exceptionally well across various geographical regions. Additionally, the Company's relatively recent launches in the value-added Dairy segment have received positive consumer response.

Overall, VBL is confident in its ability to deliver strong and sustained growth moving forward, owing to the exceptional performance during the year, normalization of the environment, and the expanded capacities to meet the high demand expectations.

Threats, Risks, and Concerns

The risks and opportunities of all corporations are inherent and inseparable elements. Directors and management of the Company take constructive decisions to protect the interests of stakeholders. The Company has in place a Risk Management Policy which is monitored and reviewed under the guidance of the Audit and Risk Management Committee. The Committee comprizes various departmental heads who meet regularly to identify processes exposed to risks, determine risk mitigation strategies, and monitor their implementation.

Risk	Description	Mitigation
1. Demand Risk	A cyclical downturn can lead to a slowdown in the Company's target markets and impact its sales velocity.	Over the years, the Company has demonstrated its ability to drive significant growth in sales volumes by aiming to provide the right brand, the right price, the right product, and the right channel. In addition, the business is present in relatively under-penetrated markets with favorable demographics, climatic conditions and the rising population that indicates steady demand growth. Further, its wide range of product portfolio enables it to cater to diverse consumer segments.
2. Business Agreement Risk	The Company relies on strategic relationships and agreements with PepsiCo. Termination of agreements or less favorable renewal terms could adversely affect profitability.	Over the last three decades, the Company has been partnered with PepsiCo, consolidating its market relationship with them, increasing the number of territories and sub-territories, producing, and distributing a wider range of PepsiCo beverages, adding multiple SKUs into the portfolio, and expanding distribution network. The proven ability of the business to substantially strengthen the market share of PepsiCo enables it to be a reliable partner. The business maintains a symbiotic relationship with PepsiCo, working closely as active development partners, investing in joint projects and business planning with a focus on strategic issues. In 2019, bottling appointment and trademark license agreement for India with PepsiCo India has been extended till April 30, 2039, from October 2, 2022, earlier.
3. Regulatory Risk	Regulations on consumer health and the risk of the Company's products being targeted for discriminatory tax and packaging waste recovery may adversely impact business.	The Company proactively works with PepsiCo, the government and the regulatory authorities to ensure that the facts are clearly understood and that its products are not singled out unfairly. VBL adheres to the sustainable manufacturing practices and focuses on environmental issues related to packaging waste recovery / recycling, water management and greenhouse gases emissions. The Company consistently works together with stakeholders to establish sustainability solutions that focus on protecting the environment, including NGOs and the communities in which it operates. PepsiCo's strategy of introducing healthier and zero sugar variant of products also augur well for the Company's future. The Company has undertaken certain sustainability initiatives such as engagement of GEM Enviro Management Pvt. Ltd. for phased implementation of 100% recycling of used PET bottles and Deutsch Quality Systems (India) Private Limited for Company's water footprint assurance, and for measurement and improvement of Company's carbon footprint.

Risk	Description	Mitigation
4. Business Viability Risk	The inability to integrate the operations or leverage potential operating and cost efficiencies from the newly-acquired territories and sub-territories may adversely affect the Company's business and future financial performance.	The clear strategy and financial requirements of VBL ensure that all future acquisitions or collaborations are value-added and in compliance with the acquisition guidelines of the Board. The Company also spends considerable management time and financial resources to ensure the performance of the newly acquired activities, develop local market strategies (including for possible cultural and language barriers), and assimilate business practices to ensure business viability.
5. Consumer Preference Risk	Failure to adapt to changing consumer health trends and address misconceptions about the health effects of soft drink consumption may adversely affect demand.	In order to remain relevant, VBL's sales team works closely with PepsiCo to assess evolving consumer habits and continually concentrate on product innovation and increasing product range. In addition, the new product plan of PepsiCo lays more emphasis on healthy products with zero / limited calorie and sugar content.
6. Raw Material Risk	An interruption in the supply or significant increase in the price of raw materials or packaging materials may adversely affect the Company's business prospects, results of operations and financial condition.	An integral part of VBL's strategy is to maximize cost efficiencies, focus on actively reducing the cost of goods sold, minimizing operating expenses efficiently and increasing cash flows. Hence, the business has pursued significant programs for this purpose, including backward integration and consolidated sourcing of materials. It also leverages on its scale of operations to achieve better bargaining power with suppliers resulting in better working capital management. The Company is focused on optimally utilizing its assets to help achieve higher operating efficiency and to amortize overheads costs on a wider case. In addition, the Company continues to invest in innovative solutions to boost operational efficiencies and work processes in its activities, ensuring consolidated operational data from production, scheduled sourcing, and superior monitoring of the supply of goods from manufacturers to the retail point of sale.

Human Resources

As of December 31, 2022, VBL has a total workforce of 11,500+ full-time employees from around the world (8,600+ in India and 2,900+ in overseas subsidiaries). Consistent with every other aspect of its business strategy, the Company recognizes the value of talent within the organization to fuel future growth and progress. The Company has always laid great emphasis on training employees, improving their skill levels, and fostering long-term employee involvement. VBL provides in-house training for employees through skill development initiatives and career development opportunities at all levels and across all functions. Key employees are also engaged in PepsiCo's management and staff enhancement initiatives as well as in India's leading management institutions.

Risk Management, Audit and Internal Control System

The Company has well-equipped and effective internal control systems in place that match the scale of its sector and the complexity of the market it operates in. Such stringent and detailed controls ensure the effective and productive use of resources to the degree that the Company's assets and interests are safeguarded, transactions are approved, registered, and properly reported, with checks and balances that guarantee reliability and consistency of accounting data. The Audit, Risk Management, and Ethics Committee is undertaking a comprehensive system of internal audits and periodic assessments to ensure compliance with best practices. The Company has employed Walker Chandiok & Co. LLP, Chartered Accountants & M/s O.P. Bagla & Co. LLP, Chartered Accountants, as the Joint Statutory Auditors of the Company to report on the financial controls of the Company.

Business Responsibility and Sustainability Report

Section A: General Disclosures

Sl. No.	Particulars	Details
I.	**Details of the Listed Entity**	
1.	Corporate Identity Number (CIN) of the Listed Entity	L74899DL1995PLC069839
2.	Name of the Listed Entity	Varun Beverages Limited
3.	Year of incorporation	1995
4.	Registered office address	F- 2/7, Okhla Industrial Area, Phase- I, New Delhi - 110020
5.	Corporate address	Plot No. 31, Sector 44, Institutional Area, Gurugram - 122002, Haryana
6.	E-mail	complianceofficer@rjcorp.in
7.	Telephone	+91-124-4643100
8.	Website	www.varunpepsi.com
9.	Financial year for which reporting is being done	FY 2022*
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited and BSE Limited
11.	Paid-up Capital	₹ 6,495.50 Million
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary Tel: +91-124-4643100 Email ID: ravi.batra@rjcorp.in
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone Basis

*Company is following January 1 to December 31 as its Financial Year.

II. Products/Services

14. Details of business activities (accounting for 90% of the turnover)

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing of Beverages (NIC Code - 1104)	Manufacturing of Carbonated, Non-carbonated beverages and packaged drinking water	95.66

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover)

S. No.	Product/Service	NIC Code	% of Total Turnover Contributed
1	Carbonated, Non-carbonated beverages and packaged drinking water	1104	95.66

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated: As on 31 December 2022

Location	Number of plants	Number of offices	Total
National	31 plants for manufacturing of beverages and 3 plants for backward integration	1 Registered office, 1 Corporate office and 25 sales offices	61
International	serving through its subsidiaries	-	-

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	27 States and 7 Union Territories
International (No. of Countries) (serving through its subsidiaries)	5

b. What is the contribution of exports as a percentage of the total turnover of the entity?

1% of total turnover (₹ 1,111.80 Million)

c. A brief on types of customers

End consumers are individuals serviced through Distributors, Retailers, Modern Trade, Hotels, Restaurants, etc.

IV. Employees

18. Details as at the end of Financial Year: As on 31 December 2022

a. Employees and workers (including differently abled):

S. No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B / A)	No. (C)	% (C / A)
	EMPLOYEES					
1	Permanent (D)	5,744	5,533	96	211	4
2	Other than Permanent (E)	5,508	5,405	98	103	2
3	**Total Employees (D+E)**	**11,252**	**10,938**	**97**	**314**	**3**
	WORKERS					
4	Permanent (F)	2,892	2,859	99	33	1
5	Other than Permanent (G)	8,820	8,092	92	728	8
6	**Total Workers (F +G)**	**11,712**	**10,951**	**94**	**761**	**6**

b. Differently abled Employees and Workers:

S. No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B / A)	No. (C)	% (C / A)
	DIFFERENTLY ABLED EMPLOYEES					
1	Permanent (D)	2	2	100	0	0
2	Other than Permanent (E)	9	9	100	0	0
3	**Total Differently Abled Employees (D+E)**	**11**	**11**	**100**	**0**	**0**
	DIFFERENTLY ABLED WORKERS					
4	Permanent (F)	0	0	-	0	-
5	Other than Permanent (G)	67	66	99	1	1
6	**Total Differently abled Workers (F +G)**	**67**	**66**	**99**	**1**	**1**

19. Participation/Inclusion/Representation of women - As on 31 December 2022

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	9	2	22
Key Management Personnel	3*	0	0

*includes one Board Member

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2022 (Turnover rate in current FY)			FY 2021 (Turnover rate in previous FY)			FY 2020 (Turnover rate in the year prior to the previous FY)		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Permanent Employees	14%	20%	18%	12%	16%	22%	19%	21%	27%
Permanent Workers		5%	3%		5%	3%		15%	20%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures - As on 31 December 2022

S. No.	Name of the holding / subsidiary / associate / Companies / Joint Ventures (A)	Indicate whether holding / Subsidiary / Joint Venture/ Associate	% of shares held by listed entity	Does the entity indicated at column A, participate in the Bussiness Responsibility initiatives of the listed entity ? (Yes/No)
1	Varun Beverages (Nepal) Private Limited	Subsidiary	100.00	No
2	Varun Beverages Lanka (Private) Limited	Subsidiary	100.00	No
3	Ole Springs Bottlers (Private) Limited (step-down subsidiary)	Subsidiary	100.00	No
4	Varun Beverages Morocco SA	Subsidiary	100.00	No
5	Varun Beverages (Zambia) Limited	Subsidiary	90.00	No
6	Varun Beverages (Zimbabwe) (Private) Limited	Subsidiary	85.00	No
7	Lunarmech Technologies Private Limited	Subsidiary	55.04	No
8	Varun Beverages RDC SAS	Subsidiary	99.90	No
9	Varun Beverages International DMCC	Subsidiary	100.00	No
10	IDVB Recycling Operations Private Limited	Joint Venture	50.00	No
11	Clean Max Tav Private Limited	Associate	26.00	No

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) **Yes**

(ii) Turnover (Revenue from Operations): ₹ 105,958.25 Million as on 31 December, 2022

(iii) Net worth (Net worth = Equity Share Capital + Other Equity): ₹ 551,704.01 Million as on 31 December, 2022

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022 (Current Financial Year)			FY 2021 (Previous Financial Year)		
		Number of Complaints Filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of Complaints Filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	No	0	0	-	0	0	-
Investors (other than shareholders)	No	0	0	-	0	0	-
Shareholders	Yes, Company is following strong Grievance Redressal Mechanism and has separate committee of Directors i.e. Stakeholders' Relationship Committee	47	0	-	94	0	-
Employees and workers	Yes https://varunpepsi.com/wp-content/uploads/2022/05/POSH-Policy.pdf https://varunpepsi.com/wp-content/uploads/2022/05/VIGIL-MECHANISM-POLICY.pdf	0	0	-	1	0	-
Customers	No. However, no. of Complaints received through PepsiCo Customer Care is provided	1,109	10	-	1,611	21	-
Value Chain Partners	Yes https://varunpepsi.com/wp-content/uploads/2022/11/Anti-Bribery-Policy-Clear-1.pdf	0	0	-	0	0	-
Others (please specify)	Yes https://varunpepsi.com/wp-content/uploads/2022/05/VIGIL-MECHANISM-POLICY.pdf	0	0	-	1	0	-

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Please refer Sustainability Report - Chapter "Materiality Assessment" (page-32) and "Managing and Responding to Risks and Opportunities" (page-90).

Section B: Management and Process Disclosures

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

	Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes										
1.	a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c. Web Link of the Policies, if available	Yes, https://varunpepsi.com/policies/								
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes, Anti Bribery Policy covers value chain partners								
4.	Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	-	ISO 14001	OHSAS 18001	-	-	ISO 14001 OHSAS 18001	Company is a member of Federation of Indian Chambers of Commerce and Industry, PHD Chamber of Commerce and Industry, PET packaging Association for Clean Environment, The Associated Chambers of Commerce and Industry of India and Action Alliance for Recycling Beverage Cartons.	-	-
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any	Yes- Refer Sustainability Report (Page 29)								
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Yes- Refer Sustainability Report (Page 29)								
Governance, leadership and oversight										
7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Refer Executive Vice Chairman's Message section (Page 24) in Sustainability Report								

Disclosure Questions		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility Policy(ies).	ESG Committee comprising of Executive Vice-Chairman, 2 Whole-time Directors and an Independent Director								
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, Environmental, Social and Governance Committee								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/ Any other Committee									Frequency (Annually/ Half Yearly/ Quarterly/ Any other - please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	All the policies of the Company are approved by the Board and reviewed periodically or on a need basis.																	
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	The Company complies with the regulations, extant and principles as are applicable																	

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
No	No	Yes*	No	No	Yes#	No	No	No

*DSS (DuPont Safety Solutions) has been engaged for providing safety solutions in respect of plants

DQS (Deutsch Quality Systems India Private Limited) has conducted carbon emission and water stewardship audit.

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
The entity does not have the financial or human and technical resources available for the task (Yes/No)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
It is planned to be done in the next financial year (Yes/No)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Any other reason (please specify)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Section C: Principle Wise Performance Disclosure

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorised as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. **Percentage coverage by training and awareness programmes on any of the Principles during the Financial Year 2022:**

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awaremess programmes
Board of Directors	4	Key Developments, Sustainability Initiatives, Regulatory updates, Review of Policy & procedures	100
Key Managerial Personnel	4	Key Developments, Sustainability Initiatives, Regulatory updates, Review of Policy & procedures	100
Employees other than BoD and KMPs	4	Key policies including POSH, Code of Conduct, Insider Trading Regulations, Whistle Blower & FCPA (conducted train the trainer program at 4 locations- Gurugram, Lucknow, Mumbai & Kolkata)	100
Workers	30+	Health & Safety, Skills upgradation and others	100

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and as disclosed on the entity's website):**

Monetary	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (₹ INR)	Brief of the Case	Has an appeal been preferred ? (Yes/No)
Settlement	1	Adjudicating Officer- Securities and Exchange Board of India	5,590,000	Pursuant to the Settlement Application filed by Mr. Ravi Jaipuria under the provisions of SEBI (Settlement Proceedings) Regulations, 2018, SEBI vide Order dated June 21, 2022 disposed off the Adjudication Proceedings against him upon payment of ₹ 55,90,000 without admission of guilt / default.	No

Monetary	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (₹ INR)	Brief of the Case	Has an appeal been preferred ? (Yes/No)
Penalty	1	Adjudicating Officer- Securities and Exchange Board of India	300,000	The Adjudicating Officer of SEBI in exercise of the powers conferred under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, imposed a penalty of ₹ 3,00,000/- (Rupees Three Lacs Only) on Mr. Rajinder Jeet Singh Bagga for violation of provisions of regulation 7(2)(a) of SEBI PIT Regulations, 2015.	No
Compounding fee	-	-	-	N.A.	-

Non-Monetary	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred ? (Yes/No)
Imprisonment	-	N.A.	N.A.	N.A.
Punishment	-	N.A.	N.A.	N.A.

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of regulatory/ enforcement agencies/ judicial institutions
N.A.	N.A.

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes

Varun Beverages Limited and its subsidiaries, affiliates, associates and group companies (collectively referred to as "VBL"), their directors, officers, employees (including part-time and contractors) and suppliers ("Officials"), while acting on behalf of VBL strictly comply with this Anti-Bribery Policy. Officials are prohibited from giving or receiving Bribes to any Government Officials or any other person or entity, including any person or entity in the private or commercial sector, if the payment is intended to induce the recipient to misuse his or her position and thereby give an unfair advantage to VBL. Detailed Policy is available at:

https://varunpepsi.com/wp-content/uploads/2022/11/Anti-Bribery-Policy-Clear-1.pdf

5. Number of Directors/KMPs/Employees/Workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. **Details of complaints with regard to conflict of interest:**

	FY 2022 (Current Financial Year)		FY 2021 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of compliants received in relation to issues of Conflict of interest of Directors	Nil	N.A.	Nil	N.A.
Number of compliants received in relation to issues of Conflict of interest of KMPs	Nil	N.A.	Nil	N.A.

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

   Not Applicable

PRINCIPLE 2 : Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)	Details of improvements in environmental and social impacts
R&D	-	-	-
Capex	₹ 51.50 Million (0.4% of the total capex)	-	We strive to make use of renewable energy for our energy requirements and aim to expand our renewable energy portfolio further.

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

   Yes. the Company is procuring raw materials and packaging materials from the suppliers who are doing their respective businesses sustainably. Refer page 62 of Sustainability Report for some of the initiatives taken by our suppliers.

   b. **If yes, what percentage of inputs were sourced sustainably?**

   Given our business operations, it is difficult to estimate the percentage of inputs sourced sustainably.

   However, all the suppliers follow our Supplier Code of Conduct wherein they abide by all provisions relating to the impact on quality and food safety, sustainability, waste, and work environment which includes labor practices and human rights aspects.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

   VBL has engaged GEM Enviro Management Private Limited for phased implementation of 100% recycling of used PET bottles. Headquartered in Delhi, GEM Enviro is a Central Pollution Control Board (CPCB) recognised Producer Responsible Organisation (PRO) specialising in collection and recycling of packaging waste and promotion of recycled green products. It makes T-shirts and bags made from recycling of waste material, such as used PET bottles.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

   Yes, Refer response to point 3 above.

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Life Cycle Assessment Process VBL is working continuously on screening our end-to-end production processes to deliver positive impact on environment. In alignment to this, we adopted Life Cycle Assessment (LCA) and undertook an internal study to assess the environmental impacts and embed the principles of sustainability into various stages of product i.e, procurement of raw material, manufacturing of products, transportation of raw materials and supply of finished goods. In order to continuously reduce the Company environmental footprint, the Company is improving efficiencies, especially on critical resources such as water, fuel and energy, optimizing the resource consumption and minimizing wastages including plastic waste management, increasing green cover in manufacturing plants and also developing outside establishments.					

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product / Service	Description of the risk / concern	Action Taken
No risks have been identified		

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate Input material	Recycled or re-used input material to total material	
	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
No such input material used	Nil	Nil

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY 2022 (Current Financial Year)			FY 2021 (Previous Financial Year)		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (incuding Packaging)	-	118,392	-	-	65,768	-
E-waste	Quantity not recorded but safely disposed through authorised vendors					
Hazardous waste	-	-	1,152	-	-	795
Other waste	Quantity not recorded but safely disposed through authorised vendors					

PRINCIPLE 3 : Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees: FY 2022

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B /A)	Number (C)	% (C / A)	Number (D)	% (D /A)	Number (E)	% (E /A)	Number (F)	% (F /A)
Permanent employees											
Male	5,533	5,533	100	5,533	100	0	0	0	0	0	0
Female	211	211	100	211	100	211	100	0	0	29	14
Total	5,744	5,744	100	5,744	100	211	4	0	0	29	1
Other than Permanent employees											
Male	5,405	5,405	100	5,405	100	0	0	0	0	0	0
Female	103	103	100	103	100	103	100	0	0	1	1
Total	5,508	5,508	100	5,508	100	103	2	0	0	1	0

b. Details of measures for the well-being of workers: FY 2022

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B /A)	Number (C)	% (C / A)	Number (D)	% (D /A)	Number (E)	% (E /A)	Number (F)	% (F /A)
Permanent workers											
Male	2,859	2,859	100	2,859	100	0	0	0	0	0	0
Female	33	33	100	33	100	33	100	0	0	0	0
Total	2,892	2,892	100	2,892	100	33	1	0	0	0	0
Other than Permanent workers											
Male	8,092	8,092	100	8,092	100	0	0	0	0	0	0
Female	728	728	100	728	100	728	100	0	0	0	0
Total	8,820	8,820	100	8,820	100	728	8	0	0	0	0

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year.

Benefits	FY 2022 (Current Financial Year)			FY 2021 (Previous Financial Year)			Remarks
	No. of employees covered as % of total employees	No. of workers covered as % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as % of total employees	No. of workers covered as % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	
PF	100	100	Y	100	100	Y	PF AS PER EPF & MISC PROVISION ACT
Gratuity	100	100	Y	100	100	Y	GRATUITY AS PER PAYMENT OF GRATUITY ACT
ESI	100	100	Y	100	100	Y	ESI AS PER EMPLOYEE STATE INSURANCE ACT
Others - please sepcify	-	-	N. A.	-	-	N. A.	-

3. **Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

No

5. **Return to work and Retention rates of permanent employees and workers that took parental leave - FY 2022**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	N.A.	N.A.	N.A.	N.A.
Female	100%	100%	N.A.	N.A.

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes, the Company has multiple mechanisms to redress grievances as per below links as available on the website of the Company.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

Grievance Redressal Mechanism https://varunpepsi.com/wp-content/uploads/2022/05/VIGIL-MECHANISM-POLICY.pdf
https://varunpepsi.com/wp-content/uploads/2022/05/POSH-Policy.pdf

7. **Membership of employees and worker in association(s) or Union(s) recognised by the listed entity:**

Category	FY 2022 (Current Financial Year)			FY 2021 (Previous Financial Year)		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees						
- Male	5,533	0	0	4,951	0	0
- Female	211	0	0	166	0	0
Total Permanent Workers						
- Male	2,859	1,717	60	2,814	1,762	63
- Female	33	16	48	34	16	47

8. Details of training given to employees and workers:

Category	FY 2022 (Current Financial Year)					FY 2021 (Previous Financial Year)					Remarks
	Total (A)	On Health & Safety Measures		On Skill Upgradation		Total (D)	On Health & Safety Measures		On Skill Upgradation		
		Number (B)	% (B /A)	Number (C)	% (C / A)		Number (E)	% (E /D)	Number (F)	% (F / D)	
Employees											
Male	5533	1744	32%	3091	56%	4951	1602	32%	2055	42%	-
Female	211	78	37%	130	62%	166	88	53%	118	71%	-
Total	**5744**	**1822**	**32%**	**3221**	**56%**	**5117**	**1690**	**33%**	**2173**	**42%**	**-**
Workers											
Male	2859	2204	77%	1996	70%	2814	2303	82%	1889	67%	-
Female	33	21	64%	14	42%	34	9	26%	7	21%	-
Total	**2892**	**2225**	**77%**	**2010**	**70%**	**2848**	**2312**	**81%**	**1896**	**67%**	**-**

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022 (Current Financial Year)			FY 2021 (Previous Financial Year)		
	Total (A)	No. (B)	% (B/ A)	Total (C)	No. (D)	% (D/ C)
Employees						
Male	5,533	5,533	100	4,951	4,951	100
Female	211	211	100	166	166	100
Total	**5,744**	**5,744**	**100**	**5,117**	**5,117**	**100**
Workers						
Male	2,859	2,859	100	2,814	2,814	100
Female	33	33	100	34	34	100
Total	**2,892**	**2,892**	**100**	**2,848**	**2,848**	**100**

Remarks - We have an annual appraisal process, where performance is assessed through ratings system. At the Sales unit level - performance is monitored month on month through target achievement and at Plant level performance is monitored through KPI's.

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes, each plant has primary health centres and restrooms have been established. Periodic inspections are conducted by certified surgeons and auditing organisation to confirm that our occupational health and safety systems meet international standards. Since we fall under Food & Beverage category, we are subjected to all industry related audits and surveys to ensure that we are 100% compliant.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Yes (Identified by concerned Governmental offices)

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Yes, all workers can reach out to management to address their concerns regarding working conditions, human rights, etc.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, medical advise is available for workers and employees at the plant level.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total Recordable work - related injuries	Employees	1	0
	Workers	2	1
No. of fatalities	Employees	0	0
	Workers	2	2
High consequence work-related injury or ill health (excluding fatalities)	Employees	0	0
	Workers	0	1

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

1. Conducting Safety awareness program frequently
2. Specialised training program for operations/Technicians
3. Safety audit by Internal/Government officials
4. Formation of safety committee
5. Periodic check of equipment

13. Number of Complaints on the following made by employees and workers:

	FY 2022 (Current Financial Year)			FY 2021 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Working Conditions	0	0	-	1	0	Closed
Health & Safety	0	0	-	1	0	Closed

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100
Working Conditions	100

Remarks - As and when visited by respective Govt. officers.

We have engaged DuPont Safety Solutions, an independent agency, for implementing best practices of health and safety across all of our plants in a phased manner.

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

There were no significant risk or concern arising from assessments of health & safety practices and working conditions, however we have undertaken following preventive measures:

i. Formation of Safety Committee to formulate best health & safety practices and working conditions
ii. Safety audit by Internal/ Government officials
iii. Specialised training program for Operations/ Technicians
iv. Conducting frequent Safety Awareness programs
v. Periodic check of equipment

Leadership Indicators

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N), (B) Workers (Y/N).**

   (A) Yes (B) Yes

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

   No separate measures undertaken for PF and ESI.

   Whenever there is any change in law, we always reach out to our supply chain partners through electronic mode (Circular/Email) for ensuring that they are compliant in terms of tax laws. Regarding GST Tax Payment, we do cross verify the tax charges in invoice with Form GSTR-2A and if there is any deviation, we reach to our business partner for rectifying the same. Similarly, in case of TDS deduction/TCS Collection, we do cross verify the same with Form 26AS and if there is any deviation, we reach to our business partner for rectifying the same.

3. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	90+
Working Conditions	90+

The above table is related with material supplier. All the manpower deployed to the factory/Office by various manpower supply companies are governed by the respective labour laws of that company/Plant.

4. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

   All the manpower deployed to the factory/Office by various manpower supply companies are governed by the respective labour laws of that company/Plant.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   Refer "Sustaining a Continuous Dialogue with our Stakeholders" section (Page 30) in Sustainability Report

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

   Refer "Sustaining a Continuous Dialogue with our Stakeholders" section (Page 30) in Sustainability Report

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022 (Current Financial Year)			FY 2021 (Previous Financial Year)		
	Total (A)	No. of Employees / Workers Covered (B)	% (B/ A)	Total (C)	No. of Employees / Workers Covered (D)	% (D/ C)
Employees						
Permanent	5744	2,183	38%	5117	1,842	36%
Other than Permanent	5508	2,644	48%	4611	2,536	55%
Total Employees	**11252**	**4,827**	**43%**	**9728**	**4,378**	**45%**
Workers						
Permanent	2892	1,475	51%	2848	1,595	56%
Other than Permanent	8820	3,969	45%	6775	2,575	38%
Total Workers	**11712**	**5,444**	**46%**	**9623**	**4,169**	**43%**

2. **Details of minimum wages paid to employees and workers, in the following format:**

Category	FY 2022 (Current Financial Year)					FY 2021 (Previous Financial Year)				
	Total (A)	Equal to minimum wages		More than minimum wages		Total (D)	Equal to minimum wages		More than minimum wages	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent										
Male	5,533	0	0	5,533	100	4,790	0	0	4,790	100
Female	211	0	0	211	100	171	0	0	171	100
Other than Permanent										
Male	5,405	0	0	5,405	100	4,026	441	11	3,585	89
Female	103	0	0	103	100	77	8	10	69	90
Workers										
Permanent										
Male	2,859	0	0	2,859	100	2,812	0	0	2,812	100
Female	33	0	0	33	100	35	0	0	35	100
Other than Permanent										
Male	8,092	0	0	8,092	100	4,316	4,104	95	212	5
Female	728	0	0	728	100	381	372	98	9	2

3. **Details of remuneration/salary/wages per annum, in the following format: FY 2022**

(₹ in Million)

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BOD)	3	54.69	-	-
Key Managerial Personnel	2	11.45	-	-
Employees other than BOD and KMP	4,606	0.46	190	0.56
Workers	3,781	0.31	54	0.24

Note: Since Independent Directors received no remuneration, except sitting fee for attending Board/ Committee meetings, the required details are not applicable. Further, for the purpose of calculation of median remuneration of BOD, profit related commission paid to Mr. Ravi Jaipuria and remuneration paid to Mr. Kapil Agarwal has not been considered.

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

All employees can reach out to management to address their concerns & we also have grievance redressal mechanism.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues.**

We have an internal grievance redressal mechanism through which grievance get redressed. However, if the grievance is not settled by the internal committee then concerned person is free to approach the Government forum.

6. Number of Complaints on the following made by employees and workers:

	FY 2022 (Current Financial Year)			FY 2021 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	-	-	-	1	0	Closed
Discrimination at workplace	-	-	-	-	-	-
Child Labour	-	-	-	-	-	-
Forced Labour/ Involuntary Labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

7. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

   All employees can reach out to management to address their concerns & in addition to Mechanism under POSH policy & Grievance Redressal Mechanism.

8. **Do human rights requirements form part of your business agreements and contracts? (Yes / No)**

   As per Labour laws

9. **Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	Nil
Forced/involuntary labour	Nil
Sexual harassment	Nil
Discrimination at workplace	Nil
Wages	Nil
Others - please specify	N.A.

10. **Provide details of any corrective actions taken or underway to address significant risks /concerns arising from the assessments at Question 9 above.**

    We are strictly following the labour laws in which all above 6 points are covered and so far we have not been prosecuted for any deviations. All employees can reach out to the management to address any significant risks / concerns regarding their work environment.

Leadership Indicators

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

   We have had no such concerns in the past. However, all employees can reach out to the management to address any significant risks /concerns regarding their work environment.

2. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	Nil
Discrimination at workplace	Nil
Child labour	Nil
Forced/involuntary labour	Nil
Wages	Nil
Others - please specify	N.A.

3. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

There has been no such cases

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. **Details of total energy consumption (in kWh) and energy intensity, in the following format:**

Parameter	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
Total electricity consumption (A) Grid + Wind/Solar	303,770,200	211,178,384
Total fuel consumption (B) DG	13,652,865	10,905,128
Energy consumption through other sources (C)	-	-
Total energy consumption (A+B+C)	**317,423,065**	**222,083,513**
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	0.003	0.003
Energy intensity (optional) - the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, DQS (Deutsch Quality Systems India Private Limited)

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Not Applicable

3. **Provide details of the following disclosures related to water, in the following format:**

(in million liters)

Parameter	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
Water withdrawal by source		
(i) Surface water	1,928	1,490
(ii) Groundwater	4,393	3,366
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (i + ii + iii + iv + v)	**6,321**	**4,856**
Total volume of water consumption	**3,728**	**2,566**
Water intensity per rupee of turnover (Water consumed / turnover)	0.035	0.039
Water intensity (optional) - the relevant metric may be selected by the entity	1.70	1.89

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, DQS (Deutsch Quality Systems India Private Limited)

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No, the entity has not implemented a mechanism for Zero Liquid Discharge, however the Company has adopted various improvement process for better water management as below:

- Implemented 150+ process improvements
- Connected all filters (ACF / PSF) for water recovery
- Optimized drainage timing at ACF / PSF
- Bottle washer recovery in glass lines
- Reuse ETP water in utilities
- Improved RO efficiency wherever RO recovery is less than designed recovery
- Sensors / Foot operated taps for hand wash at plants

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify units	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
NOx	N.A.		
SOx			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic Compounds (VOC)			
Hazardous air Pollutants (HAP)			
Others - please specify			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & intensity, in the following format:

Parameter	Units	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs,SF6, NF3, if available)	Metric tonnes of CO2 equivalent	51,945	32,654
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs,SF6, NF3, if available)	Metric tonnes of CO2 equivalent	224,446	178,439
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO2 equivalent per Rupee	2.61	3.20
Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity	grams of CO2e/liter	74.13	81.80

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, DQS (Deutsch Quality Systems India Private Limited)

7. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

Yes, the Company has taken several environmental initiatives which showcases commitment to sustainable practices as below:

i. Procurement of Energy efficient machines
ii. Increase in Rooftop Solar Power Generation
iii. Energy efficient Visi coolers
iv. Conduction of Plantation Drive
v. Use of Electric Vehicles for last mile delivery

Also, Refer "Carbon Footprint" section (Page 56) in Sustainability Report

8. **Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	147,521	95,824
E-waste (B)	Quantity not recorded but safely disposed through authorised vendors	
Bio-medical waste (C)	-	-
Construction and demolition Waste (D)	Quantity not recorded but safely disposed through authorised vendors	
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G) - Sludge	1,152	795
Non Hazardous waste. Please specify, if any. (H) **(**Break-up by composition i.e. by materials relevant to the sector**)**	-	-
Total (A+B + C + D + E + F + G+ H)	**148,673**	**96,619**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)	-	-
Category of waste	-	-
(i) Recycled	118,392	65,768
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	**118,392**	**65,768**
% Recycled against total generated	**80%**	**70%**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)	-	-
Category of waste	-	-
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations - Safely disposed through authorized vendors	1,152	795
Total	1,152	795

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, GEM Enviro Management Private Limited for Plastic Recycle Management

9. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

We do segregation of all type of waste at source and store wastes in designated areas only. Wastages are closely monitored on daily, weekly and monthly basis and are directly linked with plant KPIs. Approximately more than 90-98% waste (broken glass, plastic bottles, cartons, metal waste, etc.) goes for recycling. Unit has effective ETP operation combined with aeration and anaerobic system wherein effective operational controls ensures very limited quantity of ETP sludge generation as a hazardous waste. ETP sludge is safely collected in Hazardous waste storage area and finally disposal is done to pollution control board approved TSDF facility for landfill. Unit is not using any toxic chemicals.

10. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

S. No.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
	Not Applicable		

11. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Bihar	-	-	Yes, Groundwater Impact Assessment (GIA) study was conducted	No	-

12. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

Yes

Leadership Indicators

1. **Provide break-up of the total energy consumed (in kWh units) from renewable and non-renewable sources, in the following format:**

Parameter	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A) (in kWh)	20,962,123	18,314,016
Total fuel consumption (B) (biomass briquette KG)	74,120,237	61,246,682
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	**NA***	**NA***
From non-renewable sources		
Total electricity consumption (D) (in kWh)	282,808,077	192,864,368
Total fuel consumption (E) (HSD Diesel in Liters)	5,531,857	3,704,334
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable (D+E+F)	**NA***	**NA***
(Note: *Different units of measurement, cannot be added)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, DQS (Deutsch Quality Systems India Private Limited)

2. **Provide the following details related to water discharged:**

(in million liters)

Parameter	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
Water discharge by destination and level of treatment		
(i) To Surface water	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(iii) To Seawater		-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment - please specify level of treatment- To ETP (treated) and reused in plants	2,593	2,290
Total water discharged	**2,593**	**2,290**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, DQS (Deutsch Quality Systems India Private Limited)

3. **Water withdrawal, consumption and discharge in areas of water stress (in million liters):**

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area: All Plants in India

(ii) Nature of operations: Manufacturing of Beverages

(iii) Water withdrawal, consumption and discharge in the following format:

(in million liters)

Parameter	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
Water withdrawal by source		-
(i) Surface water	-	143
(ii) Groundwater	1,866	1,294
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal	**1,866**	**1,437**
Total volume of water consumption	**1,198**	**806**

(in million liters)

Parameter	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
Water intensity per rupee of turnover (Water consumed / turnover)	0.01	0.01
Water intensity (Optional) - the relevant metric may be selected by the entity	-	-
Water discharge by destination and level of treatment		
(i) Into Surface water	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(ii) Into Groundwater	-	-
- No treatment	-	-
- With treatment - please specify level of treatment		
(iii) Into Seawater		
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(iv) Sent to third-parties		
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(v) Others		
- No treatment		
- With treatment - please specify level of treatment -To ETP (treated) and reused in plants	668	631
Total water discharged	668	631

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, DQS (Deutsch Quality Systems India Private Limited)

4. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs,SF6, NF3, if available)	Metric tonnes of CO2 equivalent	580,419	621,245
Total Scope 3 emissions per rupee of turnover		5.48	9.42
Total Scope 3 emission intensity (optional) - the relevant metric may be selected by the entity	Grams of CO2e/liter	155.67	240.73

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, DQS (Deutsch Quality Systems India Private Limited)

5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

   Not Applicable

6. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Plastic Waste Management	Engaged Gem Enviro Management Pvt. Ltd. for phased implementation (upto 100%) recycling of used Plastic Wastes from end users.	Recycling of plastic waste
2	Water Conservation	Engaged DQS which verifies water mass balance and we also undertook several other initiatives towards water conservation and water recharge.	Reduction in wastage of water
3	Reduced grammage of Plastic Closures and Preforms (used for PET-Bottles) over the years	Packaging innovations introduced by PIH in India through Global R&D and best practices.	Reduction in plastic usage
4	Use of fuels like biomass for steam generation, usage of Solar Energy	Company is proactive in adopting new technologies that use cleaner fuels of energy. Commissioned a solar power at its manufacturing plant at Nuh and Greater Noida and redesigned the power generation units at many locations.	Reduction in Green House Gases
5	Installation of Effluent Treatment Plant	Plants have installed online monitoring Systems in Effluent Treatment Plant as well as Boiler emissions for all time compliance which is being monitored by CPCB on real time basis.	Effluents are treated and discharged under prescribed limits thereby remain well within the prescribed norms and consent conditions.

7. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

   Yes**;** Company does have Disaster/Emergency preparedness and response plan for business continuity. This includes all possible emergencies like Fire, Ammonia or CO2 leakage, any major safety accidents, Chemical leakage, Natural Calamity (flood, cyclone, earthquake) or pandemic situation like Covid 19. To ensure Company readiness plants are also exercising mock drill on six monthly frequency. In past Company has also successfully demonstrated to respond any emergency situation. Such one example is to ensure business continuity during Covid times by implementing effective control mechanism to avoid Covid 19 spread. Company has successfully operated production during pandemic time by adapting all the established measures.

8. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

   In order to continously reduce the Company's environment footprint, the Company is improving efficiencies, especially on critical resources such as Water, fuel and energy, optimizing the resource consumption and minimising wastages, increasing green cover in manufacturing plants and also developing outside establishments. Company also reduced weight of Closures and Preforms over the years to contribute towards environment sustainability. Company also implemented water consumption optimisation measures and water recovery and reuse of the water across all plants.

9. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

   90%+ of Raw material suppliers, 90%+ of Capex suppliers and 90%+ of Distributors are covered for assessment.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations.**

   5

   b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Federation of Indian Chambers of Commerce and Industry	National
2	PHD Chamber of Commerce and Industry	National
3	PET packaging Association for Clean Environment	National
4	The Associated Chambers of Commerce and Industry of India	National
5	Action Alliance for Recycling Beverage Cartons	National

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

   Not Applicable

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes/ No)	Relevant Web Link
Not Applicable					

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs n the FY (₹ INR)
Not Applicable						

3. **Describe the mechanisms to receive and redress grievances of the community.**

   There is regular engagement with representatives from key neighbourhood across India. Stakeholders suggestions can also be emailed to the Compliance Officer at complianceofficer@rjcorp.in

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	5.70%	8.66%
Sourced directly from within the district and neighbouring districts	N.A.	N.A.

5. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
1	Community Health Care under Aaru Clinics	997	100 % of the Projects serve the beneficiaries who are from the under privileged, marginalised, vulnerable and backward community of the society.
2	Education to under privileged children under the programme-Shiksha Kendra	2498	
3	Skills development training under the programme-Pravah	645	
4	Animal Welfare	Cannot be ascertained	
5	Maintenance of Public Green Spaces	Cannot be ascertained	
6	Water Management Initiatives	Cannot be ascertained	

PRINCIPLE 9 : Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback**

   VBL Consumer response programme is developed to promptly resolve consumer concerns & grievances, which ensures that consumer/ customer is responded with courtesy and in timely manner. The Mechanism helps the organization to remain consumer centric, establish top down approach to build trust and strengthen transparency while addressing their queries and concerns:

   The Complaints are lodged by consumer (via Toll Free no. available on label & crown), arranged and sorted by the PepsiCo Consumer Response System (CRS) representative who then, forwards the same to VBL after logging in on Wilke portal. VBL Plant team & Consumer Care / Complaint Management System (CCMS) coordinator review auto generated email containing relevant details of the Complaint which are then investigated by VBL Plant team, Regional Quality Coordinator (RQC) & CCMS coordinator and the complaint is attended by Customer Relationship Executive (CRE) to address the concern simultaneously. After detailed analysis of each reported complaints by all the plants root cause analysis is carried out and Corrective and Preventive Actions are taken by plant team.

   Plants then, initiate an improvement plan to mitigate reoccurrence of concern and to pacify & satisfy the consumer.

   Feedback:

   Feedback is sent to PepsiCo CRS team by CCMS coordinator and Pepsi International (PI) Team connects & respond to consumer, subsequently on SOS basis.

   The Complaints in VBL are tracked and reviewed monthly on the basis of it’s nature, flavour, category and plant.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

   We understand that we provide these information on the labels of our products like 'crush bottle after use', recycable package mark, throw in dustbin mark, safe and responsible use instructions on energy drink (Sting), etc.

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

3. **Number of consumer complaints in respect of the following:**

	FY 2022 (Current Financial Year)		Remarks	FY 2021 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at the end of year		Received during the year	Pending resolution at the end of year	
Data privacy	NIL	N.A.	-	NIL	N.A.	-
Advertising	NIL	N.A.	-	NIL	N.A.	-
Cyber-security	NIL	N.A.	-	NIL	N.A.	-
Delivery of Essential Services	NIL	N.A.	-	NIL	N.A.	-
Restrictive Trade Practices	NIL	N.A.	-	NIL	N.A.	-
Unfair Trade Practices	NIL	N.A.	-	NIL	N.A.	-
Other - No. of complaints received through PepsiCo Customer Care	1,109	10	-	1,564	18	-

4. **Details of instances of product recalls on account of safety issues:**

	Number	Reasons for Recall
Voluntary recalls	N.A.	N.A.
Forced recalls	N.A.	N.A.

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   Yes, https://varunpepsi.com/wp-content/uploads/2021/12/VBL-Privacy-Policy-converted.pdf

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

   NIL

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   http://www.pepsicoindia.co.in/brands/brand-explorer#product-information-beverages

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   https://www.pepsico.com/docs/default-source/sustainability-and-esg-topics/pepsico-policy-on-responsible-advertising-and-marketing-to-children.pdf?sfvrsn=f7901072_3#:~:text=Additionally%2C%20PepsiCo%20will%20not%20advertise,pledge%20programs%20(Pledge%20Programs).

Independent Auditor's Report

To the Members of Varun Beverages Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 December 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint venture, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associate and joint venture, as at 31 December 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associate and joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, associate and joint venture, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of intangible assets including Goodwill (Refer note 3(e) and 3(k) for accounting policies on intangibles assets and Business combinations and Goodwill respectively. Further note 5 to the consolidated financial statements).	Our audit procedures included, but were not limited, to the following: • Obtained an understanding of the management's process for identification of cash generating unit and processes performed by the management for their impairment testing;

Key audit matter	How our audit addressed the key audit matter
The Group carries Goodwill and franchisee rights as intangible assets having indefinite life amounting to INR 242.30 million and INR 5,386.36 million respectively, that are required to be tested for impairment by the management on an annual basis in accordance with Ind AS 36, Impairment of Assets. The aforesaid assessment of the impairment testing involves significant judgement around the determination of the recoverable amounts, being the higher of value in use and fair value less costs of disposal. Recoverable amounts are based on management's view of the future cash flows and prospects of the business, the appropriate discount rates and other industry specific risk factors. The key judgements in determining the recoverable amounts relates to the forecast of future cash flows based on strategy using macroeconomic assumptions such as industry growth, inflation and expected growth in market share, capital expenditure and working capital requirements, among others. Changes in the management forecasts or assumptions can impact the assessment of the discounted cash flows. Considering the materiality of the amounts involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the forecasted cash flows used in the impairment evaluation, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, impairment assessment of Goodwill and the franchise rights was determined as a key audit matter.	• Assessed the process by which management prepared its cash flow forecasts and held discussions with management to understand the assumptions used and estimates made by them for determining such projections; • Tested the design and operating effectiveness of internal controls over such identification and impairment test procedures; • Assessed the appropriateness of the Group's accounting policies, including those relating to recognition, measurement and impairment of intangibles by comparing with the applicable Ind AS; • Reviewed the valuation report obtained by the management from an independent valuer for Franchise rights and assessed the professional competence, skills and objectivity for performing the required valuations; • Assessed the appropriateness of the significant assumptions as well as the Group's valuation model with the support of auditor's valuation specialists, who assess the reasonableness of assumptions used and valuation methodology applied relating to discount rate, risk premium, industry growth rate etc. This included a discussion of the expected development of the business and results as well as of the underlying assumptions used with those responsible for the planning process; • Assessed the robustness of financial projections prepared by the management by comparing projections for previous financial years with actual results realised and discussed significant deviations, if any, with the management; • Tested mathematical accuracy of the projections and performed a sensitivity analysis for reasonably possible changes in the sales growth, discount rate applied and the long-term growth rate; and • Evaluated the adequacy and appropriateness of disclosures made by the Group in the consolidated financial statements, as required by the applicable provisions of the Act and Ind AS.

Key audit matter	How our audit addressed the key audit matter
Claims, Appeals and Litigations – provisions and contingent liabilities (Refer note 42 to the consolidated financial statements for the amounts of contingent liabilities) The Group is involved in various direct, indirect tax and other claims, appeals and litigations (hereafter, referred to as "Matters") that are pending with different statutory authorities and judicial courts. The management exercises significant judgement for determining the need for and the amount of provisions, for any liabilities, arising from these matters. This judgement is dependent on a number of significant assumptions and evaluations which involves interpreting the various applicable rules, regulations, practices and considering precedents in the various jurisdictions including the opinions received from various legal counsels. This matter is considered as a key audit matter, in view of the uncertainty regarding the outcome of these matters, the significance of the amounts involved and the subjectivity involved in management's judgement as to whether any amount should be recognised as a provision or be disclosed or not as a contingent liability in the consolidated financial statements.	Our audit procedures included, but were not limited to, the following: • Assessed the appropriateness of the Group's accounting policies relating to provisions and contingent liabilities with the applicable accounting standards; • Assessed the Group's process and the underlying controls for identification of the pending matters and completeness for financial reporting and also for monitoring of significant developments in relation to such pending matters; • Assessed the management's assumptions and estimates in respect of matters, including the liabilities or provisions recognised or contingent liabilities disclosed in the consolidated financial statements. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts based on the various legal counsel opinions received by the Group; • Assessed the management's conclusions through understanding relevant judicial precedents in similar cases and the applicable rules and regulations and through a discussion with Company's legal department and legal counsels appointed by the Company; • Obtained legal opinions and confirmation on completeness from the Group's external legal counsels, where appropriate; • Engaged auditor's experts to gain an understanding of the current status of matters and changes in the disputes, if any, through discussions with the management and by reading external advice received by the Group, where relevant, to validate management's conclusions; and • Assessed the appropriateness of the Group's description of the accounting policy, disclosures related to matters and whether these are adequately presented in the consolidated financial statements.

As referred to in note 3(j) of accounting policies and note 38 to the consolidated financial statement, the following key audit matter with respect to the audit opinion on the financial statements of Varun Beverages Zimbabwe (Private) Limited, a subsidiary of the Holding Company, has been reported by the component auditor vide its report dated 20 January 2023 and has been reproduced by us as under:

Key audit matter	How our audit addressed the key audit matter
Hyperinflationary accounting for Varun Beverages Zimbabwe (Private) Limited ("VBZL"), a subsidiary During the year ended December 2019, the Reserve Bank of Zimbabwe introduced Zimbabwean Dollar ("ZMD/RTGS Dollar") as the local currency which was adopted by VBZL as its functional currency. Further, the Zimbabwean economy has been classified as hyperinflationary in accordance with the factors and characteristics of a hyperinflationary economy as described in Ind AS 29 'Financial Reporting in Hyper-Inflationary Economies' ("Ind AS 29") with effect from 01 July 2019. Consequently, for the year ended 31 December 2022, the management has prepared the financial statements of VBZL, based on the restatement principles of Ind AS 29. In view of the significance of the balances, transactions, the complexity and subjectivity in application of principles of Ind AS 29, the matter has been determined to be a key audit matter.	Key procedures as performed by the component auditor included, but were not limited, to the following: • Assessed the management's processes for selecting appropriate accounting policies and for implementing Ind AS 29, including their testing for the indicators of a hyperinflationary economy on the Zimbabwean economy and tested the operating effectiveness of controls implemented by management; • Reviewed the computations prepared by management for Ind AS 29, including evaluations of the rationale for the economic indicators included (e.g. the inflation rate, cumulative inflation rate, consumer price indices from various sources) and tested the source of data and key assumptions used; • Compared the assumptions used to select externally available industry, financial and economic data; • Assessed whether the inflation index applied to restate for the effects of hyperinflation is appropriate and based on recognised official indexes; • Assessed whether the accounting treatment applied for all the elements of the financial statements are in accordance with the requirements of Ind AS 29; • Reviewed the regulatory pronouncements regarding the country being determined hyperinflation and the pertaining inflation rates and economic indicators prevailing in the country thereon; and • Assessed the appropriateness of the VBZL's description of the accounting policy and adequacy of related disclosures in the separate financial statements of VBZL.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Report on Corporate Governance and Director's Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associate and joint venture in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, and its associate company and joint venture company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate and joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint venture to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, and its associate and joint venture, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. We did not audit the financial statements of nine subsidiaries, whose financial statements reflects total assets of ₹ 26,992.88 million and net assets of ₹ 10,719.19 million as at 31 December 2022, total revenues of ₹ 32,926.73 million and net cash outflows amounting to ₹ 196.58 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements has been audited by other auditors whose reports has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

    The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 0.06 million for the year ended 31 December 2022, as considered in the consolidated financial statements, in respect of one associate and one joint venture, whose financial information has not been audited by us. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid associate and joint venture, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

16. The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by the predecessor joint auditor, APAS & Co LLP, who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 03 February 2022.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries, associate and joint venture, we report that the Holding Company, and one subsidiary company, incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to eight subsidiary companies, one associate company and one joint venture company, since none of such companies is a public company as defined under section 2(71) of the Act.

18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraph 15 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies. Further, following is the company included in the consolidated financial statements for the year ended 31 December 2022 and covered under that Act that are audited by other auditor for which the respective reports under section 143(11) of the Act of such companies have not yet been issued by the respective other auditor, as per information and explanation given to us by the management in this respect.

S No	Name	CIN	Subsidiary/ Associate/ Joint Venture	Remarks
1	Lunarmech Technologies Private Limited	U72900DL 2009PTC190619	Subsidiary	Company follows different financial year (April to March)

19. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and subsidiary, incorporated in India whose financial statements have been audited under the Act and other financial information of the un-audited financial information of associate and joint venture incorporated in India whose financial information are provided to us by the management of the Holding Company, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

    e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company, covered under the Act, none of the directors of the Group companies, are disqualified as on 31 December 2022 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies, associate company and joint venture company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II' wherein we have expressed an unmodified opinion; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries, associate and joint venture incorporated in India whose financial statements have been audited under the Act:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture as detailed in Note 42 to the consolidated financial statements;

ii. The Holding Company, its subsidiary companies, associate company and joint venture company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 December 2022

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate company and joint venture company covered under the Act, during the year ended 31 December 2022;

iv. a. The respective managements of the Holding Company and its subsidiary company, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, and in respect of the un-audited financial information of associate and joint venture company incorporated in India the management of Holding Company have represented to us that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, its associate companies or its joint venture companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, its associate companies or its joint venture companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiary company, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, and in respect of the un-audited financial information of associate and joint venture company incorporated in India the management of Holding Company have represented to us that, to the best of their knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies or its joint venture companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies, its associate companies or its joint venture companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The interim dividend declared and paid by the Holding Company during the year ended 31 December 2022 and until the date of this audit report is in compliance with section 123 of the Act and as stated in note 56 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 December 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.:
001076N/N500013

Ashish Gupta
Partner
Membership No. 504662
UDIN:
23504662BGWGCJ7100

Place: Gurugram
Date: 06 February 2023

L-41, Connaught Place,
New Delhi - 110001

For **O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.:
000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN:
23094155BGXOOQ4974

Place: Gurugram
Date: 06 February 2023

B-225, 5th Floor,
Okhla Industrial Area,
Phase 1, New Delhi - 110020

Annexure I

List of entities included in the Statement

Holding Company

1. Varun Beverages Limited

Subsidiaries

1. Varun Beverages (Nepal) Private Limited
2. Varun Beverages Lanka (Private) Limited
3. Varun Beverages Morocco SA
4. Ole Spring Bottlers (Private) Limited
5. Varun Beverages (Zambia) Limited
6. Varun Beverages (Zimbabwe) (Private) Limited
7. Lunarmech Technologies Private Limited
8. Varun Beverages RDC SAS
9. Varun Beverages International DMCC (with effect from 31 January 2022)

Associate

1. Clean Max Tav Private Limited (with effect from 23 November 2022)

Joint Venture

1. IDVB Recycling Operations Private Limited (with effect from 1 July 2022)

Annexure II

Independent Auditor's report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture as at and for the year ended 31 December 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company, its associate company and joint venture company, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary company, its associate company and joint venture company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. The audit of internal financial controls with reference to financial statements of the aforementioned associate and joint venture, which are companies covered under the Act, and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13 June 2017 read with corrigendum dated 14 July 2017. Consequently, our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to

the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, which is a company covered under the Act, has in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 December 2022, based on the Guidance Note issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to a subsidiary company, which is a company covered under the Act, whose financial statements reflect total assets of ₹ 2,133.90 million and net assets of ₹ 1,366.47 million as at 31 December 2022, total revenues of ₹ 2,338.36 million and net cash inflows amounting to ₹ 252.81 million for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company, have been audited by other auditors whose report have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary company as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the report of the auditor of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.:
001076N/N500013

Ashish Gupta
Partner
Membership No. 504662
UDIN:
23504662BGWGCJ7100

Place: Gurugram
Date: 06 February 2023

L-41, Connaught Place,
New Delhi - 110001

For **O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.:
000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN:
23094155BGXOOQ4974

Place: Gurugram
Date: 06 February 2023

B-225, 5th Floor,
Okhla Industrial Area,
Phase 1, New Delhi - 110020

Consolidated Balance Sheet

As at 31 December 2022

(₹ in million)

	Notes	As at 31 December 2022	As at 31 December 2021
Assets			
Non-current assets			
(a) Property, plant and equipment	4A	54,415.78	51,551.72
(b) Capital work-in-progress	4B	6,066.32	4,966.08
(c) Right of use assets	4C	9,155.01	5,727.99
(d) Goodwill	5A	242.30	242.30
(e) Other intangible assets	5B	5,509.10	5,585.74
(f) Investment in associate and joint venture	6	0.04	-
(g) Financial assets			
(i) Investments	7	0.01	0.01
(ii) Other financial assets	8	486.80	420.63
(h) Deferred tax assets (Net)	9	-	24.07
(i) Other non-current assets	10	6,266.77	1,839.23
Total non-current assets		**82,142.13**	**70,357.77**
Current assets			
(a) Inventories	11	19,938.85	14,480.87
(b) Financial assets			
(i) Trade receivables	12	2,993.38	2,212.49
(ii) Cash and cash equivalents	13	1,543.32	1,507.50
(iii) Bank balances other than (ii) above	14	1,309.35	1,858.72
(iv) Others	15	3,977.06	2,455.55
(c) Current tax assets (Net)	16	-	11.08
(d) Other current assets	17	4,278.34	2,934.92
Total current assets		**34,040.30**	**25,461.13**
Total assets		**116,182.43**	**95,818.90**
Equity and liabilities			
Equity			
(a) Equity share capital	18	6,495.50	4,330.33
(b) Other equity	19	44,528.30	36,468.75
Equity attributable to owners of the Parent Company		**51,023.80**	**40,799.08**
Non-controlling interest		1,131.07	1,167.89
Total equity		**52,154.87**	**41,966.97**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20A	17,270.22	18,133.27
(ii) Lease liabilities	20B	1,654.25	312.63
(b) Provisions	21	2,041.13	2,085.43
(c) Deferred tax liabilities (Net)	9	3,368.48	3,111.41
(d) Other non-current liabilities	22	5.94	6.73
Total non-current liabilities		**24,340.02**	**23,649.47**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20C	19,677.90	15,285.68
(ia) Lease liabilities	20D	235.77	136.02
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	23	659.11	342.85
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	23	7,583.50	6,774.68
(iii) Other financial liabilities	24	5,593.90	3,929.66
(b) Other current liabilities	25	4,889.77	3,096.76
(c) Provisions	21	291.91	497.40
(d) Current tax liabilities (Net)	26	755.68	139.41
Total current liabilities		**39,687.54**	**30,202.46**
Total liabilities		**64,027.56**	**53,851.93**
Total equity and liabilities		**116,182.43**	**95,818.90**

Significant accounting policies 3

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For **O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.: 000018N/N500091

For and on behalf of the Board of Directors of Varun Beverages Limited

Ashish Gupta
Partner
Membership No.: 504662

Neeraj Kumar Agarwal
Partner
Membership No.: 94155

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Rajesh Chawla
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No.: F-5746

Place : Gurugram
Dated : 06 February 2023

Consolidated Statement of Profit and Loss

For the year ended 31 December 2022

(₹ in million, unless otherwise stated)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Income			
Revenue from operations	27	133,905.58	89,582.91
Other income	28	388.49	679.25
Total income		**134,294.07**	**90,262.16**
Expenses			
Cost of materials consumed	29	64,170.92	39,689.13
Excise duty		2,174.16	1,350.61
Purchases of stock-in-trade	30	1,885.71	1,654.69
Changes in inventories of finished goods, stock-in-trade and work-in-progress	31	(3,445.07)	(997.22)
Employee benefits expense	32	12,166.42	10,076.99
Finance costs	33	1,861.22	1,847.00
Depreciation, amortisation and impairment expense	34	6,171.89	5,312.62
Other expenses	35	29,072.39	21,262.26
Total expenses		**114,057.64**	**80,196.08**
Profit before share of loss of associate & joint venture and tax		**20,236.43**	**10,066.08**
Share of loss of associate and joint venture	6	(0.06)	-
Profit before tax		**20,236.37**	**10,066.08**
Tax expense			
(a) Current tax	26	4,258.66	1,341.98
(b) Adjustment of tax relating to earlier periods	26	226.91	350.06
(c) Deferred tax expense	9	249.66	913.52
Total tax expense		**4,735.23**	**2,605.56**
Net profit for the year		**15,501.14**	**7,460.52**
Other comprehensive income	36		
(a) Items that will not to be reclassified to Profit or Loss:			
(i) Re-measurement losses on defined benefit plans		107.87	85.99
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(27.02)	(18.93)
(b) Items that will be reclassified to Profit or Loss:			
(i) Exchange differences arising on translation of foreign operations		(3,799.27)	(365.92)
Total other comprehensive loss		**(3,718.42)**	**(298.86)**
Total comprehensive income for the year (including non-controlling interest)		**11,782.72**	**7,161.66**
Net profit attributable to:			
(a) Owners of the Company		14,974.33	6,940.52
(b) Non-controlling interest		526.81	520.00
Other comprehensive income attributable to:			
(a) Owners of the Company		(3,154.79)	(298.87)
(b) Non-controlling interest		(563.63)	0.01
Total comprehensive income attributable to:			
(a) Owners of the Company		11,819.54	6,641.65
(b) Non-controlling interest		(36.82)	520.01
Earnings per equity share of face value of ₹ 10 each			
Basic (₹)	40	23.05	10.69
Diluted (₹)	40	23.05	10.69

Significant accounting policies 3

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

For **O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.: 000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No.: 94155

For and on behalf of the Board of Directors of Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Rajesh Chawla
Chief Financial Officer

Ravi Batra
Chief Risk Officer and Group Company Secretary
Membership No.: F-5746

Place : Gurugram
Dated : 06 February 2023

Consolidated Cash Flow Statement
For the year ended 31 December 2022

(Indirect Method) (₹ in million)

Particulars		Year ended 31 December 2022	Year ended 31 December 2021
A.	**Operating activities**		
	Profit before tax and share of loss in associate and joint venture	20,236.43	10,066.08
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and impairment on property, plant and equipment	5,830.99	5,037.54
	Amortisation of intangible assets and right of use assets	340.90	275.08
	Interest expense at amortised cost	1,854.49	1,850.37
	Interest income at amortised cost	(228.29)	(145.16)
	Profit on sale of current investments	(3.67)	(0.70)
	Excess provisions written back	(9.20)	(58.38)
	Share based payment to employees	29.06	-
	Loss on disposal/written off of property, plant and equipment (Net)	623.26	258.71
	Bad debts and advances written off	25.71	-
	Allowance for expected credit loss	73.51	58.92
	Unrealised foreign exchange fluctuation	(1,287.68)	(1,098.50)
	Operating profit before working capital changes	**27,485.51**	**16,243.96**
	Working capital adjustments		
	Increase in inventories	(5,568.33)	(5,192.83)
	(Increase)/decrease in trade receivables	(1,233.80)	146.56
	Increase in current and non-current financial assets and other current and non-current assets	(3,257.13)	(921.85)
	Increase in current financial liabilities and other current and non-current liabilities and provisions	4,207.33	3,280.66
	Total cash from operations	**21,633.58**	**13,556.50**
	Income tax paid	(3,733.29)	(1,242.28)
	Net cash flows from operating activities (A)	**17,900.29**	**12,314.22**
B.	**Investing activities**		
	Purchase of property, plant and equipment and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors)	(18,009.92)	(8,348.00)
	Proceeds from disposal of property, plant and equipment and intangible assets	510.93	193.51
	Change in advance received for capital assets	-	(1,074.43)
	Investment in associate and joint venture	(0.10)	-
	Interest received	232.42	132.46
	Proceeds from sale of current investments (Net)	3.67	0.70
	Decrease/(increase) in other bank balances	217.02	(1,010.63)
	Net cash used in investing activities (B)	**(17,045.98)**	**(10,106.39)**
C.	**Financing activities**		
	Proceeds from long-term borrowings	14,777.20	8,548.06
	Repayment of long-term borrowings	(11,373.59)	(6,408.51)
	Repayment of lease liabilities	(234.40)	(188.65)
	Repayments of short-term borrowings (Net)	(7.97)	(853.66)

Consolidated Cash Flow Statement
For the year ended 31 December 2022

(Indirect Method) (₹ in million)

Particulars	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Interest paid (inclusive of interest paid on lease liabilities ₹ 44.26 (31 December 2021: ₹ 30.50))	(1,716.79)	(1,791.48)
Dividend paid	(1,623.87)	(1,082.58)
Net cash used in financing activities (C)	**(179.42)**	**(1,776.82)**
Net change in cash and cash equivalents (D=A+B+C)	**674.89**	**431.01**
Cash and cash equivalents at the beginning of year (E)	1,507.50	1,045.58
Unrealised exchange difference on translation of cash and cash equivalent in subsidiaries (F)	(639.07)	30.91
Cash and cash equivalents at the end of year (G= D+E+F) (Refer note 13)	**1,543.32**	**1,507.50**

Notes:

(a) Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes pursuant to Ind AS 7:

(₹ in million)

	Non-current borrowings*	**Current borrowings**	**Lease Liabilities (Non-current and current)**
Balance as at 01 January 2022	27,134.03	6,284.92	448.65
Cash flows (Net)	3,403.61	(7.97)	(234.40)
Non-cash changes:			
Recognition of lease liabilities	-	-	1,665.92
Impact of fair value changes	74.19	-	-
Impact of exchange fluctuations	59.34	-	9.85
Balance as at 31 December 2022	**30,671.17**	**6,276.95**	**1,890.02**

(₹ in million)

	Non-current borrowings*	**Current borrowings**	**Lease Liabilities (Non-current and current)**
Balance as at 01 January 2021	24,920.39	7,138.58	346.65
Cash flows (Net)	2,139.55	(853.66)	(188.65)
Non-cash changes:			
Recognition of lease liabilities	-	-	341.37
Impact of fair value changes	89.27	-	-
Impact of exchange fluctuations	(15.18)	-	(50.72)
Balance as at 31 December 2021	**27,134.03**	**6,284.92**	**448.65**

*includes current maturity of long-term debts amounting to ₹ 13,400.95 million (31 December 2021: ₹ 9,000.76 million)

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For **O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.: 000018N/N500091

For and on behalf of the Board of Directors of Varun Beverages Limited

Ashish Gupta
Partner
Membership No.: 504662

Neeraj Kumar Agarwal
Partner
Membership No.: 94155

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Rajesh Chawla
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No.: F-5746

Place : Gurugram
Dated : 06 February 2023

Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

A. Equity share capital

(₹ in million)

Particulars	Notes	Number of shares	Amount
Balance as at 01 January 2021		288,688,720	2,886.89
Changes in equity share capital during the year 2021		144,344,360	1,443.44
Balance as at 31 December 2021	18	**433,033,080**	**4,330.33**
Changes in equity share capital during the year 2022		216,516,540	2,165.17
Balance as at 31 December 2022	**18**	**649,549,620**	**6,495.50**

B. Other Equity

(₹ in million)

Particulars	Note	Attributable to Owners of the Company								Non-controlling interests	Total
		Reserve and surplus						Exchange differences on translating the financial statements of foreign operations	Total attributable to owners of the Group		
		Capital reserve on consolidation	Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings				
Balance as at 01 January 2021		**(2,279.78)**	**533.93**	**26,178.17**	**-**	**444.26**	**8,042.43**	**(565.89)**	**32,353.12**	**647.88**	**33,001.00**
Profit for the year		-	-	-	-	-	6,940.52	-	6,940.52	520.00	7,460.52
Other comprehensive income for the year (Net of deferred taxes)											
Re-measurement gains on defined benefit plans		-	-	-	-	-	67.05	-	67.05	0.01	67.06
Exchange differences arising on translation of foreign operations		-	-	-	-	-	-	(365.92)	(365.92)	-	(365.92)
Dividend paid** (Refer note 41)		-	-	-	-	-	(1,082.58)	-	(1,082.58)	-	(1,082.58)
Amount utilised for bonus issue		-	-	(1,443.44)	-	-	-	-	(1,443.44)	-	(1,443.44)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

(₹ in million)

Particulars	Note	Attributable to Owners of the Company								Non-controlling interests	Total
		Reserve and surplus						Exchange differences on translating the financial statements of foreign operations	Total attributable to owners of the Group		
		Capital reserve on consolidation	Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings				
Balance as at 31 December 2021	**21**	**(2,279.78)**	**533.93**	**24,734.73**	**-**	**444.26**	**13,967.42**	**(931.81)**	**36,468.75**	**1,167.89**	**37,636.64**
Profit for the year		-	-	-	-	-	14,974.33	-	14,974.33	526.81	15,501.14
Other comprehensive income for the year (Net of deferred taxes)											
Re-measurement gains on defined benefit plans		-	-	-	-	-	80.96	-	80.96	(0.11)	80.85
Exchange differences arising on translation of foreign operations		-	-	-	-	-	-	(3,235.76)	(3,235.76)	(563.52)	(3,799.28)
Dividend paid** (Refer note 41)		-	-	-	-	-	(1,623.87)	-	(1,623.87)	-	(1,623.87)
Recognition of share based payment expenses (Refer note 51)		-	-	-	29.06	-	-	-	29.06	-	29.06
Amount utilised for bonus issue		-	-	(2,165.17)	-	-	-	-	(2,165.17)	-	(2,165.17)
Balance as at 31 December 2022	**21**	**(2,279.78)**	**533.93**	**22,569.56**	**29.06**	**444.26**	**27,398.84**	**(4,167.57)**	**44,528.30**	**1,131.07**	**45,659.37**

**Transaction with owners in their capacity as owners.

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For **O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.: 000018N/N500091

For and on behalf of the Board of Directors of Varun Beverages Limited

Ashish Gupta
Partner
Membership No.: 504662

Neeraj Kumar Agarwal
Partner
Membership No.: 94155

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Rajesh Chawla
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No.: F-5746

Place : Gurugram
Dated : 06 February 2023

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

1. Corporate information

Varun Beverages Limited ("VBL" or "the Company" or "Holding Company" or "Parent Company") is a public limited Company domiciled in India. Its registered office is at F-2/7, Okhla Industrial Area, Phase-I, New Delhi- 110 020. The Company's equity shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India (NSE). The Company was incorporated on 16 June 1995 under the provisions of the Companies Act 1956.

The Company together with its subsidiaries and associates (hereinafter, "the Group") is engaged in manufacturing, selling, bottling and distribution of beverages of Pepsi brand in geographically pre-defined territories of India, Sri Lanka, Nepal, Zambia, Morocco and Zimbabwe as per franchisee agreement with PepsiCo India Holdings Private Limited ("PepsiCo India") and its affiliates. The sale of Group's products is seasonal.

2. Basis of preparation

These Consolidated Financial Statements ("the CFS") of the Group have been prepared in accordance with the Indian Accounting Standards ("Ind AS") and comply with requirements of Ind AS, stipulations contained in Schedule III (revised) as applicable under Section 133 of the Companies Act, 2013 ("the Act"), and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI) the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other pronouncements/ provisions of applicable laws. These financial statements are authorised for issue on 06 February 2023 in accordance with a resolution of the Board of Directors. The Board of Directors can permit the revision to the standalone financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

These CFS have been prepared using the significant accounting policies and measurement basis summarised below. These accounting policies have been used consistently throughout all periods presented in these consolidated financial statements except as mentioned in note 3 (b) below.

The CFS have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

i. Derivative financial instruments;

ii. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

iii. Defined benefit plans- plan assets measured at fair value; and

iv. Share based payments;

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current if it satisfies any of the following conditions:

i. Expected to be realised or intended to sold or consumed in normal operating cycle;

ii. Held primarily for the purpose of trading;

iii. Expected to be realised within twelve months after the reporting period; or

iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current if it satisfies any of the following conditions:

i. It is expected to be settled in normal operating cycle;

ii. It is held primarily for the purpose of trading;

iii. It is due to be settled within twelve months after the reporting period; or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

The operating cycle is the time between the acquisition of assets for processing and its realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

All amounts disclosed in the CFS and notes have been rounded off to the nearest million as per the requirement of Schedule III to the Act, unless otherwise stated.

2.1. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and associate. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a) The contractual arrangement with the other vote holders of the investee;

b) The rights arising from other contractual arrangements;

c) The Group's voting rights and potential voting rights; and

d) The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

An associate is an entity over which the Group has significant influence, i.e., the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended 31 December. When the end of the reporting period of the parent is different from that of a subsidiary/ associate, the subsidiary/ associate prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

The following consolidation procedures are adopted:

Subsidiary:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date;

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill; and

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Ind AS 12 'Income Taxes' applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in Consolidated Statement of Profit and Loss;
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Associates:

Interests in associates are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. When a member of the Group transacts with an associate of the Group, profits and losses from transactions with the associate are recognised in the CFS only to the extent of interests in the associate that are not related to the Group.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment.

The Consolidated Statement of Profit and Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Consolidated Statement of Profit and Loss.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the Consolidated Statement of Profit and Loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant and the fair value of the retained investment and proceeds from disposal is recognised in the Consolidated Statement of Profit and Loss.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

On acquisition of control over previously owned associates, the Group re-measures its previously held equity interest in the associates at the acquisition date fair value and the difference, if any, between the carrying amount and the fair value is recognised in the Consolidated Statement of Profit and Loss.

Goodwill is generally computed as the difference between the sum of consideration transferred (measured at the fair value) the non-controlling interest ("NCI") in the acquire and the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

3. Summary of significant accounting policies

a) Fair value measurements

The Group measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

b) Revenue recognition

Revenue is recognised upon transfer of control of promised goods or services to customers at an amount that reflects the consideration to which the Group is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price allocated to that performance obligation as per contractually agreed terms with the customers. The transaction price of goods sold and services rendered is net of various discounts and schemes offered by the Group as part of the contract. Revenue is recorded provided the recovery of consideration is probable and determinable. Revenue from sale of goods and services transferred to distributors/intermediaries are recognised at a point in time.

Sale of goods

Revenue from the sale of manufactured and traded goods products is recognised upon transfer of control of products to the customers which coincides with their delivery to customer and is measured at fair value of consideration received/receivable, net of discounts, amount collected on behalf of third parties and applicable taxes.

Interest income

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial assets. Interest income is included in finance income in the Consolidated Statement of Profit and Loss.

Dividends

Dividend is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Services rendered

Revenue from service related activities is recognised as and when services are rendered and on the basis of contractual terms with the parties.

c) Inventories

Inventories are valued as follows:

i. **Raw materials, components and stores and spares:** At lower of cost and net realisable value. Cost of inventory comprises all costs of purchases, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition and is determined on a moving weighted average cost basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

ii. **Work-in-progress:** At lower of cost and net realisable value. Cost for this purpose includes material, labour and appropriate allocation of overheads including depreciation. Cost is determined on a weighted average basis.

iii. **Intermediate goods/ Finished goods:**

a) **Self-manufactured -** At lower of cost and net realisable value. Cost for this purpose includes material, labour and appropriate allocation of overheads. Cost is determined on a weighted average basis.

b) **Traded -** At lower of cost and net realisable value. Cost of inventory comprises all costs of purchases, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition and is determined on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Provision for obsolescence is determined based on management's assessment and is charged to the Consolidated Statement of Profit and Loss.

d) Property, plant and equipment

Measurement at recognition:

Property, plant and equipment and capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost comprises the purchase price, borrowing costs if capitalization criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The cost of an item of property, plant and equipment is recognised as an asset if, and only if:

a. it is probable that future economic benefits associated with the item will flow to the entity; and

b. the cost of the item can be measured reliably.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increased the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day- to- day repair and maintenance expenditure and cost of replacing parts, are charged to the Consolidated Statement of Profit and Loss for the period during which such expenses are incurred. Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

capitalized as a part of indirect construction cost to the extent the expenditure is related to construction or is incidental thereto. Other indirect costs incurred during-the construction periods which are not related to construction activity nor are incidental thereto are charged to the Consolidated Statement of Profit and Loss.

Value for individual assets acquired for a consolidated price, the consideration is apportioned to the various assets on a fair value basis as determined by competent valuers.

Depreciation:

The management has estimated, supported by technical assessment, the useful lives of property, plant and equipment. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Description	Useful lives (upto)
Leasehold land	Over lease period
Buildings - factory	20-50 years
Buildings - others	59-60 years
Plant and equipment	4-20 years
Furniture and fixtures	5-10 years
Delivery vehicles	4-10 years
Vehicles (other than delivery vehicles)	4-7 years
Office equipment	4-10 years
Computer equipment	3-5 years
Containers	4-10 years
Post-mix vending machines and refrigerators (Visi-Coolers)	7-10 years
Power generating assets	22 years

Freehold land is not depreciated.

Depreciation on property, plant and equipment is provided over the useful life of assets as specified in Schedule II to the Act except where the management, based on independent technical assessment, depreciates certain assets are over estimated useful lives which are different from the useful life prescribed in the Schedule II to the Act.

The Group has used the remaining useful lives to compute depreciation on its property, plant and equipment, acquired under the business transfer agreement based on external technical evaluation.

Depreciation on property, plant and equipment which are added/disposed off during the year is provided on a pro-rata basis with reference to the month of addition/deletion.

The Group has technically evaluated all the property, plant and equipment for determining the separate identifiable assets having different useful lives under the component approach. On technical evaluation of all separate identifiable components, the management is of the opinion that they do not have any different useful life from that of the principal asset.

In case of revaluation of leasehold land, the resulting amortisation of the total revalued amount is expensed off to the Consolidated Statement of Profit and Loss.

Derecognition:

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds or amount of security deposit adjusted and the carrying amount of the asset) is included in the Consolidated Statement of Profit and Loss when the asset is de-recognised.

Breakages of containers are adjusted on 'first bought first broken' basis, since it is not feasible to specifically identify the broken containers in the fixed assets records.

e) Intangible assets

Intangible assets are initially recognised at:

a. In case the assets are acquired separately, then at cost,

b. In case the assets are acquired in a business combination or under any asset purchase agreement, at fair value.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful life are assessed for impairment whenever there is an indication that the intangible assets may be impaired.

Amortisation of other intangible assets are amortised on a straight-line basis using the estimated useful life as follows:

Intangible assets	Useful lives (years)
Software	3-5 Years
Market infrastructure	5 Years
Distribution network	8 Years

The franchise rights and trademarks acquired as part of business combinations normally have a remaining legal life of not exceeding ten years but is renewable every ten years at little cost and is well established. The Group intends to renew these rights continuously and evidence supports its ability to do so. An analysis of product life cycle studies, market and competitive trends provides evidence that the product will generate net cash inflows for the Group for an indefinite period. Therefore, these rights have been carried at cost without amortisation, but is tested for impairment annually, at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

f) Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed to the Consolidated Statement of Profit and Loss in the period in which they occur.

g) Leases

The Group as a lessee

The Group enters into an arrangement for lease of buildings and equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with Ind AS 116 – Leases, at inception of the contract, the Group assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfills the requirements of Ind AS 40 - Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Consolidated Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item in the standalone financial statements of the Group.

The Group has elected not to apply the requirements of Ind AS 116 - Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from Ind AS 116 - Leases. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

h) Employee benefits

Contribution to provident and other funds

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Group recognises termination benefit as a liability and an expense when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Gratuity liability is accrued on the basis of an actuarial valuation made at the end of the year. The actuarial valuation is performed by an independent actuary as per projected unit credit method, except for few subsidiary companies where gratuity liability is provided on full cost basis.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in Consolidated Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring cost

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation as an expense in the Consolidated Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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Compensated absences

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit which are computed based on the actuarial valuation using the projected unit credit method at the year end except for few subsidiary companies where accumulated leave liability is provided on full cost basis. Actuarial gains/losses are immediately taken to the Consolidated Statement of Profit and Loss and are not deferred. The Group presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the balance is presented as a non-current liability.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

All other employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognised in the Consolidated Statement of Profit and Loss in the period in which the employee renders the related service.

i) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments which are classified as equity-settled transactions.

The cost of equity-settled transactions is determined by the fair value at the date of grant using an appropriate valuation model. That cost is recognised as an employee benefit expense with a corresponding increase in 'Share option outstanding account' in other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the parent company's best estimate of the number of equity instruments that will ultimately vest.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the parent company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions.

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the parent company or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

j) Foreign currency transactions and translations

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or after 01 January 2017: Exchange differences arising on conversion of long term foreign currency monetary items obtained or given is recorded in the Consolidated Statement of Profit and Loss.

Group companies

On consolidation, the assets and liabilities of foreign operations, whose functional currency is not the currency of a hyperinflationary economy, are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions.

However, all amounts (i.e. assets, liabilities, equity items, income and expenses) of foreign operation, whose functional currency is the currency of a hyperinflationary economy, are translated into INR at the rate of exchange prevailing at the reporting date and the comparative figures shall be those that were presented as current year amounts in the relevant prior year financial statement (i.e. not adjusted for subsequent changes in the price level or subsequent changes in exchange rates).

The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Financial statements of entity whose functional currency is the currency of a hyperinflationary economy

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy is stated in terms of the measuring unit current at the end of the reporting period.

Monetary items are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period.

Non-monetary items, which are carried at amounts current at the end of the reporting period, such as net realisable value and fair value, are not restated. All other nonmonetary assets and liabilities which are carried at cost or cost less depreciation are restated by applying to its historical cost and accumulated depreciation the change in a general price index from the date of acquisition to the end of the reporting period. However, where detailed records of the acquisition dates are not available or capable of estimation, in those cases, restatement is computed based on independent professional assessment or by using the best estimate, i.e., by capturing the movements in the exchange rate between the functional currency and a relatively stable foreign currency.

Statement of profit and loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore all amounts are restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

At the beginning of the first period of application, the components of shareholder's equity, excluding retained earnings and any revaluation surplus, are restated by applying a general price index from

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

the dates on which the items were contributed or otherwise arose. Restated retained earnings are derived from all the other amounts in the restated statement of financial position.

The gain or loss on the net monetary position, being the difference resulting from the restatement of non-monetary assets, owners' equity and items in the statement of profit and loss and the adjustment of index linked assets and liabilities, is recognised in the consolidated statement of profit and loss.

k) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits' respectively. When a liability assumed is recognised at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments' ("Ind AS 109"), is measured at fair value with changes in fair value recognised in the Consolidated Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually,

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in the Consolidated Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Business combinations involving entities that are controlled by the Group are accounted for using the 'pooling of interests' method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- Except for adjustments made to harmonise accounting policies, no adjustments are made to reflect fair values, or recognise any new assets or liabilities;
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve; and
- The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferred.

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

l) Government grants

Grants from the Government are recognised when there is reasonable assurance that all underlying conditions will be complied with and that the grant will be received.

When loans or similar assistance are provided by Government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. That grant is recognised in the Consolidated Statement of Profit and Loss under 'other operating revenue'. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Government grants related to assets are presented in the Consolidated balance sheet by deducting the grant from the carrying value of the asset and non-monetary grant is recognised at a nominal value.

Grants related to income are recognised as income on a systematic basis in the Consolidated Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate and are presented as 'other operating revenues'.

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Total government grant recognised in the Consolidated Statement of Profit and Loss under the head 'Other operating revenue' amounts to ₹ 1,853.06 million (31 December 2021: ₹ 1,430.81 million) under different industrial promotion tax exemption schemes.

m) Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 and respective local jurisdictions of members of the Group.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity).

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate including amount expected to be paid/ recovered for uncertain tax position.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their book bases. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum Alternate Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the relevant members of the Group will pay normal income tax during the specified period. Such asset is reviewed at each reporting period end and the adjusted based on circumstances then prevailing.

Deferred tax assets are recognised on the unrealized profit for all the inter-company sale/purchase eliminations of property, plant and equipment and inventories.

Deferred tax on business combination

When a liability assumed is recognized at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base. In both cases, the resulting deferred tax asset affects goodwill.

n) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The business activities of the Group predominantly fall within a single operating segment, i.e., manufacturing and sale of beverages. The Group operates in two principal geographical areas, namely, India and other countries or 'outside India'. The Group prepares its segment information in conformity with the accounting policies adopted for preparing the CFS.

o) Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Consolidated Statement of Profit and Loss

p) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

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If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded company's or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Consolidated Statement of Profit and Loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Consolidated Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

For purposes of subsequent measurement, financial assets are classified as follows:

a) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost where the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and contractual terms of the asset give rise to cash flows on specified dates that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income from these financial assets is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

b) Debt instruments at Fair Value Through Other Comprehensive Income

Assets that are held for collection of contractual cashflows and for selling the financial assets, where the cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). The Group has not designated any debt instrument in this category.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

c) ***Debt instruments at Fair Value Through Profit or Loss***

Fair Value Through Profit or Loss ("FVTPL") is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Consolidated Statement of Profit and Loss. The Group has not designated any debt instrument in this category.

d) ***Equity instruments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 'Business Combinations' applies are Ind AS classified as at FVTPL. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Consolidated Profit and Loss.

For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair values. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

De-recognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive the contractual cash flows from the asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred.

Impairment of financial assets

The Group measures the Expected Credit Loss ("ECL") associated with its assets based on historical trends, industry practices and the general business environment in which it operates. The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Consolidated Statement of Profit and Loss under the head 'other expenses'.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) ***Financial liabilities at FVTPL***

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses are recognised in the Consolidated Statement of Profit or Loss, except for those attributable to changes in own credit risk, which are recognised in OCI. These gains/ loss are not subsequently transferred to the profit or loss.

b) Financial liabilities at amortised cost

After initial recognition, financial liabilities designated at amortised costs are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortisation is included as finance costs in the Consolidated Statement of Profit and Loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date of executing a derivative contract and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

r) Non-current assets and liabilities classified as held for sale

Non-current assets classified as held for sale are presented separately in the Balance Sheet and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arises on remeasurement or sale is included in the Consolidated Statement of Profit and Loss.

If an entity has classified an asset (or disposal group) as held for sale, but the held-for-sale criteria as specified in Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations' are no longer met, the Group ceases to classify the asset (or disposal group) as held for sale.

The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and

b) its recoverable amount at the date of the subsequent decision not to sell.

s) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

t) Dividend distribution to equity holders of the parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Consolidated Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

v) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

w) Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, other than conversion of potential equity shares, that have changed the number of equity shares outstanding without a corresponding change in resources.

In case of a bonus issue, the number of ordinary shares outstanding is increased by number of shares issued as bonus shares in current year and comparative period presented as if the event had occurred at the beginning of the earliest year presented.

For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.1. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified the following areas where significant judgements, estimates and

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements. Changes in estimates are accounted for prospectively.

i) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

a) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

b) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Useful lives of tangible/intangible assets

The Group reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

b) Defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c) Inventories

The Group estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

d) Business combinations

The Group uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

e) Impairment of non-financial assets and goodwill

In assessing impairment, Group estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

f) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

4A. Property, plant and equipment

(₹ in million)

	Land freehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount										
Balance as at 01 January 2022	7,203.14	14,414.94	39,658.25	293.35	2,102.07	344.58	284.03	4,508.86	12,080.03	80,889.25
Additions for the year	781.60	1,711.03	6,919.33	26.69	118.26	93.13	64.80	1,530.65	430.47	11,675.96
Disposals/adjustments for the year	(7.13)	(2.30)	(1,575.38)	(4.10)	(51.00)	(13.15)	(8.43)	(507.58)	(196.18)	(2,365.25)
Foreign exchange fluctuation for the year	(180.01)	(582.24)	(1,307.87)	(25.71)	(105.18)	(22.67)	(14.28)	(104.00)	(332.54)	(2,674.50)
Balance as at 31 December 2022	**7,797.60**	**15,541.43**	**43,694.33**	**290.23**	**2,064.15**	**401.89**	**326.12**	**5,427.93**	**11,981.78**	**87,525.46**
Accumulated Depreciation										
Balance as at 01 January 2022	-	3,023.30	13,315.18	175.03	1,598.82	218.72	199.19	2,072.37	8,734.92	29,337.53
Depreciation charge for the year	-	537.87	2,859.42	21.97	117.11	49.91	37.73	809.85	922.89	5,356.75
Reversal on disposals/adjustments for the year	-	(0.58)	(591.90)	(3.32)	(38.40)	(9.70)	(7.76)	(383.55)	(171.75)	(1,206.96)
Foreign exchange fluctuation for the year	-	(113.60)	(372.84)	(10.09)	(67.06)	(9.71)	(6.36)	(81.75)	(186.85)	(848.26)
Balance as at 31 December 2022	**-**	**3,446.99**	**15,209.86**	**183.59**	**1,610.47**	**249.22**	**222.80**	**2,416.92**	**9,299.21**	**32,639.06**
Accumulated Impairment										
Balance as at 01 January 2022	-	-	-	-	-	-	-	-	-	-
Impairment loss for the year (Refer footnote iv below)	-	84.24	386.38	-	-	-	-	-	-	470.62
Balance as at 31 December 2022	**-**	**84.24**	**386.38**	**-**	**-**	**-**	**-**	**-**	**-**	**470.62**
Carrying amount as at 31 December 2022	**7,797.60**	**12,010.20**	**28,098.09**	**106.64**	**453.68**	**152.67**	**103.32**	**3,011.01**	**2,682.57**	**54,415.78**

(₹ in million)

	Land freehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount										
Balance as at 01 January 2021	6,911.70	13,696.94	38,285.07	256.81	2,019.37	302.31	247.70	4,048.11	11,813.13	77,581.14
Additions for the year	321.73	477.72	1,629.33	33.58	69.01	44.31	40.22	785.32	284.40	3,685.62
Disposals for the year	(8.49)	(0.30)	(631.77)	(4.44)	(27.76)	(9.73)	(8.37)	(401.26)	(62.73)	(1,154.85)
Foreign exchange fluctuation for the year	(21.80)	240.58	375.62	7.40	41.45	7.69	4.48	76.69	45.23	777.34
Balance as at 31 December 2021	**7,203.14**	**14,414.94**	**39,658.25**	**293.35**	**2,102.07**	**344.58**	**284.03**	**4,508.86**	**12,080.03**	**80,889.25**
Accumulated Depreciation										
Balance as at 01 January 2021	-	2,481.06	11,119.25	150.63	1,450.56	179.76	166.92	1,614.83	7,698.32	24,861.33
Depreciation charge for the year	-	521.58	2,468.82	23.67	157.41	44.48	36.39	701.41	1,083.78	5,037.54
Reversal on disposal of assets for the year	-	(0.15)	(332.92)	(2.65)	(26.02)	(7.43)	(5.86)	(274.81)	(53.29)	(703.13)
Foreign exchange fluctuation for the year	-	20.81	60.03	3.38	16.87	1.91	1.74	30.94	6.11	141.79
Balance as at 31 December 2021	**-**	**3,023.30**	**13,315.18**	**175.03**	**1,598.82**	**218.72**	**199.19**	**2,072.37**	**8,734.92**	**29,337.53**
Carrying amount as at 31 December 2021	**7,203.14**	**11,391.64**	**26,343.07**	**118.32**	**503.25**	**125.86**	**84.84**	**2,436.49**	**3,345.11**	**51,551.72**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

Footnotes to Note 4A:

i. Refer note 55 for information on property, plant and equipment pledged as security by the Group.

ii. Pre-operative expenses incurred and capitalised during the year are as under:

(₹ in million)

Net Book Value	31 December 2022	31 December 2021
Balance at the beginning of the year	179.74	34.39
Add: Incurred during the year		
Net gain on foreign currency transactions	(34.64)	(2.76)
Finance costs	171.76	52.88
Other expenses	466.43	151.30
Less: Capitalised during the year	(423.57)	(56.07)
Amount carried over included in CWIP	**359.72**	**179.74**

iii. The amount of contractual commitments for the acquisitions of property, plant and equipment are disclosed in Note 43.

iv. During the current year ended on 31 December 2022, the Holding company has impaired some of the property, plant and equipment, primarily used in production of beverages, amounting to ₹ 470.62 million, based on the detailed evaluation of capacity utilisation during the peak season and considering the future usability.

4B. Capital work-in-progress (CWIP): The changes in the carrying value of capital work-in-progress for the year ended 31 December 2022 and 31 December 2021 are as follows :

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2022	4,966.08
Additions for the year*	7,551.52
Transfer to property, plant and equipment	(6,299.30)
Impairment loss for the year#	(3.62)
Foreign exchange fluctuation for the year	(148.36)
Balance as at 31 December 2022	**6,066.32**

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2021	668.15
Additions for the year*	5,695.42
Transfer to property, plant and equipment	(1,367.92)
Foreign exchange fluctuation for the year	(29.57)
Balance as at 31 December 2021	**4,966.08**

*includes finance cost amounting to ₹ 171.76 million (31 December 2021: ₹ 52.88 million) and other expenses amounting to ₹ 466.43 million (31 Decemeber 2021: ₹ 151.30 million) respectively.

#The Holding company has impaired some of the plant and equipment amounting to ₹ 3.62 million which indicates the cost incurred on Capital work-in-progress related to plant impaired during the current year based on the detailed evaluation of capacity utilisation during the peak season and considering the future usability.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

4B(i) CWIP ageing schedule

(₹ in million)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress					
As at 31 December 2022	5,999.31	63.54	3.25	0.22	**6,066.32**
As at 31 December 2021	4,907.71	54.89	3.48	-	**4,966.08**

There are no projects as on each reporting period where activity has been suspended . Also, there are no project as on reporting period which has exceeded cost as compared to its original plan or where completion is overdue.

4C. Right of use assets (ROU)

(₹ in million)

	Land leasehold#	Leased buildings	Leased plant and equipment	Vehicles	Total
Gross carrying amount					
Balance as at 01 January 2022	5,752.31	326.11	13.60	289.40	6,381.42
Additions for the year	3,316.84	0.09	291.75	163.92	3,772.60
Grant received (Refer footnote i below)	(68.24)	-	-	-	(68.24)
Refund received (Refer footnote ii below)	(10.35)	-	-	-	(10.35)
Foreign exchange fluctuation for the year	6.32	-	8.91	3.52	18.75
Balance as at 31 December 2022	**8,996.88**	**326.20**	**314.26**	**456.84**	**10,094.18**
Accumulated Amortisation					
Balance as at 01 January 2022	388.99	171.23	4.41	88.80	653.43
Amortisation charge for the year	94.77	79.38	43.32	65.40	282.87
Foreign exchange fluctuation for the year	0.05	-	1.27	1.55	2.87
Balance as at 31 December 2022	**483.81**	**250.61**	**49.00**	**155.75**	**939.17**
Carrying amount as at 31 December 2022	**8,513.07**	**75.59**	**265.26**	**301.09**	**9,155.01**
Gross carrying amount					
Balance as at 01 January 2021	5,586.86	223.24	7.88	169.65	5,987.63
Additions for the year	107.91	102.87	5.72	124.87	341.37
Foreign exchange fluctuation for the year	57.54	-	-	(5.12)	52.42
Balance as at 31 December 2021	**5,752.31**	**326.11**	**13.60**	**289.40**	**6,381.42**
Accumulated Amortisation					
Balance as at 01 January 2021	308.99	86.99	0.96	38.61	435.55
Amortisation charge for the year	79.27	84.24	3.45	50.42	217.38
Foreign exchange fluctuation for the year	0.73	-	-	(0.23)	0.50
Balance as at 31 December 2021	**388.99**	**171.23**	**4.41**	**88.80**	**653.43**
Carrying amount as at 31 December 2021	**5,363.32**	**154.88**	**9.19**	**200.60**	**5,727.99**

#The Holding Company had acquired leasehold land at Sonarpur (Kolkata) amounting to ₹ 1.50 million (31 December 2021: ₹ 1.50 million) which is yet to be registered in the name of the Company.

Footnotes to Note 4C:

(i) During the year ended on 31 December 2022, the Holding company had received government grant related to leasehold land acquired in Bihar amounting to ₹ 68.24 million. The grant received is adjusted against the carrying value of the respective asset.

(ii) During the year ended on 31 December 2022, the Holding company had received refund amounting to ₹ 10.35 million due to revision in rates of leasehold land acquired during the previous year at Kathua (Jammu and Kashmir). The refund received is adjusted against the carrying value of the respective asset.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

5A. Goodwill (Refer note i)

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2022	242.30
Acquired during the year	-
Balance as at 31 December 2022	**242.30**
Amortisation	
Balance as at 01 January 2022	-
Amortisation charge for the year	-
Balance as at 31 December 2022	-
Carrying amount as at 31 December 2022	**242.30**

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2021	242.30
Balance as at 31 December 2021	**242.30**
Amortisation	
Balance as at 01 January 2021	**-**
Amortisation charge for the year	-
Balance as at 31 December 2021	**-**
Carrying amount as at 31 December 2021	**242.30**

5B. Other intangible assets

(₹ in million)

	Market infrastructure	Distribution network	Franchise rights/ trademarks (Refer note i)	Computer software	Total
Gross carrying amount					
Balance as at 01 January 2022	71.73	157.64	6,043.54	313.03	6,585.94
Additions for the year	-	-	-	1.48	1.48
Disposals/adjustments for the year	-	-	-	(34.71)	(34.71)
Foreign exchange fluctuation for the year	(0.37)	-	0.01	(0.07)	(0.43)
Balance as at 31 December 2022	**71.36**	**157.64**	**6,043.55**	**279.73**	**6,552.28**
Amortisation					
Balance as at 01 January 2022	29.06	60.18	657.15	253.81	1,000.20
Amortisation charge for the year	11.86	19.70	0.03	26.44	58.03
Reversal on disposals/adjustments on assets for the year	-	-	-	(15.20)	(15.20)
Foreign exchange fluctuation for the year	0.21	-	0.01	(0.07)	0.15
Balance as at 31 December 2022	**41.13**	**79.88**	**657.19**	**264.98**	**1,043.18**
Carrying amount as at 31 December 2022	**30.23**	**77.76**	**5,386.36**	**14.75**	**5,509.10**

(₹ in million)

	Market infrastructure	Distribution network	Franchise rights/ trademarks (Refer note i)	Computer software	Total
Gross carrying amount					
Balance as at 01 January 2021	39.94	157.64	6,043.41	276.29	6,517.28
Additions for the year	33.50	-	-	39.39	72.89
Disposals/adjustments for the year	-	-	-	(2.63)	(2.63)
Foreign exchange fluctuation for the year	(1.71)	-	0.13	(0.02)	(1.60)
Balance as at 31 December 2021	**71.73**	**157.64**	**6,043.54**	**313.03**	**6,585.94**
Amortisation					
Balance as at 01 January 2021	21.32	40.48	657.08	226.39	945.27
Amortisation charge for the year	8.41	19.70	-	29.59	57.70
Reversal on disposals/adjustments on assets for the year	-	-	-	(2.13)	(2.13)
Foreign exchange fluctuation for the year	(0.67)	-	0.07	(0.04)	(0.64)
Balance as at 31 December 2021	**29.06**	**60.18**	**657.15**	**253.81**	**1,000.20**
Carrying amount as at 31 December 2021	**42.67**	**97.46**	**5,386.39**	**59.22**	**5,585.74**

Footnotes to Note 5A and 5B:

i. Goodwill and franchise rights with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

The Group has considered the related provisions of Ind AS 38 on 'Intangibles Assets' which permit certain intangible assets to have an indefinite life and accordingly the carrying value of franchisee rights have been considered to have an indefinite life. These franchisee rights meet the prescribed criteria of renewal at nominal cost, renewal with no specific conditions attached, are sustainable and the same is supported by evidences of being renewed. Management is of the opinion that, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the franchise rights are expected to generate net cash inflows for the Group.

The assumptions used in this impairment assessment are most sensitive to following:

a) Weighted average cost of capital ''WACC'' of 13.52% (Previous year - 12.04%) for the explicit period and 13.52% (Previous year - 12.45%) for the terminal year.

b) For arriving at the terminal value, approximate growth rate of 5% (Previous year - 5%) is considered.

c) Number of years for which cash flows were considered are 5 years.

d) The approximate rate of growth in sales is estimated at 8%-10% (Previous year - 8%-15%) in the discrete period.

No impairment loss was identified on the above assessment.

ii. The amount of contractual commitments for the acquisitions of intangible assets are disclosed in Note 43.

iii. Refer Note 55 for information on other intangible assets pledged as security by the Group.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

6. Investment in associate and joint venture

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Investment in joint ventures accounted as per equity method (unquoted)		
7,000 (31 December 2021: Nil) fully paid equity shares of ₹ 10 each in IDVB Recycling Operations Private Limited~	0.07	-
Add: Share in loss of joint venture (Refer footnotes below)	(0.01)	-
	0.06	**-**
Investment in associates accounted as per equity method (unquoted)		
2,600 (31 December 2021: Nil) fully paid equity shares of ₹ 10 each in Clean Max Tav Private Limited@	0.03	
Add: Share in loss of associate (Refer footnotes below)	(0.05)	
	(0.02)	**-**
Aggregate amount of unquoted investments*	**0.04**	**-**

~On 01 July 2022, the Holding Company has subscribed the equity investment of IDVB Recycling Operations Private Limited amounting to ₹ 0.03 million and ₹ 0.04 million (31 December 2021: Nil) on 01 July 2022 and 01 November 2022 respectively.

@On 23 November 2022, the Company has subscribed the equity investment of Clean Max Tav Private Limited amounting to ₹ 0.03 million (31 December 2021: Nil).

The above investment is for business purposes.

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Loss for the year*	(0.06)	-
Add/(less): Other comprehensive income	-	-
Total comprehensive income	**(0.06)**	**-**

*Refer note 58

7. Investments

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Fair value through Profit and Loss ("FVTPL")		
Investment in fully paid equity shares (unquoted)		
200 (31 December 2021: 200) shares of ₹ 50 each in The Margao Urban Co-operative Bank Limited	0.01	0.01
250 (31 December 2021: 250) shares of ₹ 10 each in The Goa Urban Co-operative Bank Limited**	0.00	0.00
	0.01	**0.01**
**Rounded off to Nil.		
Aggregate amount of unquoted investments	**0.01**	**0.01**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

8. Other non-current financial assets

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Financial assets at amortised cost		
Security deposits	477.53	412.59
Balance in deposit accounts with more than 12 months maturity#	9.27	8.04
	486.80	**420.63**

#Pledged as security with electricity department/banks.

9. Deferred tax assets and liabilities

Movement in deferred tax assets/liabilities during the year ended 31 December 2022 and 31 December 2021:

(₹ in million)

Deferred tax liabilities/(assets)	As at 01 January 2022	Recognised in other comprehensive income**	Recognised in the Consolidated Statement of Profit and Loss	As at 31 December 2022
Accelerated depreciation for tax purposes	3,958.14	-	(43.75)	3,914.39
Benefit accrued on government grants	136.58	-	(39.99)	96.59
Minimum alternate tax (MAT) credit*	(168.12)	-	168.12	-
Carry forward of unused tax losses	(164.98)	-	103.91	(61.07)
Allowance for doubtful debts	(77.08)	-	(8.24)	(85.32)
Accrued bonus	(19.73)	-	(27.77)	(47.50)
Provision for retirement benefits	(543.34)	27.02	34.66	(481.66)
Fair valuation of financial instruments	(35.50)	-	20.28	(15.22)
Borrowings	(1.24)	-	0.24	(1.00)
Gain on acquisition of control over existing associate	36.83	-	-	36.83
Other expenses allowable on payment basis	(34.22)	-	46.66	12.44
	3,087.34	**27.02**	**254.12**	**3,368.48**
Exchange difference on re-statement of deferred tax balances	-	-	(4.46)	-
	3,087.34	**27.02**	**249.66**	
Classified as:				
Deferred tax assets (Net)	24.07			-
Deferred tax liabilities (Net)	3,111.41			3,368.48

(₹ in million)

Deferred tax liabilities/ (assets)	As at 01 January 2021	Recognised in other comprehensive income**	Recognised in the Consolidated Statement of Profit and Loss	As at 31 December 2021
Accelerated depreciation for tax purposes	3,833.80	-	124.34	3,958.14
Benefit accrued on government grants	206.72	-	(70.14)	136.58
Minimum alternate tax (MAT) credit*	(877.22)	-	709.10	(168.12)

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(₹ in million)

Deferred tax liabilities/ (assets)	As at 01 January 2021	Recognised in other comprehensive income**	Recognised in the Consolidated Statement of Profit and Loss	As at 31 December 2021
Carry forward of unused tax losses	(277.01)	-	112.03	(164.98)
Allowance for doubtful debts	(156.07)	-	78.99	(77.08)
Accrued bonus	(22.44)	-	2.71	(19.73)
Provision for retirement benefits	(509.08)	18.93	(53.19)	(543.34)
Fair valuation of financial instruments	(27.19)	-	(8.31)	(35.50)
Borrowings	(1.66)	-	0.42	(1.24)
Gain on acquisition of control over existing associate	36.83	-	-	36.83
Other expenses allowable on payment basis	(57.43)	-	23.21	(34.22)
	2,149.25	**18.93**	**919.16**	**3,087.34**
Exchange difference on re-statement of deferred tax balances	-	-	(5.64)	-
	2,149.25	**18.93**	**913.52**	
Classified as:				
Deferred tax assets (Net)	110.18			24.07
Deferred tax liabilities (Net)	2,259.43			3,111.41

***MAT credit (recognised in Holding Company):** (₹ in million)

	Recognised in profit and loss	Utilised from profit and loss
31 December 2022	-	(168.12)
31 December 2021	-	(709.10)

(i) A subsidiary of the Group has the following unused tax losses and unabsorbed depreciation, for which no deferred tax asset has been recognised in the books of accounts:

a) Unused business losses and unabsorbed depreciation on intangible assets that can be carried forward as follows:

(₹ in million)

Financial year of origination	Financial year of expiry	31 December 2022	31 December 2021
31 December 2017	31 December 2021	-	121.62
31 December 2018	31 December 2022	390.75	609.46
Total		**390.75**	**731.08**

b) Unused unabsorbed depreciation on tangible assets amounting to ₹ 1,870.10 million (31 December 2021: ₹ 1,879.78 million) can be carried forward indefintely.

Notes:

** The amounts recognised in other comprehensive income relates to the re-measurement of net defined retirement benefit liability and exchange differences arising on translation of foreign operations. Refer note 36 for the amount of the income tax relating to these components of other comprehensive income.

All significant deferred tax assets have been recognised in the balance sheet.

On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April 2019 subject to certain conditions.

During the year ended 31 December 2022, the Holding company has decided to opt for the new tax regime u/s 115BAA of the Income Tax Act,1961 w.e.f. Assessment year 2023-24 after utilisation of all unutilised Minimum Alternate Tax credit and other tax benefits/holidays available.

(ii) Three subsidiaries included in the Group are under the tax holiday period and based on the evaluation of future taxability and estimates of reversal of timing differences during the tax holiday periods, no deferred tax assets/liabilities has been recognised for these subsidiaries.

10. Other non-current assets

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
(Unsecured, considered good)		
Capital advances	6,111.99	1,656.35
Advances other than capital advances		
- Security deposits	5.89	6.11
- Income tax paid (includes amount paid under protest)	10.29	9.90
- Balance with statutory authorities (paid under protest)	111.69	136.19
- Prepaid expenses	26.91	30.68
	6,266.77	**1,839.23**

11. Inventories

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
(Valued at lower of cost or net realisable value)		
Raw and packing material (including raw material in transit of ₹ 562.15 (31 December 2021: ₹ 580.09)	9,613.51	8,070.05
Work in progress	61.80	69.24
Intermediate goods (including goods in transit of ₹ 53.09 (31 December 2021: ₹ 41.61))	3,392.40	1,795.66
Finished goods (including goods in transit of ₹ 8.18 (31 December 2021: ₹ 55.82))*	4,313.41	2,530.16
Stores and spares	2,557.73	2,015.76
	19,938.85	**14,480.87**

*The Group manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods and the value of stock in trade being insignificant, it is not separately ascertainable and disclosed.

The cost of inventories recognised as an expense during the year are disclosed in Note 29, Note 30 and Note 31.

12 a. Trade receivables

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Trade receivables considered good - Unsecured	2,742.81	2,069.30
Trade receivables considered good - Secured	250.57	143.19
Trade receivables - Credit impaired	538.87	495.36
	3,532.25	**2,707.85**
Less : Allowance for expected credit losses (Refer note 52.2)	(538.87)	(495.36)
	2,993.38	**2,212.49**
Includes amounts due, in the ordinary course of business, from companies in which directors of the Holding Company are also directors:		
i. Alisha Torrent Closures (India) Private Limited	5.41	10.75
ii. Devyani Airport Services (Mumbai) Private Limited	0.13	0.05

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

Trade receivables are non-interest bearing and credit period generally falls in the range of 0 to 120 days.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed above.

12 b. Trade receivables

31 December 2022

(₹ in million)

Particulars	Outstanding from transaction date							Total
	Unbilled	Not due	Less than 6 months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade Receivables – considered good	-	-	2,820.39	78.17	33.51	25.46	35.85	2,993.38
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	157.46	26.66	4.35	102.94	69.24	360.65
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	0.59	2.82	30.42	144.39	178.22
Total	**-**	**-**	**2,977.85**	**105.42**	**40.68**	**158.82**	**249.48**	**3,532.25**

31 December 2021

(₹ in million)

Particulars	Outstanding from transaction date							Total
	Unbilled	Not due	Less than 6 months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade Receivables – considered good	-	-	1,993.53	76.46	87.75	18.42	36.33	2,212.49
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	124.99	-	92.44	32.73	66.76	316.92
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	0.45	1.04	5.97	18.57	152.41	178.44
Total	**-**	**-**	**2,118.97**	**77.50**	**186.16**	**69.72**	**255.50**	**2,707.85**

13. Cash and cash equivalents

(also for the purpose of Consolidated Cash Flow Statement)

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Balance with banks in current accounts*	938.31	1,328.44
Balance in deposits with original maturity of less than three months	539.52	147.97
Cash on hand	65.49	31.09
	1,543.32	**1,507.50**

* Includes inward remittance not yet cleared amounting to ₹ 278.49 million (31 December 2021: ₹ 66.57 millions)

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

14. Bank balances other than cash and cash equivalents

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Deposits with original maturity more than 3 months but less than 12 months*	1,308.52	1,472.56
Deposits with bank held as margin money	-	385.42
Unpaid dividend account**	0.83	0.74
	1,309.35	**1,858.72**

*Pledged as security with statutory authorities/banks

**These balances are not available for use by the Group and corresponding balance is disclosed as unclaimed dividend in Note 24.

15. Other financial assets

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
(Unsecured, considered good)		
Interest accrued on:		
- Term deposits	16.36	19.17
- Others	23.16	24.48
Security deposits	106.49	94.54
Advances to Employees	94.14	84.15
Government grant receivable	3,018.19	1,849.89
Claims receivable	550.31	177.23
Other receivables	168.41	206.09
	3,977.06	**2,455.55**

16. Current tax assets (Net)

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Advance tax (net of provision)	-	11.08
	-	**11.08**

17. Other current assets

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
(Unsecured, considered good)		
Security deposits	8.18	8.09
Other advances:		
- Contractors and suppliers	2,545.46	1,535.80
- Prepaid expenses	238.90	235.82
- Balance with statutory/government authorities	1,300.54	1,124.81
- Other advances	185.26	30.40
	4,278.34	**2,934.92**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

18. Equity share capital

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Authorised share capital:		
1000,000,000 (31 December 2021: 500,000,000) equity shares of ₹ 10 each	10,000.00	5,000.00
	10,000.00	**5,000.00**
Issued, subscribed and fully paid up:		
649,549,620 (31 December 2021: 433,033,080) equity shares of ₹ 10 each	6,495.50	4,330.33
	6,495.50	**4,330.33**

(a) Reconciliation of share capital

(₹ in million)

Particulars	No. of shares	Amount
Balance as at 01 January 2022	433,033,080	4,330.33
Add: Bonus shares issued during the year (Refer note (d) below)	216,516,540	2,165.17
Balance as at 31 December 2022	**649,549,620**	**6,495.50**

(₹ in million)

Particulars	No. of shares	Amount
Balance as at 01 January 2021	288,688,720	2,886.89
Add: Bonus shares issued during the year (Refer note (d) below)	144,344,360	1,443.44
Balance as at 31 December 2021	**433,033,080**	**4,330.33**

(b) Terms/rights attached to shares

The Holding Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Holding Company, holders of equity shares will be entitled to receive any of the remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(c) List of shareholders holding more than 5% of the equity share capital of the Holding Company at the beginning and at the end of the year :

Shareholders as at 31 December 2022	No. of shares	% of shareholding
RJ Corp Limited	177,900,412	27.39%
Mr. Ravi Kant Jaipuria	116,734,060	17.97%
Mr. Varun Jaipuria	104,171,974	16.04%

Shareholders as at 31 December 2021	No. of shares	%
RJ Corp Limited	119,900,275	27.69%
Mr. Ravi Kant Jaipuria*	80,822,707	18.66%
Mr. Varun Jaipuria	69,447,983	16.04%

*on 19 February 2021, a memorandum of family settlement was executed between members of Ravi Kant Jaipuria & Sons (HUF) for partition of all its assets and liabilities. Pursuant to the terms thereof, all equity shares held by Ravi Kant Jaipuria & Sons (HUF) were transferred to Mr. Ravi Kant Jaipuria on 26 February 2021.

As per records of the Holding Company, including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(d) Aggregate number of equity shares issued as bonus during the period of five years immediately preceding the reporting date:

(i) During the year ended 31 December 2019, the Holding company has issued 91,327,613 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

(ii) During the year ended 31 December 2021, the Holding company has issued 144,344,360 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

(iii) During the year ended 31 December 2022, the Holding company has issued 216,516,540 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

For the period of five years of the date of the immediately preceding the reporting date, there was no share allotment made for consideration other than cash. Further, there has been no buy back of shares during the period of five years immediately preceding 31 December 2022 and 31 December 2021.

(e) Shares held by holding and ultimate holding company

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
RJ Corp Limited, Parent* company	1,779.00	1,199.00
177,900,412 (31 December 2021: 119,900,275) fully paid equity shares of ₹ 10 each		
	1,779.00	**1,199.00**

*As defined under Ind AS 110 - Consolidated Financial Statements

(f) Details of shares held by promoters:

Shareholders as at 31 December 2022	No. of shares	% of shareholding	% change during the year
RJ Corp Limited	177,900,412	27.39%	-0.30%
Mr. Ravi Kant Jaipuria (Refer above)	116,734,060	17.97%	-0.69%
Mr. Varun Jaipuria	104,171,974	16.04%	0.00%

Shareholders as at 31 December 2021	No. of shares	% of shareholding	% change during the year
RJ Corp Limited	119,900,275	27.69%	0.00%
Mr. Ravi Kant Jaipuria (Refer above)	80,822,707	18.66%	0.00%
Mr. Varun Jaipuria	69,447,983	16.04%	-1.51%

g) Conversion of authorised Preference share capital into authorised Equity share capital

On 07 April 2022, the Holding Company has converted the authorised preference share capital of 50,000,000 preference shares of ₹ 100 each into authorised equity share capital of 500,000,000 equity shares of ₹ 10 each.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

19. Other equity

Refer Consolidated Statement of Changes in Equity for detailed movement in Other Equity balance.

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Capital reserve on consolidation	(2,279.78)	(2,279.78)
Capital reserve	533.93	533.93
General reserve	444.26	444.26
Securities premium	22,569.56	24,734.73
Retained earnings	27,398.84	13,967.42
Share option outstanding account	29.06	-
Exchange differences on translating the financial statements of foreign operations	(4,167.57)	(931.81)
	44,528.30	**36,468.75**

Description of nature and purpose of each reserve:

Capital reserve on consolidation - Created on additional consideration paid in form of cash on business combinations involving entities including businesses/entities under common control.

Capital reserve - Created on merger of Varun Beverages (International) Limited with the Holding Company pursuant to and in accordance with the Court approved scheme of amalgamation. Includes gain from bargain purchases.

General reserve - Created by way of transfer from debenture redemption reserve on redemption of debentures.

Securities premium - Created to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Retained earnings - Created from the profit of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

Share option outstanding account - Created to recognise the grant date fair value of options issued to employees under the employee stock option schemes and is adjusted on exercise / forfeiture of options.

Exchange differences on translating the financial statements of foreign operations - Exchange differences arising on translation of the foreign operations of the Group, recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within other equity. The cumulative amount is reclassified to the Consolidated Statement of Profit and Loss when the net investment is disposed.

20. Borrowings

A. Non-current borrowings:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Term loans (secured) (Refer note 20E)		
- Loans from banks	16,689.81	17,132.24
- Loans from others	580.41	1,001.03
	17,270.22	**18,133.27**

Loans and borrowing above are recognised at amortised cost taking into account any discount or premium on acquisition and fee or costs that are part of effective interest rate, accordingly the outstanding balances above may not necessarily reconcile with repayment amounts.

The carrying value of financial assets pledged as security for borrowings as disclosed under Note 55.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

B. Non-current financial liabilities

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Lease liabilities (Refer note 46)	1,654.25	312.63
	1,654.25	**312.63**

C. Current borrowings:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Loans repayable on demand		
Working capital facilities from banks (secured) (Refer footnote (a))	5,434.28	4,634.92
Working capital facility from banks (unsecured) (Refer footnote (b))	842.67	1,650.00
Current maturities of long-term debts (Refer note 20E)	13,400.95	9,000.76
	19,677.90	**15,285.68**

a) In case of the Holding Company, the working capital facilities from banks are secured by first charge on entire current assets of the Company ranking pari-passu amongst the banks and second charge on the movable and immovable assets of the Company pertaining to specific manufacturing units and two facilities from banks were secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company. During the previous year, two facilities from bank were secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company. These facilities carry interest rates ranging between 7.05% to 7.45% (31 December 2021: 4.25% to 4.40%).

Working capital facilities in case of subsidiaries amounting to ₹ 1,104.00 million (31 December 2021: ₹ 679.68 million), are secured mainly by charge on trade receivables, inventories and other current assets of the respective subsidiary company, ranking pari passu and charge on certain movable and immovable assets of the respective subsidiary. Some of the facilities of subsidiaries are guaranteed by respective subsidiary company, as per the terms of respective agreements. The working capital facilities carries interest rates ranging between 5.50% to 17% (31 December 2021: 5.50% to 17%).

b) During the current year, Holding Company has availed a working capital facilility from a bank carrying interest rate 7.10% per annum and is repayable within 30 days from the date of disbursement and buyers credit carrying interest rates ranging between 3.70% to 3.86% per annum and is repayable in June 2023. During the previous year ended on 31 December 2021, working capital facililites from banks carrying interest rates ranging between 4.40% to 4.65% per annum and was repaid during the current year.

There are no defaults in repayment of principal borrowing or interest thereon.

D. Current financial liabilities:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Lease liabilities (Refer note 46)	235.77	136.02
	235.77	**136.02**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

20E. Terms and conditions/details of securities for loans:

(₹ in million)

Particulars	Loan outstanding			
	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
Term loans				
Loans from banks (secured)				
(i) Foreign currency loan from banks in Holding Company				
Loan carrying rate of interest of LIBOR+1.60% (31 December 2021: LIBOR+1.60%) and is repayable in May 2022. The Company has executed a cross currency swap to hedge total loan of SGD 33.13 to USD 25.00 and interest rate swap to hedge its exposure.	-	-	-	911.78
Loan was secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory/franchisee rights acquired under the acquisition under slump sale basis except vehicles.				
ii) Indian rupee loan from banks				
Loans carrying weighted average rate of interest 7.47% (31 December 2021: 5.44%) depending upon tenure of the loans. For repayment terms refer note 20F.	15,950.17	12,414.78	16,077.26	7,987.84
These loan are secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory /franchisee rights acquired under the business acquisition except vehicles.				
iii) Vehicle rupee term loan in Holding Company				
Loans carrying rate of interest in range of 8.02% to 9.25 % (31 December 2021: 8.02% to 9.25 %). They are repayable generally over a period of three to five years in equal monthly instalments as per the terms of the respective agreements. Vehicle loans are secured against respective vehicles financed.	2.00	37.92	46.12	64.05
iv) Term loan at Varun Beverages Morocco				
(a) Loan carrying a rate of interest of 4.00% per annum. For repayment terms refer note 20F.	92.11	38.11	475.65	-
(b) Loan carrying a rate of interest of 4.00% per annum. For repayment terms refer note 20F.	408.65	64.55	121.48	37.09

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(₹ in million)

Particulars	Loan outstanding			
	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
Above loan are secured by corporate guarantee of the Holding Company.				
v) Term loan at Lunarmech Technologies Private Limited				
(a) Loan carrying a rate of interest of Euribor+48 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 10 Jan 2023 and are secured against respective asset financed.	-	95.10	91.68	-
(b) Loan carrying a rate of interest of Euribor+55 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 20 March 2023 and are secured against respective asset financed.	-	95.10	91.68	-
(c) Loan carrying a rate of interest of Euribor+88 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 28 December 2023 and are secured against respective asset financed.	-	95.12	91.70	-
(d) Loan carrying a rate of interest of Euribor+88 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 10 January 2024 and are secured against respective asset financed.	95.12	-	91.70	-
(e) Loan carrying a rate of interest of Euribor+88 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 31 May 2024 and are secured against respective asset financed.	46.65	-	44.97	-
(f) Loan carrying a rate of interest of Euribor+75 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 14 April 2025 and are secured against respective asset financed.	95.11		-	-
Total loans from banks (secured)	**16,689.81**	**12,840.68**	**17,132.24**	**9,000.76**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(₹ in million)

Particulars	Loan outstanding			
	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
Loans from others (secured)				
Interest free loan from The Pradeshiya Industrial & Investment Corporation of U.P. Limited are repayable in one instalment after expiry of seven years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid upto the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.52%-9.72% (31 December 2021: 8.52%-9.72%) The repayments are due as following: **Date of repayment** — **Amount** 25 December 2023 — 155.79 30 November 2024 — 177.83 01 November 2025 — 211.98	323.34	141.42	425.39	-
Interest free loan from The Director of Industries and Commerce, Haryana are repayable in one instalment after expiry of five years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid upto the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.33% (31 December 2021: 8.33%) The repayments are due as following: **Date of repayment** — **Amount** 16 January 2023 — 94.01 30 March 2023 — 90.73 07 June 2023 — 175.00 25 October 2023 — 73.66 20 February 2024 — 91.36 27 May 2024 — 36.85 29 August 2024 — 39.10 17 February 2025 — 43.98 13 October 2025 — 23.96 21 February 2027 — 70.83	257.07	418.85	575.64	-
Total loans from others (secured)	**580.41**	**560.27**	**1,001.03**	**-**
Total	**17,270.22**	**13,400.95**	**18,133.27**	**9,000.76**

20F. Repayment terms:

(₹ in million, unless otherwise stated)

Sl. No.	Description	31 December 2022		31 December 2021		Repayment terms
		Non-current	Current	Non-current	Current	
(i)	**Indian rupee loan from banks**					
1	Term loan - 1	-	-	-	299.94	Loan was repaid during the year
2	Term loan - 2	-	-	-	249.90	Loan was repaid during the year
3	Term loan - 3	-		-	589.25	Loan was repaid during the year
4	Term loan - 4	-	-	-	321.09	Loan was repaid during the year
5	Term loan - 5	-	-	-	101.60	Loan was repaid during the year
6	Term loan - 6	-	-	-	238.30	Loan was repaid during the year
7	Term loan - 7	-	-	-	150.00	Loan was repaid during the year
8	Term loan - 8	-	150.00	150.00	50.00	Two instalments of ₹ 75 each due in May 2023 and June 2023.
9	Term loan - 9	-	250.00	250.00	500.00	Two instalments of ₹ 125.00 each due in April 2023 and May 2023.
10	Term loan - 10	240.00	90.00	240.00	90.00	One instalment of ₹ 90.00 due in July 2023 and one instalment of ₹ 90.00 due in May 2024 and one instalment of ₹ 150.00 due in June 2024.
11	Term loan - 11	-	85.00	85.00	160.00	One instalment of ₹ 85.00 due in June 2023.
12	Term loan - 12	-	241.60	241.57	193.30	One instalment of ₹ 241.60 due in May 2023.
13	Term loan - 13	-	222.40	222.40	222.20	Two instalments of ₹ 111.10 due in May 2023 and ₹ 111.30 due in June 2023 respectively.
14	Term loan - 14	583.18	291.60	874.69	291.60	Two instalments of ₹ 145.80 each due in June 2023 and July 2023, two instalments of ₹ 145.90 each due in June 2024 and July 2024 and two instalments of ₹ 145.90 each due in June 2025 and July 2025.
15	Term loan - 15	-	749.79	748.36	750.00	Two instalments of ₹ 375.00 each due in May 2023 and June 2023.
16	Term loan - 16	998.51	500.00	1,497.48	-	Two instalments of ₹ 250.00 each due in May 2023 and June 2023, two instalments of ₹ 250.00 each due in May 2024 and June 2024 and two instalments of ₹ 250.00 each due in May 2025 and June 2025.
17	Term loan - 17	-	599.59	598.35	600.00	Two instalments of ₹ 300.00 each due in May 2023 and June 2023.
18	Term loan - 18	400.00	150.00	550.00	150.00	Two instalments of ₹ 75.00 each due in May 2023 and June 2023, two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(₹ in million, unless otherwise stated)

Sl. No.	Description	31 December 2022		31 December 2021		Repayment terms
		Non-current	Current	Non-current	Current	
19	Term loan - 19	398.56	200.00	597.46	100.00	Two instalments of ₹ 100.00 each due in May 2023 and June 2023, two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
20	Term loan - 20	-	500.00	499.75	500.00	Two instalments of ₹ 250.00 each due in May 2023 and June 2023.
21	Term loan - 21	-	-	-	500.00	Loan was repaid during the year
22	Term loan - 22	-	-	-	499.90	Loan was repaid during the year
23	Term loan - 23	-	-	1,800.00	-	Loan was repaid during the year
24	Term loan - 24	-	676.47	676.47	676.47	One instalment of ₹ 676.47 due in June 2023.
25	Term loan - 25	-	1,300.00	1,300.00	-	One instalment of ₹ 260 due in April 2023 and Two instalments of ₹ 520 each due in May 2023 and June 2023.
26	Term loan - 26	1,100.00	200.00	1,357.14	142.86	Two instalments of ₹ 100.00 each due in May 2023 and June 2023, two instalments of ₹ 200.00 each due in May 2024 and June 2024, two instalments of ₹ 200.00 each due in May 2025 and June 2025, one instalment of ₹ 200.00 due in May 2026 and one instalment of ₹ 100.00 due in June 2026.
27	Term loan - 27	-	2,000.00	2,000.00	-	Two instalments of ₹ 1000.00 each due in May 2023 and June 2023.
28	Term loan - 28	1,430.00	300.00	988.59	11.43	Two instalments of ₹ 150.00 each due in May 2023 and June 2023, two instalments of ₹ 190.00 each due in May 2024 and June 2024, two instalments of ₹ 190.00 each due in May 2025 and June 2025, two instalments of ₹ 185.00 each due in May 2026 and June 2026 and two instalments of ₹ 150.00 each due in May 2027 and June 2027.
29	Term loan - 29	800.00	600.00	1,400.00	600.00	Two instalments of ₹ 300.00 each due in May 2023 and June 2023 and two instalments of ₹ 400.00 each due in May 2024 and June 2024.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(₹ in million, unless otherwise stated)

Sl. No.	Description	31 December 2022		31 December 2021		Repayment terms
		Non-current	Current	Non-current	Current	
30	Term loan - 30	2,100.00	200.00	-	-	Two instalments of ₹ 100.00 each due in May 2023 and June 2023, two instalments of ₹ 250.00 each due in May 2024 and June 2024, two instalments of ₹ 250.00 each due in May 2025 and June 2025, two instalments of ₹ 250.00 each due in May 2026 and June 2026 and two instalments of ₹ 300.00 each due in May 2027 and June 2027
31	Term loan - 31	1,650.00	100.00	-	-	Two instalments of ₹ 50.00 each due in May 2023 and June 2023, two instalment of ₹ 150.00 each due in May 2024 and June 2024, one instalment of ₹ 150.00 due in May 2025, one instalment of ₹ 180.00 due in June 2025, two instalments of ₹ 180.00 each due in May 2026 and June 2026 and three instalments of ₹ 220.00 each due in May 2027, June 2027 and July 2027.
32	Term loan - 32	1,333.26	666.66	-	-	Two instalments of ₹ 333.33 each due in May 2023 and June 2023, two instalments of ₹ 333.33 each due in May 2024 and June 2024 and two instalments of ₹ 333.33 each due in May 2025 and June 2025
33	Term loan - 33	1,000.00	-	-	-	The Holding company was sanctioned loan amounting to ₹ 5,000 millions out of which loan amounting to ₹ 1,000 million was disturbed during the year. Two instalments of ₹ 625.00 each due in May 2024 and June 2024, two instalments of ₹ 625.00 each due in May 2025 and June 2025, two instalments of ₹ 625.00 each due in May 2026 and June 2026 and two instalments of ₹ 625.00 each due in May 2027 and June 2027.
34	Term loan - 34	-	1,800.00	-	-	One instalment of ₹ 1800.00 due in April 2023

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(₹ in million, unless otherwise stated)

Sl. No.	Description	31 December 2022		31 December 2021		Repayment terms
		Non-current	Current	Non-current	Current	
35	Term loan - 35	750.00	375.00	-	-	Two instalments of ₹ 187.50 each due in May 2023 and June 2023, two instalments of ₹ 187.50 each due in May 2024 and June 2024 and two instalments of ₹ 187.50 each due in May 2025 and June 2025
36	Term loan - 36	166.67	166.67	-	-	Two instalments of ₹ 83.33 each due in May 2023 and June 2023 and two instalments of ₹ 83.33 each due in May 2024 and June 2024
37	Term loan - 37	2,999.99	-	-	-	Two instalments of ₹ 500.00 each due in May 2024 and June 2024, two instalments of ₹ 500.00 each due in May 2025 and June 2025 and two instalments of ₹ 500.00 each due in May 2026 and June 2026
	Total (A)	**15,950.17**	**12,414.78**	**16,077.26**	**7,987.84**	
ii)	**Term Loan at Varun Beverages Morocco**					
38	Term loan - 38	92.11	38.11	475.65	-	Balance amount as at 31 December 2022 is repayable in multiple instalments till January 2026.
39	Term loan - 39	408.65	64.55	121.48	37.09	Balance amount as at 31 December 2022 is repayable in multiple instalments till January 2028.
	Total (B)	**500.76**	**102.66**	**597.13**	**37.09**	
	Total (A+B)	**16,450.93**	**12,517.44**	**16,674.39**	**8,024.93**	

21. Provisions

(Refer note 39)

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Non-current		
Defined benefit liability (net)	1,431.93	1,525.51
Other long term employee obligations	609.20	559.92
	2,041.13	**2,085.43**
Current		
Defined benefit liability (net)	2.18	226.50
Other short term employee obligations	289.73	270.90
	291.91	**497.40**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

22. Other non-current liabilities

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Deferred revenue on government grant	5.94	6.73
	5.94	**6.73**

23a. Trade payables

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Total outstanding dues of-		
Micro enterprises and small enterprises (Refer note 48)	659.11	342.85
Creditors other than micro enterprises and small enterprises	7,583.50	6,774.68
	8,242.61	**7,117.53**

23b. Trade payables

31 December 2022

(₹ in million)

Particulars	Outstanding from transaction date						Total
	Unbilled	Not due	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed trade payable							
Micro enterprises and small enterprises	-	-	657.80	0.28	0.37	0.50	658.95
Others	1,910.88	-	5,481.13	41.55	45.14	21.60	7,500.30
Disputed trade payable							
Micro enterprises and small enterprises	-	-	-	0.01	0.15	-	0.16
Others	-	-	48.49	11.48	11.97	11.26	83.20
Total	**1,910.88**	**-**	**6,187.42**	**53.32**	**57.63**	**33.36**	**8,242.61**

31 December 2021

(₹ in million)

Particulars	Outstanding from transaction date						Total
	Unbilled	Not due	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed trade payable							
Micro enterprises and small enterprises	-	-	332.86	8.65	1.13	0.06	342.70
Others	1,836.11	-	4,521.80	284.18	58.30	15.45	6,715.84
Disputed trade payable							
Micro enterprises and small enterprises	-	-	-	0.08	0.07	-	0.15
Others	-	-	28.68	16.69	7.47	6.00	58.84
Total	**1,836.11**	**-**	**4,883.34**	**309.60**	**66.97**	**21.51**	**7,117.53**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

24. Other current financial liabilities

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Interest accrued but not due on borrowings	82.79	70.27
Interest payable	13.71	9.73
Payable for capital expenditures	2,448.01	1,189.50
Employee related payables	761.56	535.42
Unclaimed dividends#	0.83	0.74
Security deposits	2,287.00	2,098.42
Liability for foreign currency derivative contract	-	25.58
	5,593.90	**3,929.66**

#Not due for deposit to the Investor Education and Protection Fund in the books of Holding company.

25. Other current liabilities

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Advances from customers	2,033.83	794.30
Statutory dues payable	2,853.67	2,288.40
Deferred income	2.27	14.06
	4,889.77	**3,096.76**

26. Current tax liabilities (Net)

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Provision for tax (Net)	755.68	139.41
	755.68	**139.41**

The key components of income tax expense for the year ended 31 December 2022 and 31 December 2021 are:

A. Consolidated Statement of Profit and Loss:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
(i) Profit and Loss section		
(a) Current tax	4,258.66	1,341.98
(b) Adjustment of tax relating to earlier periods	226.91	350.06
(c) Deferred tax	249.66	913.52
Income tax expense reported in the Consolidated Statement of Profit and Loss	**4,735.23**	**2,605.56**
(ii) OCI section		
Deferred tax related to items recognised in OCI during the year:		
(a) Net gain on remeasurements of defined benefit plans	(27.02)	(18.93)
Income tax charged to OCI	**(27.02)**	**(18.93)**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

B. Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Accounting profit before tax	**20,236.37**	**10,066.08**
Tax expense at statutory income tax rate of 25.167% (31 December 2021: 34.944%)	5,092.89	3,517.49
Adjustments in respect of current income tax of previous years	226.91	350.06
Non deductible expenses	89.92	165.96
Deduction claimed u/s Chapter-VI A of Income-tax Act, 1961 by Holding Company	(271.45)	(431.17)
Income chargeable at lower tax rate	135.77	106.04
Deferred tax not created on losses in a subsidiary	0.72	-
Tax rate differential for taxes provided in subsidiaries	(34.09)	(96.36)
Tax impact of exempted income of subsidiaries	(604.35)	(989.64)
Impact due to change in tax rate*	114.32	(77.22)
Impact of share based payments	7.31	-
Others	(22.72)	60.40
Income tax expense at effective tax rate reported in the Consolidated Statement of Profit and Loss	**4,735.23**	**2,605.56**

*The Holding company had made an assessment of the impact of Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax (MAT) credit and expiry of other tax benefits/holidays available. The Holding company has decided to opt for the new tax regime u/s 115 BAA of the Income Tax Act,1961 w.e.f. Assessment year 2023-24 after utilisation of all unutilized Minimum Alternate Tax credit and other tax benefits/holidays available and hence the tax provision has been done accordingly.

27. Revenue from operations

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Sale of products (inclusive of excise duty)*	131,383.91	87,774.13
Rendering of services	0.77	-
Other operating revenue	2,520.90	1,808.78
	133,905.58	**89,582.91**

*Sale of products includes excise duty collected from customers of ₹ 2,174.16 million (31 December 2021: ₹ 1,350.61 million) in subsidiaries.

Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers:

A. Reconciliation of revenue recognised with the contracted price:

(₹ in million)

Particulars	Year ended 31 December 2022	Year ended 31 December 2021
Gross revenue/Contracted price	135,195.74	91,294.45
Less: Discounts and rebates	(3,811.06)	(3,520.32)
Revenue from contracts with customers	**131,384.68**	**87,774.13**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

B. Disaggregation of revenue

a) Information about geographical area

(₹ in million)

Particulars	Year ended 31 December 2022	Year ended 31 December 2021
i. Sale of products and rendering of services		
(i) Within India	102,606.78	63,679.27
(ii) Outside India	28,777.90	24,094.86
Total sale of products and rendering of services	**131,384.68**	**87,774.13**

b) Revenue from sale of goods and services are recognised at a point in time.There are no disaggregation of revenue with respect to this information.

c) No single external customer amounts to 10% or more of the Company's revenue from operations.

C. Contract balances:

The following table provides information about trade receivables and contract liabilities from contract with customers:

Receivables

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Trade receivables	3,532.25	2,707.85
Less: Allowances for expected credit loss	(538.87)	(495.36)
Net receivables	**2,993.38**	**2,212.49**

Contract liabilities

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Advance from customers	2,033.83	794.30
	2,033.83	**794.30**

D. Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liabilities are on account of the advance payment received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 120 days from the completion of performance obligation.

There is no significant financing component in any transaction with the customers.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

E. Changes in the contract liabilities balances during the year are as follows:

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Balance at the beginning of the year	794.30	658.24
Addition during the year	2,033.83	794.30
Revenue recognised during the year	(794.30)	(658.24)
Balance at the closing of the year	**2,033.83**	**794.30**

28. Other income

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Interest income on items at amortised cost:		
- term deposits	203.46	78.40
- others	24.83	66.76
Net gain on foreign currency transactions and translations	-	387.22
Gain on sale of current investments	3.67	0.70
Excess provisions written back	9.20	58.38
Miscellaneous	147.33	87.79
	388.49	**679.25**

29. Cost of materials consumed

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Raw material and packing material consumed		
Inventories at beginning of the year	8,070.05	3,965.62
Purchases during the year (Net)	72,052.48	46,890.27
	80,122.53	**50,855.89**
Less: Sold during the year	6,338.10	3,096.71
Less: Inventories at end of the year	9,613.51	8,070.05
	64,170.92	**39,689.13**

30. Purchases of stock-in-trade

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Beverages	1,082.66	1,090.86
Others	803.05	563.83
	1,885.71	**1,654.69**

31. Changes in inventories of finished goods, work-in-progress and traded goods

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
As at the beginning of the year		
- Finished goods	2,530.16	1,706.56
- Intermediate goods	1,795.66	1,665.55
- Work in progress	69.24	85.26
	4,395.06	**3,457.37**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
As at the closing of the year		
- Finished goods	4,313.41	2,530.16
- Intermediate goods	3,392.40	1,795.66
- Work in progress	61.80	69.24
	7,767.61	**4,395.06**
Finished goods used as fixed assets*	(72.52)	(59.53)
	(3,445.07)	**(997.22)**

*The Holding Company and a subsidiary manufactures plastic shells at some of their manufacturing facilities. The shells manufactured are used for beverages operations of the Group as property, plant and equipment (under the head 'Containers'). These containers are sold to third parties. The cost of manufacturing of plastic shells is being shown here separately with a corresponding debit to property, plant and equipment.

32. Employee benefit expense

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Salaries, wages and bonus	11,026.09	9,126.69
Contribution to provident fund and other funds	538.82	483.82
Staff welfare expenses	572.45	466.48
Share based payment to employees (Refer note 51)	29.06	-
	12,166.42	**10,076.99**

33. Finance costs

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Interest on items at amortised cost:		
- Term loans	1,282.52	1,264.30
- Working capital facilities	272.70	306.04
- Financial liabilities	137.15	112.37
- Bank guarantee fees	17.48	18.90
- Others	127.08	130.88
Exchange differences regarded as an adjustments to borrowings	6.73	(3.37)
Other ancillary borrowing costs	17.56	17.88
	1,861.22	**1,847.00**

34. Depreciation, amortisation and impairment expense

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Depreciation on property, plant and equipment	5,356.75	5,037.54
Amortisation of intangible assets	58.03	57.70
Amortisation of ROU	282.87	217.38
Impairment of property, plant and equipment and others (Refer Note 4A and 4B)	474.24	-
	6,171.89	**5,312.62**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

35. Other expenses

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Power and fuel	4,792.20	3,299.25
Repairs to plant and equipment	2,577.68	1,679.09
Repairs to buildings	138.03	128.18
Other repairs	811.00	679.29
Consumption of stores and spares	1,193.75	796.94
Rent (Refer note 46 (iv))	542.21	496.86
Rates and taxes	204.98	846.72
Insurance	159.31	132.25
Printing and stationery	70.11	53.68
Communication	101.99	98.77
Travelling and conveyance	1,064.08	674.93
Sitting fee/commission paid to non-executive director (Refer note 45A)	185.55	77.26
Payment to auditors*	31.45	24.45
Vehicle running and maintenance	180.49	163.06
Lease and hire (Refer note 46 (iv))	304.77	324.40
Security and service charges	445.46	358.75
Legal, professional and consultancy	339.25	268.82
Bank charges	179.65	222.68
Advertisement and sales promotion	1,397.69	1,248.82
Meeting and conferences	35.91	12.47
Royalty	159.68	123.29
Freight, octroi and insurance paid (net)	9,112.67	6,189.91
Delivery vehicle running and maintenance	841.58	657.38
Distribution expenses	2,100.79	1,440.23
Loading and unloading charges	681.47	474.13
Donations	2.04	1.63
Property, plant and equipment written off	54.01	88.31
Loss on disposal of property, plant and equipment (net)	569.25	170.40
Bad debts and advances written off	25.71	-
Allowance for expected credit loss and advances	73.51	58.92
Corporate social responsibility expenditure	92.57	71.53
Net loss on foreign currency transactions and translations	64.74	-
General office and other miscellaneous	538.81	399.86
	29,072.39	**21,262.26**

***Includes payment to statutory auditors of the Holding Company as follows:-**

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Services rendered for:		
- Audit and reviews	13.33	12.08
- taxation matters	2.30	-
- other matters	0.64	1.07
- reimbursement of expenses	0.92	0.74
	17.19	**13.89**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

36. Other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserves in equity is shown below:

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Retained earnings		
Re-measurement gain on defined benefit plans	107.87	85.99
Tax impact on re-measurement gains on defined benefit plans	(27.02)	(18.93)
Exchange differences arising on translation of foreign operations	(3,799.27)	(365.92)
	(3,718.42)	**(298.86)**

37. Composition of the Group

These consolidated financial statements include the respective financial statements of Varun Beverages Limited (the "Parent Company" or the "Holding Company"), its subsidiaries and the results of operations of its associate & joint venture as listed below. The principal activity of the Parent Company, subsidiaries and erstwhile associate, predominantly comprise manufacturing and sale of beverages including its packing material.

Name of the company/entity	Country of incorporation and principal place of business	Proportion of ownership interests held by the Group at year end	
		As at 31 December 2022	As at 31 December 2021
Varun Beverages (Nepal) Private Limited ("VBL Nepal")	Nepal	100.00%	100.00%
Varun Beverages Lanka (Private) Limited ("VBL Lanka")	Sri Lanka	100.00%	100.00%
Varun Beverages Morocco SA ("VBL Morocco")	Morocco	100.00%	100.00%
Ole Spring Bottlers Private Limited ("Ole")*	Sri Lanka	100.00%	100.00%
Varun Beverages (Zambia) Limited ("VBL Zambia")	Zambia	90.00%	90.00%
Varun Beverages (Zimbabwe) (Private) Limited ("VBL Zimbabwe")	Zimbabwe	85.00%	85.00%
Varun Beverages RDC SAS ("VBL RDC")~	Democratic Republic of the Congo	99.90%	99.90%
Lunarmech Technologies Private Limited	India	55.04%	55.04%
Varun Beverages International DMCC^	Dubai	100.00%	Not Applicable
Clean Max Tav Private Limited#	India	26.00%	Not Applicable
IDVB Recycling Operations Private Limited@	India	50.00%	Not Applicable

*subsidiary of VBL Lanka
~w.e.f. 31 December 2021
^w.e.f. 31 January 2022 (Refer note 49)
#w.e.f. 23 November 2022 (Refer note 49)
@w.e.f. 01 July 2022 (Refer note 49)

38. The Group conducts business operations in the Republic of Zimbabwe through its subsidiary VBL Zimbabwe.

During the year ended 31 December 2019, the Reserve Bank of Zimbabwe ("RBZ") recomended use of Zimbabwe Dollar ("ZWL" or "RTGS") as a local currency for domestic transactions in Zimbabwe w.e.f. 22 February 2019 which was till then interchangeable with USD at the rate of 1:1 and subsequently vide its notification dated 25 June 2019, prohibited the usage of any other currency for domestic transactions other than ZWL. This resulted in a change in the primary economic environment in which VBL Zimbabwe was operating and accordingly, the functional and presentational currency was changed from USD to ZWL.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

During the year ended 31 December 2019, the Zimbabwean economy was classified as hyperinflationary in accordance with the factors and characteristics of a hyperinflationary economy as described in Ind AS 29 'Financial Reporting in Hyper-Inflationary Economies' ("Ind AS 29"). In accordance with Ind AS 29, the historical cost financial statements of VBL Zimbabwe have been restated for the changes in the general purchasing power of the functional currency and consequently are stated in terms of the measuring unit current at the year end. For the purposes of restatement, the management has applied the Consumer Price Index ("CPI") published by the Reserve Bank of Zimbabwe. As per the current scenario, the economy continues to be hyperinflationary. The CPI (in units) was 3,977.46 on 31 December 2021 and 13,672.91 on 31 December 2022.

VBL Zimbabwe has arrangements with RBZ for making USD available at pre-agreed rates for repayment of its USD denominated loans. However, on conservative basis, the carrying amounts of these loans are stated at approximate year end forex rates.

The loss on net monetary position calculated in accordance with Ind AS 29 amounted to ₹ 117.13 million (Gain in 31 December 2021: ₹ 587.18 million) which has been included in 'Net gain/loss on foreign currency transactions and translations' under note 28 & 35. Further, due to foreign exchange gain/(loss) on restatement of monetary assets and liabilities denominated in foreign currency, VBL Zimbabwe has recorded a net loss on foreign currency transactions and translations of ₹ 129.36 million (31 December 2021: ₹ 381.77 million) which has also been included in the said note.

39. Gratuity and other post-employment benefit plans

Parent Company and other components of the Group provide its employees gratuity and compensated absences benefits in accordance with the respective local statutory requirements and entity's policies. The following tables summaries the changes in their present values over the reporting periods, components of expense recognised in the Consolidated Statement of Profit and Loss, their funded status and amounts recognised in the consolidated balance sheet:

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Changes in present values are as follows:				
Balance at the beginning of the year	1,817.62	1,686.65	830.82	747.89
Current service cost	221.07	199.98	141.55	141.64
Interest cost	119.39	100.11	57.31	46.37
Benefits settled	(185.59)	(83.86)	(77.14)	(46.15)
Actuarial gain	(108.20)	(85.83)	(53.67)	(59.54)
Foreign exchange translation reserve	(11.75)	0.57	0.06	0.61
Balance at the end of the year	**1,852.54**	**1,817.62**	**898.93**	**830.82**

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Changes in fair value of plan assets are as follows:				
Plan assets at the beginning of the year, at fair value	65.61	63.76	-	-
Expected income on plan assets	13.75	3.93	-	-
Actuarial gain	(0.34)	0.16	-	-
Contributions by employer	350.00	2.14	-	-
Benefits settled	(10.59)	(4.38)	-	-
Plan assets at the end of the year, at fair value	**418.43**	**65.61**	**-**	**-**

The Holding Company has taken an insurance policy against its liability towards gratuity, the same has been disclosed as plan assets above.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Reconciliation of present value of the obligation and the fair value of the plan assets:				
Present value of obligation	1,852.54	1,817.62	898.93	830.82
Fair value of plan assets	(418.43)	(65.61)	-	-
Net liability recognised in the consolidated balance sheet	**1,434.11**	**1,752.01**	**898.93**	**830.82**

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Amount recognised in consolidated statement of profit and loss:				
Current service cost	221.07	199.98	141.55	141.64
Interest cost	119.39	100.11	57.31	46.37
Expected return on plan assets	(13.75)	(3.93)	-	-
Actuarial gain	-	-	(53.67)	(59.54)
Net cost recognised	**326.71**	**296.16**	**145.19**	**128.47**

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Amount recognised in Other Comprehensive Income:				
Actuarial changes arising from changes in financial assumptions	(114.92)	(76.65)	-	-
Actuarial changes arising from changes in demographic assumptions	-	(35.45)	-	-
Experience adjustments	6.71	26.27	-	-
Return on plan assets	0.34	(0.16)	-	-
Amount recognised (gain)/loss	**(107.87)**	**(85.99)**	**-**	**-**

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Assumptions used:				
Mortality	IALM 2012-2014 and A 1967/70 mortality table (issued by Institute of Actuaries, London)	IALM 2012-2014 and A 1967/70 mortality table (issued by Institute of Actuaries, London)	IALM 2012-2014	IALM 2012-2014
Discount rate	7.4%-25%	6.40%-11.00%	6.40%-11.00%	6.40%-11.00%
Rate of return on plan assets	6.69%-7.40%	6.76%-6.84%	0.00%	0.00%
Withdrawal rate	3%-12%	3%-12%	3%-12%	3%-12%
Salary increase	6% -18%	6%-12%	6%-12%	6%-12%
Rate of leave availment	0.00%	0.00%	3.50%-20%	3.50%-20%
Retirement age (Years)	55-70 years	55-70 years	58-70 years	58-70 years

These assumptions were developed by management of the respective company/entity with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of high quality corporate bonds that are denominated in the respective currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligations. Other assumptions are based on current actuarial benchmarks and respective management's historical experience.

The defined benefit obligation and plan assets are composed by geographical locations as follows:

(₹ in million, unless otherwise stated)

31 December 2022	India	Outside India	Total
Defined benefit obligation	1,806.97	45.57	1,852.54
Fair value of plan assets	418.43	-	418.43

31 December 2021	India	Outside India	Total
Defined benefit obligation	1,744.10	73.52	1,817.62
Fair value of plan assets	65.61	-	65.61

A quantitative sensitivity analysis for significant assumption is as shown below:

	Sensitivity level		Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Discount rate	+1%	+1%	(112.82)	(114.37)	(27.59)	(26.11)
	-1%	-1%	126.73	129.34	29.39	27.87
Salary increase	+1%	+1%	120.39	121.79	27.92	26.23
	-1%	-1%	(109.60)	(110.26)	(26.75)	(25.09)
Withdrawal rate	+1%	+1%	(25.98)	(31.48)	(9.21)	(9.13)
	-1%	-1%	28.60	35.04	9.70	9.64

The sensitivity analysis above has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

Risk associated:	
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit.
Interest risk (discount rate risk)	A decrease in the bond interest rate (discount rate) will increase the plan liability.
Mortality risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2012-2014) (31 December 2021: (2012-14) ultimate table). A change in mortality rate will have a bearing on the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Effect of the defined benefit plan on the Company's future cash flows:

Funding arrangements and funding policy:

The Holding Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the company. Any deficit in the assets arising as a result of such valuation is funded by the company.

Expected contribution during the next annual reporting period:

The Holding company's best estimate of contribution during the next financial year approximates to ₹ 1,566.90 million (31 December 2021: ₹ 1,847.68 million).

The following are maturity profile of Defined Benefit Obligations in future years (before adjusting fair value of plan assets):

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
i) Weighted average duration of the defined benefit obligation	5.62 years -9.38 years	5.62 years -9.38 years	3 years- 6 years	3 years- 6 years
ii) Expected cash flows over the years (valued on undiscounted basis):				
Duration (years)				
1	265.79	292.11	287.12	267.96
2 to 5	843.17	689.30	584.93	508.10
Above 5	2,176.33	1,990.58	297.01	268.85
	3,285.29	**2,971.99**	**1,169.07**	**1,044.91**

Defined contribution plan:

Contribution to defined contribution plans, recognised as expense for the year is as under:

Employer's contribution to provident and other funds ₹ 538.82 million (31 December 2021 ₹ 483.82 million) (Refer note 32)

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

40. Earnings per share (EPS)

(₹ in million, unless otherwise stated)

	31 December 2022	31 December 2021
Profit attributable to the equity shareholders	14,974.33	6,940.52
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (nos.)*	649,549,620	649,549,620
Add: Weighted average number of potential equity shares on account of employee stock options	171,233	-
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (nos.)*	649,720,853	649,549,620
Nominal value per equity shares (₹)	10.00	10.00
Basic earnings per share (₹)	23.05	10.69
Diluted earnings per share (₹)	23.05	10.69

*Previous year numbers are adjusted for bonus shares issued during the current year.

41. Dividend

(₹ in million)

	31 December 2022	31 December 2021
Interim dividend ₹ 2.50 per share (31 December 2021: ₹ 2.50 per share) by Holding company (Refer note 56 for final dividend)	1,623.87	1,082.58

42. Contingent liabilities

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Claims against the Group not acknowledged as debts (being contested):		
i. Goods and Service Tax	26.70	6.78
ii. For excise and service tax	145.81	174.22
iii. For Customs	90.75	90.75
iii. For sales tax (VAT)/entry tax	1,010.99	1,401.97
iv. For income tax	223.35	515.05
v. For mandi tax and Others*	447.43	561.19

*excludes pending matters where amount of liability is not ascertainable.

43. Commitments

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
a. Guarantee issued to third party by subsidiaries for business purposes	355.43	79.27
b. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 6,111.99 (31 December 2021 ₹ 1,656.35))	16,804.28	5,024.12

44. Pursuant to transfer pricing legislations under the Income-tax Act, 1961, the Holding Company is required to use specified methods for computing arm's length price in relation to specified international and domestic transactions with its associated enterprises. Further, the Holding Company is required to maintain prescribed information and documents in relation to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

been prescribed. The Holding Company is in the process of updating its transfer pricing documentation for the current financial year. Based on the preliminary assessment, the management is of the view that the update would not have a material impact on the tax expense recorded in these consolidated financial statements. Accordingly, these consolidated financial statements do not include any adjustments for the transfer pricing implications, if any.

45. Related party disclosures (as per Ind AS-24)

Following are the related parties and transactions entered with related parties for the relevant financial year:

i. List of related parties and relationships:-

I. Key managerial personnel (KMPs)

Mr. Ravi Kant Jaipuria	Non-Executive Chairman and Karta of Ravi Kant Jaipuria & Sons (HUF), till 19 February 2021
Mr. Varun Jaipuria	Executive Vice Chairman (w.e.f. 03 March 2022) and Whole Time Director
Mr. Raj Pal Gandhi	Whole Time Director
Mr. Rajinder Jeet Singh Bagga	Whole Time Director
Mr. Kapil Agarwal	Chief Executive Officer (till 03 March 2022) and Whole Time Director (till 01 November 2022)
Mr. Vikas Bhatia	Chief Financial Officer (till 02 August 2021)
Mr. Pradeep Khushalchand Sardana	Non-Executive Independent Director
Mr. Naresh Kumar Trehan	Non-Executive Independent Director
Mrs. Sita Khosla	Non-Executive Independent Director
Dr. Ravi Gupta	Non-Executive Independent Director
Mrs. Rashmi Dhariwal	Non-Executive Independent Director
Mr. Ravi Batra	Company Secretary
Mr. Rajesh Chawla	Chief Financial Officer (w.e.f. 02 August 2021)
Mr. Mahavir Prasad Garg	Company Secretary of the parent, namely RJ Corp Limited

II. Parent and ultimate parent

RJ Corp Limited	Parent
Ravi Kant Jaipuria & Sons (HUF)	Ultimate parent (till 19 February 2021)

III. Fellow subsidiaries and entities controlled by parent and ultimate parent*

Devyani International Limited
Devyani Food Industries Limited
Varun Food and Beverages Zambia Limited
Varun Developers Private Limited
Wellness Holdings Limited
SVS India Private Limited
Ole Marketing (Private) Limited
Devyani Food Industries (Kenya) Limited
Devyani Airport Services (Mumbai) Private Limited
Devyani International Nepal Private Limited
Cryoviva Biotech Private Limited

IV. Joint venture and associate*

IDVB Recycling Operations Private Limited	Joint venture (w.e.f. 01 July 2022)
Clean Max Tav Private Limited	Asscoiate (w.e.f. 23 November 2022)

V. **Relatives of KMPs***
Mrs. Dhara Jaipuria
Mrs. Devyani Jaipuria
Mrs. Aastha Agarwal (till 01 November 2022)
Mr. Ravindra Dhariwal
Mr. Kaustubh Agarwal (till 01 November 2022)

VI. **Any person or entity forming a part of the promoter or promoter group***
Mr. Vivek Gupta w.e.f. 01 April 2022

VII. **Entities in which a director or his/her relative is a member/director/trustee***
SMV Beverages Private Limited
Alisha Torrent Closures (India) Private Limited
Lineage Healthcare Limited
Jai Beverages Private Limited
Diagno Labs Private Limited (till 29 March 2022)
RJ Foundation (Trust)

VIII. **Entities which are post employment benefits plans**
VBL Employees' Gratuity Trust

*With whom the Group had transactions during the current year and previous year.

ii. **Terms and conditions of transactions with related parties**
The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

iii. **Transactions with KMPs (Refer note 45A)**

iv. **Transactions with related parties (Refer note 45B)**

45A. Transactions with KMPs

(₹ in million)

		For year ended 2022	For year ended 2021
I.	**Remuneration paid**		
	Mr. Varun Jaipuria	54.69	48.39
	Mr. Raj Pal Gandhi	56.60	63.47
	Mr. Kapil Agarwal	237.21	78.35
	Mr. Rajesh Chawla	9.61	3.40
	Mr. Ravi Batra	13.30	10.99
	Mr. Rajinder Jeet Singh Bagga (Net of reimbursement)^	52.45	38.80
	Mr. Mahavir Prasad Garg (Net of reimbursement)	2.74	2.21
	Mr. Vikas Bhatia	-	18.49
II.	**Director sitting fees paid**		
	Mr. Pradeep Khushalchand Sardana	0.60	0.40
	Mrs. Sita Khosla	1.00	0.90

^during the previous year

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(₹ in million)

		For year ended 2022	For year ended 2021
	Dr. Ravi Gupta	1.70	1.30
	Mrs. Rashmi Dhariwal	1.80	1.20
III.	**Dividend paid**		
	Mr. Varun Jaipuria	260.43	183.66
	Mr. Raj Pal Gandhi	3.36	2.29
	Mr. Kapil Agarwal	2.12	1.54
	Mr. Ravi Kant Jaipuria	291.84	202.06
	Mr. Rajinder Jeet Singh Bagga	0.73	0.49
	Mr. Pradeep Khushalchand Sardana	0.01	0.00*
IV.	**Commission paid to non-executive director**		
	Mr. Ravi Kant Jaipuria	180.45	73.46
V.	**Defined benefit obligation (Cumulative) for KMP**		
i.	**Gratuity**		
	Mr. Varun Jaipuria	52.21	42.82
	Mr. Raj Pal Gandhi	48.83	46.10
	Mr. Kapil Agarwal	-	66.68
	Mr. Ravi Batra	2.64	2.07
	Mr. Mahavir Prasad Garg	0.76	0.51
	Mr. Rajinder Jeet Singh Bagga	39.50	33.66
	Mr. Rajesh Chawla	0.42	0.17
ii.	**Compensated absences**		
	Mr. Varun Jaipuria	20.89	17.32
	Mr. Raj Pal Gandhi	14.48	13.97
	Mr. Kapil Agarwal	-	17.83
	Mr. Ravi Batra	2.07	1.89
	Mr. Rajesh Chawla	0.88	0.38
	Mr. Mahavir Prasad Garg	0.68	0.66
	Mr. Rajinder Jeet Singh Bagga	11.74	10.39
VI.	**Bonus share issued (Face value of ₹ 10 each)**		
	Mr. Varun Jaipuria	347.24	244.87
	Mr. Raj Pal Gandhi	4.58	3.06
	Mr. Kapil Agarwal	2.83	2.05
	Mr. Ravi Kant Jaipuria	389.11	269.41
	Mr. Pradeep Khushalchand Sardana	0.01	0.01
	Mr. Vikas Bhatia	-	0.04
	Mr. Rajinder Jeet Singh Bagga	0.97	0.65
VII.	**Balances (payable)/ receivable outstanding at the end of the year, net**		
	Mr. Varun Jaipuria	(2.60)	(2.02)
	Mr. Raj Pal Gandhi	(1.75)	(1.26)
	Mr. Kapil Agarwal	-	(2.92)

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(₹ in million)

		For year ended 2022	For year ended 2021
	Mr. Rajinder Jeet Singh Bagga	0.36	(1.99)
	Mr. Ravi Batra	(0.72)	(0.49)
	Mr. Mahavir Prasad Garg	0.11	(0.29)
	Mr. Rajesh Chawla	(0.45)	(0.41)

Note:

(i) Stock options have been granted to KMPs of the Group. The number of stock options granted to such KMPs outstanding as on date are 14,000. However as the liability has not been determined for individual employees, the charge thereof for the individual employees is not disclosed above.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

45B. Transactions with related parties

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint ventures and associate (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Sale of goods																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	148.32	141.84	-	-	-	-	**148.32**	**141.84**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	21.28	26.43	-	-	-	-	**21.28**	**26.43**
- Devyani Food Industries (Kenya) Limited	-	-	59.04	13.79	-	-	-	-	-	-	-	-	-	-	**59.04**	**13.79**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	197.12	160.58	-	-	-	-	**197.12**	**160.58**
- Devyani International Limited	-	-	89.37	40.59	-	-	-	-	-	-	-	-	-	-	**89.37**	**40.59**
- Devyani Food Industries Limited	-	-	45.23	17.66	-	-	-	-	-	-	-	-	-	-	**45.23**	**17.66**
- Lineage Healthcare Limited	-	-	-	-	-	-	-	-	0.11	0.07	-	-	-	-	**0.11**	**0.07**
- Devyani Airport Services (Mumbai) Private Limited	-	-	2.36	2.21	-	-	-	-	-	-	-	-	-	-	**2.36**	**2.21**
- Devyani International Nepal Private Limited	-	-	8.59	-	-	-	-	-	-	-	-	-	-	-	**8.59**	**-**
Sale of raw materials and stores																
- RJ Foundation (Trust)	-	-	-	-	-	-	-	-	-	1.53	-	-	-	-	**-**	**1.53**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	2.17	3.38	-	-	-	-	**2.17**	**3.38**
- Devyani Food Industries Limited	-	-	36.26	40.49	-	-	-	-	-	-	-	-	-	-	**36.26**	**40.49**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	219.28	149.22	-	-	-	-	**219.28**	**149.22**
Purchase of goods																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	525.89	488.79	-	-	-	-	**525.89**	**488.79**
- Devyani Food Industries Limited	-	-	464.64	279.02	-	-	-	-	-	-	-	-	-	-	**464.64**	**279.02**
Purchase of raw materials and stores																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	14.37	27.76	-	-	-	-	**14.37**	**27.76**
- Devyani Food Industries Limited	-	-	79.13	35.69	-	-	-	-	-	-	-	-	-	-	**79.13**	**35.69**
- Devyani Food Industries (Kenya) Limited	-	-	-	29.64	-	-	-	-	-	-	-	-	-	-	**-**	**29.64**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint ventures and associate (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
House keeping and cleaning charges paid																
- Varun Developers Private Limited	-	-	12.53	12.53	-	-	-	-	-	-	-	-	-	-	**12.53**	**12.53**
Interest received/(paid)																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	(2.00)	(4.00)	-	-	-	-	**(2.00)**	**(4.00)**
Contribution to corporate social responsibility activities																
- RJ Foundation (Trust)	-	-	-	-	-	-	-	-	85.04	67.54	-	-	-	-	**85.04**	**67.54**
Equity investment																
- IDVB Recycling Operations Private Limited	-	-	-	-	0.07	-	-	-	-	-	-	-	-	-	**0.07**	**-**
- Clean Max Tav Private Limited	-	-	-	-	0.03	-	-	-	-	-	-	-	-	-	**0.03**	**-**
Professional charges paid																
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	4.88	4.94	-	-	-	-	-	-	**4.88**	**4.94**
Remuneration paid																
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	47.76	-	**47.76**	**-**
Travelling expenses paid																
- Wellness Holdings Limited	-	-	263.80	109.20	-	-	-	-	-	-	-	-	-	-	**263.80**	**109.20**
Contribution to gratuity trust																
- VBL Employees' Gratuity Trust	-	-	-	-	-	-	-	-	-	-	350.00	2.14	-	-	**350.00**	**2.14**
Dividend paid																
- RJ Corp Limited	444.75	299.75	-	-	-	-	-	-	-	-	-	-	-	-	**444.75**	**299.75**
- Mrs. Aastha Agarwal	-	-	-	-	-	-	0.75	0.38	-	-	-	-	-	-	**0.75**	**0.38**
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	0.56	0.38	-	-	-	-	-	-	**0.56**	**0.38**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	0.02	0.01	-	-	-	-	-	-	**0.02**	**0.01**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	39.39	26.26	-	-	-	-	-	-	**39.39**	**26.26**
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	1.16	-	**1.16**	**-**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint ventures and associate (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
(Recovery of Expenses incurred by the Company on behalf of others)/ expenses incurred by others on behalf of the Company																
- Devyani International Limited	-	-	0.79	(3.13)	-	-	-	-	-	-	-	-	-	-	**0.79**	**(3.13)**
- RJ Corp Limited	(1.81)	(2.24)	-	-	-	-	-	-	-	-	-	-	-	-	**(1.81)**	**(2.24)**
- Devyani Food Industries (Kenya) Limited	-	-	(1.34)	(0.47)	-	-	-	-	-	-	-	-	-	-	**(1.34)**	**(0.47)**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	0.07	-	-	-	-	**-**	**0.07**
- Devyani Food Industries Limited	-	-	(19.70)	(14.95)	-	-	-	-	-	-	-	-	-	-	**(19.70)**	**(14.95)**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	**-**	**0.02**
Amount paid by Company on behalf of others/(amount paid by others on behalf of the Company)																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	**-**	**0.02**
Licence fee paid																
- Devyani Food Industries Limited	-	-	1.27	1.24	-	-	-	-	-	-	-	-	-	-	**1.27**	**1.24**
Purchase of property, plant and equipment																
- Devyani Food Industries (Kenya) Limited	-	-	3.32	-	-	-	-	-	-	-	-	-	-	-	**3.32**	**-**
- Varun Food and Beverages Zambia Limited	-	-	43.10	-	-	-	-	-	-	-	-	-	-	-	**43.10**	**-**
- Cryoviva Biotech Private Limited	-	-	3.62	-	-	-	-	-	-	-	-	-	-	-	**3.62**	**-**
Advance paid for acquisition of assets																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	50.40	-	-	-	-	**-**	**50.40**
Rent/ lease charges paid/(received)																
- RJ Corp Limited	112.80	112.69	-	-	-	-	-	-	-	-	-	-	-	-	**112.80**	**112.69**
- Devyani Food Industries Limited	-	-	(8.82)	(3.97)	-	-	-	-	-	-	-	-	-	-	**(8.82)**	**(3.97)**

(₹ in million)

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	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
- Ravi Kant Jaipuria & Sons (HUF)	-	1.28	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**1.28**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	27.00	27.00	-	-	-	-	**27.00**	**27.00**
- SVS India Private Limited	-	-	2.73	1.20	-	-	-	-	-	-	-	-	-	-	**2.73**	**1.20**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	0.72	-	-	-	-	-	-	**-**	**0.72**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	(1.23)	(1.36)	-	-	-	-	**(1.23)**	**(1.36)**
IT infrastructure support fee																
- Devyani Food Industries Limited	-	-	8.86	5.57	-	-	-	-	-	-	-	-	-	-	**8.86**	**5.57**
- RJ Corp Limited	1.03	0.03	-	-	-	-	-	-	-	-	-	-	-	-	**1.03**	**0.03**
- Devyani Food Industries (Kenya) Limited	-	-	1.77	1.20	-	-	-	-	-	-	-	-	-	-	**1.77**	**1.20**
- Diagno Labs Private Limited	-	-	-	-	-	-	-	-	0.03	0.43	-	-	-	-	**0.03**	**0.43**
- Devyani International Limited	-	-	1.53	1.40	-	-	-	-	-	-	-	-	-	-	**1.53**	**1.40**
- Cryoviva Biotech Private Limited	-	-	0.89	-	-	-	-	-	-	-	-	-	-	-	**0.89**	**-**
Capital commitments																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	201.60	201.60	-	-	-	-	**201.60**	**201.60**
Bonus share issued (Face value of ₹ 10 each)																
- RJ Corp Limited	593.00	399.67	-	-	-	-	-	-	-	-	-	-	-	-	**593.00**	**399.67**
- Mrs. Aastha Agarwal	-	-	-	-	-	-	1.00	0.50	-	-	-	-	-	-	**1.00**	**0.50**
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	0.75	0.50	-	-	-	-	-	-	**0.75**	**0.50**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	0.02	0.02	-	-	-	-	-	-	**0.02**	**0.02**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	52.52	35.01	-	-	-	-	-	-	**52.52**	**35.01**
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	1.55	-	**1.55**	**-**
Balances outstanding at the end of the year, (net)																
A. Receivable/(payable), net																
- Devyani International Limited	-	-	3.75	5.03	-	-	-	-	-	-	-	-	-	-	**3.75**	**5.03**
- RJ Corp Limited	35.60	35.82	-	-	-	-	-	-	-	-	-	-	-	-	**35.60**	**35.82**
- Wellness Holdings Limited	-	-	(23.07)	(12.22)	-	-	-	-	-	-	-	-	-	-	**(23.07)**	**(12.22)**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint ventures and associate (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
- Devyani International Nepal Private Limited	-	-	0.95	-	-	-	-	-	-	-	-	-	-	-	**0.95**	-
- Lineage Healthcare Limited	-	-	-	-	-	-	-	-	(0.00)*	0.02	-	-	-	-	**(0.00)***	**0.02**
- Ole Marketing (Private) Limited	-	-	21.64	-	-	-	-	-	-	-	-	-	-	-	**21.64**	-
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	161.91	56.93	-	-	-	-	**161.91**	**56.93**
- Diagno Labs Private Limited	-	-	-	-	-	-	-	-	0.12	0.50	-	-	-	-	**0.12**	**0.50**
- Devyani Food Industries (Kenya) Limited	-	-	20.76	1.93	-	-	-	-	-	-	-	-	-	-	**20.76**	**1.93**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	5.41	10.64	-	-	-	-	**5.41**	**10.64**
- Devyani Airport Services (Mumbai) Private Limited	-	-	0.13	0.05	-	-	-	-	-	-	-	-	-	-	**0.13**	**0.05**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	0.70	0.01	-	-	-	-	**0.70**	**0.01**
- Devyani Food Industries Limited	-	-	(56.21)	(32.38)	-	-	-	-	-	-	-	-	-	-	**(56.21)**	**(32.38)**
- Varun Food and Beverages Zambia Limited	-	-	(59.28)	(18.04)	-	-	-	-	-	-	-	-	-	-	**(59.28)**	**(18.04)**
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	(0.40)	-	-	-	-	-	-	-	**(0.40)**	-
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	(2.77)	-	**(2.77)**	-
- SVS India Private Limited	-	-	(1.17)	-	-	-	-	-	-	-	-	-	-	-	**(1.17)**	-
- Cryoviva Biotech Private Limited	-	-	1.05	-	-	-	-	-	-	-	-	-	-	-	**1.05**	-
C. Defined benefit obligation (Cumulative) Payable																
Gratuity																
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	9.82	-	**9.82**	-
Compensated absences																
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	4.92	-	**4.92**	-

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

46. Disclosure on lease transactions pursuant to Ind AS 116 - Leases

The Group lease asset class primarily consists of leases for land, buildings, plant and equipments and vehicles. With the exception of short-term leases, leases of low-value and cancellable long-term leases underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liability.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the weighted average borrowing rate on the date of adoption, i.e., 5.44% - 10.00% (31 December 2021: 5.44% - 10.00%).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right of use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security against the Group's other debts and liabilities.

i. Lease liabilities are presented in the balance sheet as under:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Current maturities of lease liabilities (Refer note 20D)	235.77	136.02
Non-current lease liabilities (Refer note 20B)	1,654.25	312.63
Total	**1,890.02**	**448.65**

ii. The recognised right of use assets relate to land, buildings and plant and equipments as at 31 December 2022 and 31 December 2021:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Right of use assets - land, buildings and plant and equipments		
Balance at the beginning of the year	5,727.99	5,552.08
Additions for the year	3,772.60	341.37
Government grant related to asset received	(68.24)	-
Refund received for the year	(10.35)	-
Amortisation charge for the year	(282.87)	(217.38)
Exchange differences on translation of foreign operations	15.88	51.92
Balance at the end of the year	**9,155.01**	**5,727.99**

iii. The following are amounts recognised in Consolidated Statement of Profit and Loss:

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Depreciation charge on right of use assets	282.87	217.38
Interest expense on lease liabilities*	44.26	30.50
Total	**327.13**	**247.88**

*In Holding Company, Interest expense on leasehold lands acquired during the year were capitalised as pre-operative expense amounting to ₹ 24.70 million (31 December 2021: Nil)

iv. Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less), non-cancellable long-term leases and for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 846.98 (31 December 2021: ₹ 821.26 million).

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

v. Refer Consolidated Cash Flow Statement for total cash outflow for leases for the year ended 31 December 2022 and 31 December 2021.

vi. Maturity of lease liabilities

Future minimum lease payments for year ended 31 December 2022 were as follows:

(₹ in million)

	Lease payments	Interest expense	Net Present value*
Not later than 1 year	370.84	138.33	235.77
Later than 1 year not later than 5 years	1,430.10	354.68	1,086.53
Later than 5 years	1,133.92	568.87	567.72
Total	**2,934.86**	**1,061.88**	**1,890.02**

* Includes exchange differences on translation of foreign operations of ₹ 17.04 million

Future minimum lease payments for year ended 31 December 2021 were as follows:

(₹ in million)

	Lease payments	Interest expense	Net Present value *
Not later than 1 year	163.45	26.14	136.02
Later than 1 year not later than 5 years	256.53	56.43	196.05
Later than 5 years	529.00	412.41	116.58
Total	**948.98**	**494.98**	**448.65**

* Includes exchange differences on translation of foreign operations of ₹ 5.35 million

47. Segment reporting

The business activity of the Group predominantly fall within a single reportable business segment viz manufacturing and sale of beverages. There are no separate reportable business segments. As part of reporting for geographical segments, the Group operates in two principal geographical areas of the world, i.e., within India and other countries (outside India). The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Group is seasonal.

The following table presents segment non-current assets, revenue from external customers regarding geographical segments:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Non-current assets*		
- Within India	67,717.76	57,125.93
- Outside India	13,937.52	12,787.13

*excluding Investment in associate & joint venture, financial instruments, deferred tax assets and post-employment benefit assets.

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Revenue from external customers		
- Within India	105,100.36	65,448.50
- Outside India	28,805.22	24,134.41

48. Dues to Micro and Small Enterprises

The dues to micro and small enterprises as required under the Micro, Small and Medium Enterprises Development Act ("MSMED"), 2006 to the extent information available with the Holding Company is given below:

(₹ in million)

Particulars	31 December 2022	31 December 2021
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	659.11	342.85
Interest due on above	1.07	1.32
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year*	116.95	299.00
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	2.91	3.83
The amount of interest accrued and remaining unpaid at the end of each accounting year	13.71	9.73
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	13.71	9.73

*includes principal amounting to ₹ 116.95 million (31 December 2021: ₹ 299.00 million).

49. Acquisition of Subsidiary and Associate & Joint Venture during the year

The Holding company has subscribed equity shares of Varun Beverages International DMCC amounting to ₹ 2.05 million and ₹ 18.63 million (31 December 2021: Nil) on 31 January 2022 and 11 April 2022 respectively to render business related management and technical services to the Group.

The Holding Company has subscribed the equity investment of IDVB Recycling Operations Private Limited amounting to ₹ 0.03 million and ₹ 0.04 million (31 December 2021: Nil) on 01 July 2022 and 01 November 2022 respectively.

On 23 November 2022, the Holding Company has subscribed the equity investment of Clean Max Tav Private Limited amounting to ₹ 0.03 million (31 December 2021: Nil).

50. The Holding Company follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

51. Share-based payments

a. Description of share based payment arrangements

i) Share Options Schemes (equity settled)

Employees Stock Option Scheme 2016 ("ESOP 2016 or scheme")

The ESOP 2016 was approved by the Board of Directors and the shareholders on 27 April 2016 and further ratified and amended by the shareholders in their meetings held on 17 April 2017 and 07 April 2022 respectively. Further, National Stock Exchange of India Limited and BSE Limited have accorded their in principle approvals for issue and allotment of upto 8,347,576 equity shares ("Ceiling Limit"). The scheme was formulated with the objective to enable the Company to grant Options for equity shares of the Company to certain eligible employees as defined in the Scheme at a pre-determined price.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

The Options were granted on the dates as mentioned in the table below:

Scheme	Grant Date	Number of Options Granted	Exercise Price	Vestion Conditions	Vesting Period	Contractual period
ESOS 2016	04-Jan-22	140,475	605	Graded vesting over 4 years	04 Jan 2023 to 01 Jan 2026	0-4 Years
ESOS 2016	03-Feb-22	4,500	598	Graded vesting over 4 years	03 Feb 2023 to 01 Jan 2026	0-3.92 Years
ESOS 2016	03-Mar-22	9,000	596	Graded vesting over 4 years	03 Mar 2023 to 01 Jan 2026	0-3.83 Years
ESOS 2016	13-Apr-22	4,500	605	Graded vesting over 4 years	13 Apr 2023 to 01 Jan 2026	0-3.75 Years
ESOS 2016	28-Apr-22	9,000	612	Graded vesting over 4 years	28 Apr 2023 to 01 Jan 2026	0-3.75 Years
ESOS 2016	24-Sep-22	451,000	870	Graded vesting over 4 years	24 Sep 2023 to 01 Jan 2026	0-3.33 Years

b. Measurement of fair values

The fair values are measured based on the Black-Scholes-Merton model. The fair value of the options and inputs used in the measurement of the grant date fair values of the equity-settled share based payments are as follows:

Particulars	Options granted on 04 January 2022	Options granted on 03 February 2022	Options granted on 03 March 2022	Options granted on 13 April 2022	Options granted on 28 April 2022	Options granted on 24 September 2022
Fair value per Option at grant date (in ₹)	261.64	308.33	333.50	335.15	368.58	488.82
Share price at grant date (in ₹)	879.80	940.65	975.85	983.90	1,036.45	1,158.95
Exercise price (in ₹)	907.00	897.00	894.00	907.00	918.00	870.00
Expected volatility	37.45%-39.59%	37.59%-39.90%	37.56%-39.94%	37.83%-40.09%	37.64%-40.26%	37.45%-40.70%
Expected life (in years)	1.6-4.6	1.6-4.5	1.6-4.4	1.6-4.3	1.6-4.3	1.6-3.8
Expected dividends	0.28%	0.27%	0.26%	0.25%	0.24%	0.22%
Risk-free interest rate	4.28%-5.59%	4.41%-5.83%	4.52%-5.79%	4.82%-6.27%	4.9%-6.22%	6.44%-6.92%

The risk-free interest rate (continuous compounding) being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the options on the date of grant of options based on the zero-coupon yield curve for Government Securities available as on Valuation date taken from www.ccilindia.com.

The measure of volatility used in the Option-Pricing Model is the annualised standard deviation of the continuous rates of return on the stock over a period of time.

c. Effect of employee stock option schemes on the standalone statement of profit and loss

(₹ in million, unless otherwise stated)

	31 December 2022	31 December 2021
Employee stock option expense*	29.06	-

*included in Salaries, wages and bonus (refer note 32)

d. Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option scheme is as follows:

	As at 31 December 2022		As at 31 December 2021	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Number of options granted, exercised and forfeited			-	
Options outstanding as at the beginning of the year	-	-	-	-
Add: Options granted during the year	618,475	799.10	-	-
Less: Options exercised during the year	-	-	-	-
Less: Options forfeited/lapsed during the year	7,500	799.10	-	-
Options outstanding as at the end of the year	610,975	799.10	-	-
Options exercisable at the end of the year	-	-	-	-

	As at 31 December 2022	As at 31 December 2021
Weighted average remaining life of options outstanding at the end of year (in years)	3.56	-

52. Financial instruments risk

Financials risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of financial risks are market risk, credit risk and liquidity risk.

The respective management of the Holding Company and other companies/entities comprising the Group monitors and manages the financial risks relating to the operations of the respective entity/company on a continuous basis. The Group's risk management is coordinated at head office, in close cooperation with the management of respective entity/company, and focuses on actively securing the short to medium-term cash flows and simultaneously minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

52.1 Market risk analysis

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and commodity price risk, which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The functional currency of the Holding Company is Indian Rupees ('INR' or '₹'). Most of the transactions of the Holding Company and other entities/companies are carried out in the respective local currency. Exposures to currency exchange rates mainly arise from the overseas operations and external commercial borrowings etc., which are primarily denominated in US Dollar ("USD"), Euro, Singapore Dollar ("SGD"), Australian Dollars (AUD), Pound Sterling ("GBP"), Zuid-Afrikaanse Rand ("ZAR") and Emirati Dirham ("AED").

To mitigate its exposure to foreign currency risk, the Group continuously monitors non-INR cash flows and hedging contracts are entered into wherever considered necessary.

The carrying amounts of the Group's foreign currency denominated monetary items are restated at the end of each reporting period. Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are as follows:

(₹ in million)

	USD	GBP	Euro	SGD	AUD	AED	ZAR
31 December 2022							
Financial assets							
(i) Trade receivables	5.72	-	-	-	-	-	0.00*
(ii) Others	2.13	-	-	-	-	-	-
(iii) Cash and cash equivalents	3.42	-	-	-	-	-	6.01
(iv) Other bank balances	0.13	-	-	-	-	-	-
Total financial assets	**11.40**	**-**	**-**	**-**	**-**	**-**	**6.01**
Financial liabilities							
(i) Borrowings	2.77	-	5.92	-	-	-	-
(ii) Trade payables	16.26	0.00*	1.67	-	0.03	0.02	2.91
(iii) Other financial liabilities	3.21	-	6.38	-	-	-	-
Total financial liabilities	**22.24**	**0.00***	**13.97**	**-**	**0.03**	**0.02**	**2.91**
31 December 2021							
Financial assets							
(i) Trade receivables	2.73	0.01	-	-	-	-	2.77
(ii) Others	0.20	-	-	-	-	-	-
(iii) Cash and cash equivalents	4.45	-	-	-	-	-	2.23
(iv) Other bank balances	0.46	-	-	-	-	-	-
Total financial assets	**7.84**	**0.01**	**-**	**-**	**-**	**-**	**5.00**
Financial liabilities							
(i) Borrowings	1.91	-	4.85	16.56^	-	-	-
(ii) Trade payables	12.10	0.01	0.59	-	-	-	6.58
(iii) Other financial liabilities	2.18	-	0.70	0.03	-	-	-
Total financial liabilities	**16.19**	**0.01**	**6.14**	**16.59**	**-**	**-**	**6.58**

*Rounded off to Nil.
^Outstanding foreign currency exposure hedged (excluding interest thereon)
There are no other exposure hedged against advance currency fluctuations.

The foreign currency sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities considering 'all other things being equal' and ignoring the impact of taxation. It assumes a +/- 1% change of the respective countries exchange rates (i.e. local currency to foreign currency) for the year ended at 31 December 2022 (31 December 2021: +/-1%). These are the sensitivity rates used when reporting foreign currency exposures internally to the key management personnel and represents respective management's assessment of the reasonably possible changes in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at end of each period reported upon. A positive number indicates an increase in profit or equity and vice-versa.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

If the INR had strengthened against the USD by 1% (31 December 2021: 1%), AUD by 1% (31 December 2021: Nil), GBP by 1% (31 December 2021: 1%), SGD by 1% (31 December 2021: 1%) Euro by 1% (31 December 2021: 1%), AED by 1% (31 December 2021: Nil) and ZAR by 1% (31 December 2021: 1%), the following would have been the impact:

(₹ in million)

	Profit / (loss) for the year		Equity	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
USD	8.97	6.21	8.97	6.21
GBP	0.00*	(0.00)*	0.00*	(0.00)*
Euro	12.32	5.17	12.32	5.17
SGD	-	9.14	-	9.14
AUD	0.02	-	0.02	-
ZAR	(0.15)	0.07	(0.15)	0.07
AED	0.00	-	0.00	-

*Rounded off to Nil.

If the INR had weakened against the USD by 1% (31 December 2021: 1%), AUD by 1% (31 December 2021: Nil), GBP by 1% (31 December 2021: 1%), SGD by 1% (31 December 2021: 1%) Euro by 1% (31 December 2021: 1%), AED by 1% (31 December 2021: Nil) and ZAR by 1% (31 December 2021: 1%), the following would have been the impact:

(₹ in million)

	Profit / (loss) for the year		Equity	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
USD	(8.97)	(6.21)	(8.97)	(6.21)
GBP	(0.00)*	(0.00)*	(0.00)*	(0.00)*
Euro	(12.32)	(5.17)	(12.32)	(5.17)
SGD	-	(9.14)	-	(9.14)
AUD	(0.02)	-	(0.02)	-
ZAR	0.15	(0.07)	0.15	(0.07)
AED	(0.00)	-	(0.00)	-

*Rounded off to Nil.

Exposures to foreign exchange rates vary during the year depending on the volume of the overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Group is exposed to changes in market interest rates as some of the bank and other borrowings are at variable interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (31 December 2021: +/- 1%). These changes are considered to be reasonably possible based on management's assessment. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(₹ in million)

	Profit/(loss) for the year		Equity	
	+1%	-1%	+1%	-1%
31 December 2022	(241.26)	241.26	(241.26)	241.26
31 December 2021	(217.02)	217.02	(217.02)	217.02

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of sugar and pet chips and therefore require a continuous supply. In view of volatility of price of sugar and pet chips, the Group also executes into various advance purchase contracts.

Commodity price sensitivity

The following tables shows the effect of price change in sugar and pet chips

(₹ in million)

Particulars	Change in yearly average price	Effect on profit/ (loss) before tax		Effect on equity	
31 December 2022					
Sugar	+/-1%	(148.65)	148.65	(148.65)	148.65
Pet chips	+/-1%	(107.25)	107.25	(107.25)	107.25
31 December 2021					
Sugar	+/-1%	(107.54)	107.54	(107.54)	107.54
Pet chips	+/-1%	(52.51)	52.51	(52.51)	52.51

Other price sensitivity

The Group is not exposed to any listed equity or listed debt price risk as it does not hold any investments in listed entities.

52.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is operating through a network of distributors and other distribution partners based at different locations. The Group is exposed to this risk for various financial instruments, for example loans granted, receivables from customers, deposits placed etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at end of each reporting period, as summarised below:

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Classes of financial assets-carrying amounts:		
Investments (non-current)	0.01	0.01
Others non-current financial assets	486.80	420.63
Trade receivables	2,993.38	2,212.49
Cash and cash equivalents	1,543.32	1,507.50
Bank balances (other than those classified as cash and cash equivalents above)	1,309.35	1,858.72
Others current financial assets	3,977.06	2,455.55
	10,309.92	**8,454.90**

The Group continuously monitors receivables and defaults of customers and other counterparties, and incorporates this information into its credit risk controls. Appropriate security deposits are kept against the supplies to customers and balances are reconciled at regular intervals. The Group's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty. Trade receivables consist of a large number of customers of various scales and in different geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables. In case the receivables are not recovered even after regular follow up, measures are taken to stop further supplies to the concerned customer. The expected credit loss is based on the five years historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Movement in expected credit loss allowance on trade receivables and capital advances:-

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Balance as at beginning of the year	495.36	435.33
Loss allowance measured at lifetime expected credit loss	73.51	58.92
Foreign currency translation reserve	(30.00)	1.11
Balance at the end of the year	**538.87**	**495.36**

The credit risk for cash and cash equivalents, bank deposits including interest accrued thereon and Government grant receivables is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and State Government bodies.

In respect of financial guarantees provided by the Group, the maximum exposure to which the Group is exposed to is the maximum amount which it would have to pay if the guarantee is called upon. Based on the expectation at the end of each reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

52.3 Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and considering the maturity profiles of financial assets and other financial liabilities as well as forecast of operational cash inflows and outflows. Liquidity needs are monitored in various time bands, on a day-to-day basis, a week-to-week basis and a month-to-month basis. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the Group's ability to avail further credit facilities subject to creation of requisite charge on its assets. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

As at 31 December 2022, the Group's non-derivative financial liabilities have contractual undiscounted maturities as summarised below:

(₹ in million)

31 December 2022	Carrying value	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	36,948.12	19,666.69	17,388.87	-
Lease liabilities (current and non-current)	1,890.02	370.84	1,430.10	1,133.92
Trade payables	8,242.61	8,242.61	-	-
Other financial liabilities (current)	5,593.90	5,593.90	-	-
Total	**52,674.65**	**33,874.04**	**18,818.97**	**1,133.92**

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

(₹ in million)

31 December 2021	Carrying value	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	33,418.95	14,330.30	17,800.90	554.58
Lease liabilities (current and non-current)	448.65	163.45	256.53	529.00
Trade payables	7,117.53	7,117.53	-	-
Other financial liabilities (current)	3,929.66	3,929.66	-	-
Total	**44,914.79**	**25,540.94**	**18,057.43**	**1,083.58**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

As at 31 December 2022, the contractual cash flows (excluding interest thereon) of the Group's derivative financial instruments are as follows:

(₹ in million)

31 December 2022	1 to 12 months	1 to 5 years
Cross currency interest rate swap	-	-

This compares to the contractual cash flows (excluding interest thereon) of the Group's derivative financial instruments in the previous year as follows:

(₹ in million)

31 December 2021	1 to 12 months	1 to 5 years
Cross currency interest rate swap	911.78	-

53. Fair value measurements

Financial instruments by categories

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

Particulars	31 December 2022		31 December 2021	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
(i) Non-current financial assets				
(a) Investment (non-current)	0.01	-	0.01	-
(ii) Non-current financial assets				
(a) Others	-	486.80	-	420.63
(iii) Current financial assets				
(a) Trade receivables	-	2,993.38	-	2,212.49
(b) Cash and cash equivalents	-	1,543.32	-	1,507.50
(c) Bank balances other than above	-	1,309.35	-	1,858.72
(d) Others	-	3,977.06	-	2,455.55
Total	**0.01**	**10,309.91**	**0.01**	**8,454.89**
Financial liabilities				
(i) Current financial liability				
(a) Liability for derivative contract	-	-	25.58	-
(ii) Non-current borrowings (excluding those disclosed under FVTPL category above)	-	17,270.22	-	18,133.27
(iii) Other non-current financial liabilities	-	1,654.25	-	312.63
(iv) Current financial liabilities				
(a) Borrowings	-	19,677.90	-	15,285.68
(b) Trade payables	-	8,242.61	-	7,117.53
(c) Others	-	5,829.67	-	4,040.10
Total	**-**	**52,674.65**	**25.58**	**44,889.21**

Valuation technique to determine fair value

Cash and cash equivalents, other bank balances, trade receivables, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

The following methods and assumptions were used to estimate the fair values:

- The fair values of the long term borrowings, loans and other deferred payments are determined by using discounted cash flow method using the appropriate discount rate. The discount rate is determined using other similar instruments incorporating the risk associated.

- The Group executed derivative financial instruments such as cross currency interest rate swap being valued using valuation techniques, which employs use of market observable inputs. The Group uses mark to market valuation provided by bank for its valuation.

Fair value hierarchy

The financial assets measured at fair value are grouped into the fair value hierarchy as on 31 December 2022 and 31 December 2021 as follows: (also refer note 3(a))

(₹ in million)

31 December 2022	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2022	**0.01**	-	-	0.01

(₹ in million)

31 December 2022	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
(a) Liability for foreign currency derivative contract	31 December 2022	**-**	-	-	-

There have been no transfers of financial assets and financial liabilities between the levels during the year 2022

(₹ in million)

31 December 2021	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2021	**0.01**	-	-	0.01

(₹ in million)

31 December 2021	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
(a) Liability for foreign currency derivative contract	31 December 2021	**25.58**	-	25.58	-

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

54. Capital management

For the purpose of the Group's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity shareholders of the Group.

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, non-current and current borrowings, deferred payment liabilities, current maturity of long-term debts and lease liabilities, less cash and cash equivalents, excluding discontinued operations, if any.

The amounts managed as capital by the Group for the reporting periods are summarised as follows:

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Non-current borrowings (Refer note 20A)	17,270.22	18,133.27
Current borrowings (Refer note 20C)	6,276.95	6,284.92
Lease liabilities (Refer note 20B)	1,654.25	312.63
Current portion of lease liabilities (Refer note 20D)	235.77	136.02
Current maturities of long-term debts (Refer note 20C)	13,400.95	9,000.76
	38,838.14	**33,867.60**
Less: Cash and cash equivalents (Refer note 13)	(1,543.32)	(1,507.50)
Net debt (A)	**37,294.82**	**32,360.10**
Equity share capital (Refer note 18)	6,495.50	4,330.33
Other equity (Refer note 19)	44,528.30	36,468.75
Total capital (B)	**51,023.80**	**40,799.08**
Capital and net debt (C=A+B)	**88,318.62**	**73,159.18**
Gearing ratio (A/C)	**42.23%**	**44.23%**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 31 December 2021.

There is no breaches in the financial covenants of the borrowing that would permit the banks to immediately call loans and borrowings in the reporting periods.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

55. Assets pledged as security

The carrying amount of assets pledged as security are:

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Inventories and trade receivable	18,518.69	13,633.94
Other bank deposits	1,219.30	1,198.50
Current loans	-	189.86
Other current financial assets	4,907.30	2,881.73
Other current assets	3,545.52	2,384.84
Other non current assets	1,815.72	-
Other intangible assets	5,478.86	5,543.00
Property, plant and equipment (including capital work-in-progress)	54,851.68	49,031.82
Right of use assets	8,521.54	5,204.88

56. The Board of Directors in their meeting dated 06 February 2023 have approved a payment of final dividend of ₹ 1.00 (Rupees One only) per equity share of the face value of ₹ 10 each, subject to the approval of equity shareholders in ensuing annual general meeting of the Company. With this, total dividend declared for year ended 31 December 2022 stands at ₹ 3.50 (Rupees three and paise fifty only) per equity share of the face value of ₹ 10 each.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

57. Additional information, as required to Consolidated Financial Statements pursuant to Schedule III to the Companies Act, 2013

(₹ in million)

Name of the company/entity		Net assets i.e., total assets minus total liabilities		Share of profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		As % of consolidated net assets*	Amount	As % of consolidated profit/(loss)*	Amount	As % of consolidated OCI*	Amount	As % of consolidated TCI*	Amount
For the year ended 31 December 2022									
A.	**Parent Company**								
	Varun Beverages Limited	85.19%	55,174.01	81.73%	12,701.99	12.51%	80.60	78.98%	12,782.59
B.	**Subsidiaries**								
	Indian								
	Lunarmech Technologies Private Limited	2.11%	1,366.47	3.08%	478.85	-0.04%	(0.25)	2.96%	478.60
	Foreign								
	Varun Beverages (Nepal) Private Limited	2.20%	1,426.37	1.90%	294.66	0.00%	-	1.82%	294.66
	Varun Beverages Lanka (Private) Limited (Consolidated)	2.20%	1,424.60	0.53%	82.87	0.08%	0.50	0.52%	83.37
	Varun Beverages Morocco SA	3.68%	2,385.33	0.71%	110.42	0.00%	-	0.68%	110.42
	Varun Beverages (Zambia) Limited (Consolidated)	1.70%	1,097.89	0.83%	128.42	0.00%	-	0.79%	128.42
	Varun Beverages (Zimbabwe) (Private) Limited	4.19%	2,712.82	12.81%	1,991.16	0.00%	-	12.30%	1,991.16
	Varun Beverages RDC SAS	-0.01%	(7.87)	-0.02%	(2.40)	0.00%	-	-0.01%	(2.40)
	Varun Beverages International DMCC	0.48%	313.58	1.81%	281.78	0.00%	-	1.74%	281.78
	Non-controlling interests in subsidiaries	-1.74%	(1,131.07)	-3.38%	(526.81)	87.45%	563.63	0.22%	36.82
C.	**Associate (Investment as per equity method)**								
	Indian								
	Clean Max Tav Private Limited^	0.00%	-	0.00%	(0.05)	0.00%	-	0.00%	(0.05)
D.	**Joint venture (Investment as per equity method)**								
	Indian								
	IDVB Recycling Operations Private Limited^	0.00%	-	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
		100.00%	**64,762.13**	**100.00%**	**15,540.88**	**100.00%**	**644.48**	**100.00%**	**16,185.36**
	Inter group eliminations/adjustments		(13,738.33)		(566.55)		(3,799.27)		(4,365.82)
Total			**51,023.80**		**14,974.33**		**(3,154.79)**		**11,819.54**
For the year ended 31 December 2021									
A.	**Parent Company**								
	Varun Beverages Limited	80.86%	43,986.21	66.93%	4,894.87	83.87%	56.25	67.08%	4,951.12
B.	**Subsidiaries**				-		-		
	Indian								
	Lunarmech Technologies Private Limited	1.63%	887.87	3.79%	276.99	0.04%	0.03	3.75%	277.02
	Foreign								
	Varun Beverages (Nepal) Private Limited	3.07%	1,671.20	-3.67%	(268.18)	0.00%	-	-3.63%	(268.18)
	Varun Beverages Lanka (Private) Limited (Consolidated)	3.75%	2,039.44	1.37%	100.17	16.07%	10.78	1.50%	110.95
	Varun Beverages Morocco SA	4.22%	2,293.44	-0.03%	(2.25)	0.00%	-	-0.03%	(2.25)
	Varun Beverages (Zambia) Limited (Consolidated)	1.77%	963.34	8.02%	586.83	0.00%	-	7.95%	586.83
	Varun Beverages (Zimbabwe) (Private) Limited	6.85%	3,723.70	30.70%	2,245.26	0.00%	-	30.42%	2,245.26
	Varun Beverages RDC SAS	0.00%	0.74	0.00%	-	0.00%	-	0.00%	-
	Non-controlling interests in subsidiaries	-2.15%	(1,167.89)	-7.11%	(520.00)	0.01%	0.01	-7.05%	(519.99)
		100.00%	**54,398.05**	**100.00%**	**7,313.69**	**99.99%**	**67.07**	**99.99%**	**7,380.76**
	Inter group eliminations/adjustments		(13,598.97)		(373.17)		(365.94)		(739.11)
Total			**40,799.08**		**6,940.52**		**(298.87)**		**6,641.65**

*Percentage has been determined before considering elimination/adjustments arising out of consolidation.
^Refer note 6.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

58. Summarised financial information for Associate and Joint Venture:

The Group has subscribed 50% ownership interest in IDVB Recycling Operations Private Limited ("IDVB"), a joint venture on 1 July 2022 and 26% ownership interest in Clean Max Tav Private Limited ("Clean Max") on 23 November 2022. The Holding company's interest in IDVB and Clean Max is accounted at cost using the equity method in these financial statements. Summarised financial information of IDVB and Clean Max, is set out below:

A. Principal place of business: India

B. Summarised balance sheet as on 31 December 2022:

(₹ in million)

Particulars	IDVB	Clean Max
Non-current assets	-	190.20
Current assets	0.12	0.03
Non-current liabilities	-	-
Current liabilities	-	(190.32)
Net assets	**0.12**	**(0.09)**
Group share of net assets	50.00%	26.00%
Group's carrying amount of investment	**0.06**	**(0.02)**

C. Group's share of profit for the year

(₹ in million)

Particulars	IDVB	Clean Max
Revenue	-	-
Other expenses	(0.02)	(0.18)
Profit before tax	**(0.02)**	**(0.18)**
Tax expense	-	-
Profit after tax	**(0.02)**	**(0.18)**
Other comprehensive income	-	-
Total comprehensive income	**(0.02)**	**(0.18)**
Group's share of profit	(0.01)	(0.05)
Group's share of OCI	-	-
Group's share of total comprehensive income	**(0.01)**	**(0.05)**

59. Additional regulatory information not disclosed elsewhere in the financial information

a) The Holding company and its Indian subsidiary does not have any Benami property and no proceedings have been initiated or pending against the Group for holding any Benami property, under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the rules made thereunder.

b) The Holding company and its Indian subsidiary does not have any transactions with struck off companies under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956, except for the parties mentioned below:

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(₹ in million)

Name of the struck off company	Nature of transactions with struck off company	Balance outstanding as at 31 December 2022	Relationship with the struck off company	Balance outstanding as at 31 December 2021	Relationship with the struck off company
Ace Polypet Private Limited	Sale of goods	(0.00)*	No relationship	(0.00)*	No relationship
Apex Elevators Private Limited	Purchases	-	No relationship	0.26	No relationship
C A Trade Links Pvt Ltd	Security deposit received	(1.08)	No relationship	(1.08)	No relationship
C A Trade Links Pvt Ltd	Sale of goods	-	No relationship	0.99	No relationship
Ngen Auto Private Limited	Purchases	0.00*	No relationship	0.00*	No relationship
NTS Engineering Private Limited	Purchases	-	No relationship	(0.04)	No relationship
J K Cement Pvt Ltd	Purchases	0.00*	No relationship	0.00*	No relationship
Fundoo Holidays Private Limited	Purchases	-	No relationship	-	No relationship
Honshu Buildcon Private Limited	Purchases	-	No relationship	-	No relationship
Piccadily Holiday Resorts Limited	Sale of goods	-	No relationship	-	No relationship

*Rounded off to Nil.

c) The Group does not have any charges which is yet to be registered with ROC beyond the statutory period. The Group had obtained loans from banks in earlier years which have been fully repaid. However pending NOCs from banks, the satisfaction of charges is yet to be registered with ROC in some of the cases.

d) The Group has not traded or invested in Crypto currency or Virtual Currency during the current and previous financial year.

e) The Group has not advanced or provided loan to or invested funds in any entity(ies) including foreign entities (Intermediaries) or to any other person(s), with the understanding that the Intermediary shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

f) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

g) The Group has not undertaken any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

h) The Holding company and its Indian subsidiary has not been declared a 'Wilful Defaulter' by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

i) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

j) The borrowings obtained by the company from banks have been applied for the purposes for which such loans were taken.

k) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the company.

l) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

m) The Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the group with banks are in agreement with the books of accounts.

60. The amounts of previous reported period have been regrouped/reclassified pursuant to changes notified in Schedule-III wherever considered necessary in order to comply with financial reporting requirements.

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

For **O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.: 000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No.: 94155

For and on behalf of the Board of Directors of Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Rajesh Chawla
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No.: F-5746

Place : Gurugram
Dated : 06 February 2023

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of subsidiaries/associate companies:

Part"A": Subsidiaries

(₹ in million, unless otherwise stated)

Sl. No.		1	2	3	4	5	6	7	8
	Particulars	**Varun Beverages (Nepal) Private Limited#**	**Varun Beverages Lanka (Private) Limited***	**Varun Beverages Morocco SA**	**Varun Beverages (Zambia) Limited**	**Varun Beverages (Zimbabwe) (Private) Limited**	**Lunarmech Technologies Private Limited@**	**Varun Beverages RDC SAS**	**Varun Beverages International DMCC**
	Date of acquisition	**01 January 2012**	**01 January 2012**	**01 January 2012**	**01 January 2016**	**01 January 2016**	**04 November 2019**	**31 December 2021**	**31 January 2022**
	Relevant financial year	**31 December 2022**	**31 December 2022**	**31 December 2022**	**31 December 2022**	**31 December 2022**	**31 December 2022**	**31 December 2022**	**31 December 2022**
	Currency	**NPR**	**LKR**	**MAD**	**ZMW**	**RTGS**	**INR**	**CDF**	**AED**
	Exchange rate on the last day of financial year	**0.62441**	**0.22367**	**7.88666**	**4.56198**	**0.12097**	**1.00000**	**0.04023**	**22.50777**
	Average exchange rate during the financial year	**0.62441**	**0.25104**	**7.65289**	**4.64505**	**0.12097**	**1.00000**	**0.03846**	**21.36044**
1.	Share capital	675.46	2,896.82	6,215.07	843.71	0.07	9.95	0.74	20.68
2.	Reserve and surplus	750.91	(1,472.22)	(3,829.74)	254.18	2,712.75	1,356.52	(8.62)	292.89
3.	Total assets	5,256.32	1,729.09	6,623.39	2,948.50	5,630.10	2,133.90	218.50	2,453.06
4.	Total liabilities	3,829.96	304.48	4,232.79	1,854.51	2,917.29	767.43	220.22	2,136.52
5.	Investments	-	-	-	-	-	-	-	-
6.	Turnover	6,598.63	2,326.22	6,538.52	3,943.93	10,028.94	2,281.37	2.49	793.11
7.	Profit before taxation	641.10	233.74	125.04	114.59	2,053.99	651.73	(2.40)	279.05
8.	Provision for taxation	346.44	44.18	28.69	-	-	172.88	-	-
9.	Profit after taxation	294.66	189.57	96.35	114.59	2,053.99	478.85	(2.40)	279.05
10.	Proposed dividend	539.49	-	-	-	-	-	-	-
11.	% of shareholding	100.00%	100.00%	100.00%	90.00%	85.00%	55.04%	99.90%	100.00%

* Consolidated figures

Reporting period is 16 July 2021 to 16 July 2022

@ Reporting period is 01 April 2021 to 31 March 2022

Part "B": Associate & Joint venture

Sl. No.	Particulars	Clean Max Tav Private Limited	IDVB Recycling Operations Private Limited
		Associate	**Joint Venture**
	Latest Audited Balance sheet date	**Refer note (a)**	**Refer note (b)**
	Date of acquisition	**23 November 2022**	**01 July 2022**
	Currency	**INR**	**INR**
1.	Shares of Associate/Joint venture held by the Holding company on the year end: (Number)	2,600	7,000
	Amount of investment in Associate/joint venture	0.03	0.07
	Total number of shares	10,000	14,000
	Extent of holding %	26.00%	50.00%
	Description of how there is significant influence	Refer note (c)	Refer note (c)
2.	Networth attributable to shareholding as per latest Balance Sheet	(0.08)	0.12
3.	Loss for the year:		
	Considered in consolidation	(0.05)	(0.01)
	Not considered in consolidation	(0.14)	(0.01)

Notes:

a) Incorporated on 25 August 2022 and yet to commence operations as on reporting date

b) Incorporated on 20 May 2022 and yet to commence operations as on reporting date

c) There is significant influence due to percentage (%) of equity share capital

For and on behalf of the Board of Directors of
Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Rajesh Chawla
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F- 5746

Place: Gurugram
Dated: 06 February 2023

Independent Auditor's Report

To the Members of Varun Beverages Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Varun Beverages Limited ('the Company'), which comprise the Balance Sheet as at 31 December 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2022, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of intangible assets including Goodwill (Refer note 3.5 for accounting policies on intangibles assets and note 5 to the standalone financial statements) The Company carries Goodwill and franchise rights as intangible assets having indefinite life amounting to INR 19.40 million and INR 5,385.99 million respectively, that are required to be tested for impairment by the management on an annual basis in accordance with Ind AS 36, Impairment of Assets. The aforesaid assessment of the impairment testing involves significant judgement around the determination of the recoverable amounts, being the higher of value in use and fair value less costs of disposal. Recoverable amounts are based on management's view of the future cash flows and prospects of the business, the appropriate discount rates and other industry specific risk factors.	Our audit procedures included, but were not limited, to the following: • Obtained an understanding of the management's process for identification of cash generating unit and processes performed by the management for their impairment testing; • Assessed the process by which management prepared its cash flow forecasts and held discussions with management to understand the assumptions used and estimates made by them for determining such projections; • Tested the design and operating effectiveness of internal controls over such identification and impairment test procedures; • Assessed the appropriateness of the Company's accounting policies, including those relating to recognition, measurement and impairment of intangibles by comparing with the applicable Ind AS;

Key audit matter	How our audit addressed the key audit matter
The key judgements in determining the recoverable amounts relates to the forecast of future cash flows based on strategy using macroeconomic assumptions such as industry growth, inflation and expected growth in market share, capital expenditure and working capital requirements, among others. Changes in the management forecasts or assumptions can impact the assessment of the discounted cash flows. Considering the materiality of the amounts involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the forecasted cash flows used in the impairment evaluation, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, impairment assessment of Goodwill and the Franchise rights was determined as a key audit matter.	• Reviewed the valuation report obtained by the management from an independent valuer for Franchise rights and assessed the professional competence, skills and objectivity for performing the required valuations; • Assessed the appropriateness of the significant assumptions as well as the Company's valuation model with the support of auditor's valuation specialists, who assess the reasonableness of assumptions used and valuation methodology applied relating to discount rate, risk premium, industry growth rate etc. This included a discussion of the expected development of the business and results as well as of the underlying assumptions used with those responsible for the planning process. • Assessed the robustness of financial projections prepared by the management by comparing projections for previous financial years with actual results realised and discussed significant deviations, if any, with the management; • Tested mathematical accuracy of the projections and performed a sensitivity analysis for reasonably possible changes in the sales growth, discount rate applied and the long-term growth rate; and • Evaluated the adequacy and appropriateness of disclosures made by the Company in the standalone financial statements, as required by the applicable provisions of the Act and Ind AS.
Claims, Appeals and Litigations – provisions and contingent liabilities (Refer note 41 to the standalone financial statements for the amounts of contingent liabilities) The Company is involved in various direct, indirect tax and other claims, appeals and litigations (hereafter, referred to as "Matters") that are pending with different statutory authorities and judicial courts. The management exercises significant judgement for determining the need for and the amount of provisions, for any liabilities, arising from these matters.	Our audit procedures included, but were not limited to, the following: • Assessed the appropriateness of the Company's accounting policies relating to provisions and contingent liabilities with the applicable accounting standards; • Assessed the Company's process and the underlying controls for identification of the pending matters and completeness for financial reporting and also for monitoring of significant developments in relation to such pending matters; • Assessed the management's assumptions and estimates in respect of matters, including the liabilities or provisions recognised or contingent liabilities disclosed in the standalone financial statements. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts based on the various legal counsels opinions received by the Company;

Key audit matter	How our audit addressed the key audit matter
This judgement is dependent on a number of significant assumptions and evaluations which involves interpreting the various applicable rules, regulations, practices and considering precedents in the various jurisdictions including the opinions received from various legal counsels. This matter is considered as a key audit matter, in view of the uncertainty regarding the outcome of these matters, the significance of the amounts involved and the subjectivity involved in management's judgement as to whether any amount should be recognised as a provision or be disclosed or not as a contingent liability in the standalone financial statements.	• Assessed the management's conclusions through understanding relevant judicial precedents in similar cases and the applicable rules and regulations and through a discussion with Company's legal department and legal counsels appointed by the Company; • Obtained legal opinions and confirmation on completeness from the Company's external legal counsels, where appropriate; • Engaged auditor's experts to gain an understanding of the current status of matters and changes in the disputes, if any, through discussions with the management and by reading external advice received by the Company, where relevant, to validate management's conclusions; and • Assessed the appropriateness of the Company's description of the accounting policy, disclosures related to matters and whether these are adequately presented in the standalone financial statements.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Report on Corporate Governance and Director's Report, but does not include the standalone financial statements and our auditor's report thereon.

   Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

15. The standalone financial statements of the Company for the year ended 31 December 2021 were audited by the predecessor joint auditor, APAS & Co LLP, who have expressed an unmodified opinion on those standalone financial statements vide their audit report dated 03 February 2022.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

17. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

18. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) The standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2022 from being appointed as a director in terms of section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 December 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and

    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in note 41 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 December 2022;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 December 2022.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 December 2022; and

        iv. a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

        b. The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

d. The interim dividend declared and paid by the Company during the year ended 31 December 2022 and until the date of this audit report is in compliance with section 123 of the Act.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No. 504662
UDIN: 23504662BGWGCI3791

Place: Gurugram
Date: 06 February 2023

L-41, Connaught Place,
New Delhi 110001

For **O P Bagla & Co LLP**
Chartered Accountants
Firm Registration No.: 000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN: 23094155BGXOOP5095

Place: Gurugram
Date: 06 February 2023

B-225, 5th Floor,
Okhla Industrial Area,
Phase 1, New Delhi 110020

Annexure I referred to in Paragraph 17 of the Independent Auditor's Report of even date to the members of Varun Beverages Limited on the standalone financial statements for the year ended 31 December 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The property, plant and equipment and right of use assets other than refrigerators (visi coolers) and containers lying with third parties have been physically verified by the management during the year and no material discrepancies were noticed on such verification. The company has a regular program of physical verification of refrigerators (visi coolers) under which such property, plant and equipment are verified in phased manner over a period of three years and no material discrepancies were noticed on such verification. According to the information and explanations given to us, the existence of containers lying with third parties is considered on the basis of the confirmations obtained from such third parties. In our opinion, the frequency of physical verification programme adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 4A to the standalone financial statements are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods in transit. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records.

(b) As disclosed in note 19 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of ₹ 50 million by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods, which were not subject to audit.

(iii) (a) The Company has made investments in and provided loans or guarantee, to Subsidiaries and others during the year as per details given below:

(Amount in ₹ million)

Particulars	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount provided/granted during the year:				
- Subsidiaries	2,046.12	-	2,110.12	-
- Joint Ventures	-	-	-	-
- Associates	-	-	-	-
- Others				
Balance outstanding as at balance sheet date in respect of above cases:				
- Subsidiaries	2,046.12	-	2,135.88*	-
- Joint Ventures	-	-	-	-
- Associates	-	-	-	-
- Others	-	-	-	-

*includes foreign exchange fluctuation.

(b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided, and terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company.

(c) In respect of loans and advances in the nature of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular.

(d) There is no overdue amount in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties.

(e) The Company has granted loan which had fallen due during the year and such loan was renewed during the year. The details of the same has been given below:

(Amount in ₹ million)

Name of the party	Total loan amount granted during the year	Aggregate amount of overdues of existing loans renewed	Nature of extension	Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year
Varun Beverages (Zambia) Limited	211.34	211.34	Extension of loan	10.02%

(f) The Company has not granted any loans or advances in the nature of loans, which are repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of loans and investments made and guarantees provided by it, as applicable. Further in our opinion the Company has not entered into any transaction covered under section 185 and section 186 of the Act in respect of security provided by it.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable

(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹ million)	Amount paid under protest (₹ million)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Central Excise	24.41	1.12	April 2016 to June 2017	CESTAT, New Delhi
Central Excise Act, 1944	Central Excise	0.20	0.03	September 2014 - June 2015	Commissioner (Appeal), Meerut
Central Excise Act, 1944	Central Excise	11.89	0.89	April 2012 to December 2015	CESTAT, New Delhi
Central Excise Act, 1944	Central Excise	11.39	-	March 2011 to March 2013	Honourable Rajasthan High Court, Jaipur
Central Excise Act, 1944	Central Excise	3.51	-	July 2014 to August 2014	CESTAT, Kolkata
Central Excise Act, 1944	Central Excise	1.27	0.13	2014-2015	CESTAT, Allahabad
Central Excise Act, 1944	Central Excise	0.16	-	March 2015 to October 2015	Joint Commissioner, Panchkula
Central Excise Act, 1944	Central Excise	0.58	-	March 2015 to January 2016	CESTAT, Chandigarh
Central Excise Act, 1944	Central Excise	13.69	0.68	April 2014 to February 2015	Office of the Commissioner of Central Tax, Panchkula
Central Excise Act, 1944	Central Excise	0.12	-	February 2016 to March 2017	Office of the Commissioner of Central Excise, Sonepat
Central Excise Act, 1944	Central Excise	0.26	-	April 2017 to June 2018	Office of the Commissioner of Central Excise, Sonepat
The Custom Act, 1962	Custom Act	90.75	3.41	Jan 2017- Dec 2018	CESTAT, Mumbai

Name of the statute	Nature of dues	Gross Amount (₹ million)	Amount paid under protest (₹ million)	Period to which the amount relates	Forum where dispute is pending
The Goa Tax on Entry of Goods Act, 2000	Entry Tax	2.39	-	2017-18	Assistant Commissioner of Commercial Taxes, Margoa
The Punjab Tax On Entry of Goods Into Local Areas Act, 2000	Entry Tax	28.77	-	2016-17	Honourable High Court of Punjab and Haryana - Chandigarh
The Rajasthan Goods and Services Tax Act, 2017	GST	0.10	0.10	Dec 2020	Assistant Commissioner, Jaipur
The Rajasthan Goods and Services Tax Act, 2017	GST	19.41	-	July-2017 to March-2018	Deputy Commissioner Rajasthan
The Madhya Pradesh Goods & Services Tax Act, 2017	GST	0.10	0.10	2019- 2020	Additional Commissioner, Indore
The Bihar Goods & Services Tax Act, 2017	GST	0.16	0.10	2022-2023	Additional Commissioner, Patna
The Bihar Goods & Services Tax Act, 2017	GST	0.31	0.31	2021-2022	Additional Commissioner, Patna
The Chhattisgarh Goods & Services Tax Act, 2017	GST	1.50	0.08	2018-2019	Additional Appeal Commissioner, Raipur
The Delhi Goods and Services Tax Act, 2017	GST	0.40	0.40	March 2020	Additional Commissioner, Noida
The Uttar Pradesh Goods and Services Tax Act, 2017	GST	1.61	1.61	June 2018 -October 2022	Additional Commissioner, Ghaziabad
The Gujarat Goods and Services Tax Act, 2017	GST	0.48	0.48	Mar 2020 and Apr 2021	Assistant Commissioner, Gujrat
The Jharkhand Goods & Services Tax Act, 2017	GST	0.11	0.11	2021-2022	Additional Commissioner, Ranchi
The Rajasthan Goods and Services Tax Act, 2017	GST	0.30	0.30	2019-2020	Appellate Authority-I Commercial Taxes Jaipur
The Kerela Goods and Services Tax Act, 2017	GST	0.38	0.38	2019-2022	Assistant Commissioner, Palakkad
The Karnataka Goods & Services Tax Act, 2017	GST	0.22	0.22	2022-2023	Deputy Commissioner, Bengaluru
The Karnataka Goods & Services Tax Act, 2017	GST	0.11	0.11	2020-2021	Additional Commissioner, Bengaluru
The Haryana Goods and Services Tax Act, 2017	GST	0.20	0.20	July 2019	Assistant Commissioner, Faridabad
The Odisha Goods and Services Tax Act, 2017	GST	0.18	0.18	March 2020	Assistant Commissioner, Odisha

Name of the statute	Nature of dues	Gross Amount (₹ million)	Amount paid under protest (₹ million)	Period to which the amount relates	Forum where dispute is pending
The Haryana Goods and Services Tax Act, 2017	GST	0.64	0.64	September 2019 and June 2020	Additional Commissioner, Panchkula
Punjab Goods and Services Tax Act, 2017	GST	0.04	0.04	November 2022	Assistant Commissioner, GST Jalandhar
The Uttar Pradesh Goods and Services Tax Act, 2017	GST	0.08	0.08	2022-23	Assistant Commissioner
The Telangana Goods and Services Tax Act, 2017	GST	0.04	0.04	December 2019	Assistant Commissioner, Sangareddy
The Tamil Nadu Goods and Services Tax Act, 2017	GST	0.33	0.33	2019-2021	Assistant Commissioner, Tamil Nadu
The Uttarakhand Value Added Tax Act, 2005	Value Added Tax	3.86	0.50	2015-2016	Honourable High court of Uttrakhand
The Uttarakhand Value Added Tax Act, 2005	Value Added Tax	11.16	0.50	2016-2017	Honourable High court of Uttrakhand
The Uttarakhand Value Added Tax Act, 2005	Value Added Tax	5.75	-	2017-2018	Deputy Commissioner of Sale Tax, Roorkee
The Uttarakhand Value Added Tax Act, 2005	Value Added Tax	0.14	0.14	April 2012	Joint Commissioner (Appeal) Dehradun
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	0.38	0.38	2009-10, May 2015 and June 2016	Deputy Commissioner (Appeal), Jaipur
Rajasthan Value Added Tax Act, 2003	Value Added Tax	582.46	16.75	2010-2015	Honourable Rajasthan High Court - Jaipur
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	0.10	0.10	2010-2011	Joint Commissioner, Kanpur
West Bengal Value Added Tax Act, 2003	Value Added Tax	0.96	0.47	April 2016-September 2016	West Bengal,Tribunal
West Bengal Value Added Tax Act, 2003	Value Added Tax	1.21	0.51	July 2012 and September 2013, January 2015 and September 15	West Bengal,Tribunal
Punjab Value Added Tax Act, 2005	Value Added Tax	0.18	-	June 2015	The Deputy Excise and Taxation Commissioner (Appeals) cum Joint Director (Investigation), Mohali
Punjab Value Added Tax Act, 2005	Value Added Tax	0.19	0.14	July 2016	The Deputy Excise and Taxation Commissioner (Appeals) cum Joint Director (Enforcement), Bathinda

Name of the statute	Nature of dues	Gross Amount (₹ million)	Amount paid under protest (₹ million)	Period to which the amount relates	Forum where dispute is pending
Punjab Value Added Tax Act, 2005	Value Added Tax	0.13	0.03	August 2016	The Deputy Excise and Taxation Commissioner (Appeals) cum Joint Director (Enforcement), Jalandhar
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	1.52	0.11	2001-2002	Additional Commissioner (Appeals), Ghaziabad
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	14.17	-	2007-2011	Additional Commissioner, Ghaziabad
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	4.48	4.48	2011-2012	Tribunal Bench, Ghaziabad
Income-Tax Act, 1961	Income Tax	43.32	-	A.Y. 2008-09	Honourable Supreme court of India
Income-Tax Act, 1961	Income Tax	39.00	-	AY 2012-13	Income Tax Appellate Tribunal, New Delhi
Income-Tax Act, 1961	Income Tax	1.03	0.21	AY 2020-21	Commissioner Income Tax (Appeals), New Delhi
Income-Tax Act, 1961	Income Tax	24.20	-	AY 2016-17	Commissioner Income Tax (Appeals), New Delhi
Income-Tax Act, 1961	Income Tax	11.85	-	AY 2017-18	Commissioner Income Tax (Appeals), New Delhi
Income-Tax Act, 1961	Income Tax	24.97	-	AY 2018-19	Commissioner Income Tax (Appeals), New Delhi
Rajasthan State Agriculture Produce Market Act, 1961	Mandi Tax	185.30	0.48	April 2005 – December 2022	Honourable Supreme court of India
Goa Non-Biodegradable Garbage (Control) Act, 1996 (Act 5 of 1997)	Cess	87.07	-	April 2014 to December 2022	Honourable High court of Bombay, Panaji

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including confirmations received from banks representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associate or joint venture.

(f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint venture or associate companies.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.

(b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.

(d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) has only one CIC as part of the Group.

(xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.:
001076N/N500013

Ashish Gupta
Partner
Membership No. 504662
UDIN:
23504662BGWGCI3791

Place: Gurugram
Date: 06 February 2023

L-41, Connaught Place,
New Delhi 110001

For **O P Bagla & Co LLP**
Chartered Accountants
Firm Registration No.:
000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN:
23094155BGXOOP5095

Place: Gurugram
Date: 06 February 2023

B-225, 5th Floor,
Okhla Industrial Area,
Phase 1, New Delhi 110020

Annexure II

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Varun Beverages Limited ('the Company') as at and for the year ended 31 December 2022, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3)

provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 December 2022, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.:
001076N/N500013

Ashish Gupta
Partner
Membership No. 504662
UDIN:
23504662BGWGCI3791

Place: Gurugram
Date: 06 February 2023

L-41, Connaught Place,
New Delhi 110001

For **O P Bagla & Co LLP**
Chartered Accountants
Firm Registration No.:
000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN:
23094155BGXOOP5095

Place: Gurugram
Date: 06 February 2023

B-225, 5th Floor,
Okhla Industrial Area,
Phase 1, New Delhi 110020

Standalone Balance Sheet

As at 31 December 2022

(₹ in million)

	Notes	As at 31 December 2022	As at 31 December 2021
Assets			
Non-current assets			
(a) Property, plant and equipment	4A	43,753.65	39,349.11
(b) Capital work-in-progress	4B	5,399.45	4,779.54
(c) Right of use assets	4C	8,267.06	5,204.88
(d) Goodwill	5A	19.40	19.40
(e) Other intangible assets	5B	5,478.55	5,542.68
(f) Financial assets			
(i) Investments	6	13,543.17	13,522.39
(ii) Loans	7	5,238.04	2,594.40
(iii) Other financial assets	8	442.45	385.78
(g) Other non-current assets	9	4,028.70	1,575.77
Total non-current assets		**86,170.47**	**72,973.95**
Current assets			
(a) Inventories	10	14,261.48	10,662.71
(b) Financial assets			
(i) Trade receivables	11	1,502.42	1,320.73
(ii) Cash and cash equivalents	12	473.89	241.47
(iii) Bank balances other than (ii) above	13	0.98	0.88
(iv) Loans	14	-	189.86
(v) Others	15	4,757.52	2,881.73
(c) Other current assets	16	3,522.67	2,384.84
Total current assets		**24,518.96**	**17,682.22**
Total assets		**110,689.43**	**90,656.17**
Equity and liabilities			
Equity			
(a) Equity share capital	17	6,495.50	4,330.33
(b) Other equity	18	48,678.51	39,655.88
Total equity		**55,174.01**	**43,986.21**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19A	16,532.58	17,124.41
(ia) Lease liabilities	19C	1,117.39	87.52
(b) Provisions	20	1,976.61	1,994.61
(c) Deferred tax liabilities (Net)	21	3,199.84	2,981.82
(d) Other non-current liabilities	22	5.94	6.73
Total non-current liabilities		**22,832.36**	**22,195.09**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19B	18,185.92	14,568.92
(ia) Lease liabilities	19D	113.67	74.94
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	23	653.33	321.56
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	23	5,104.60	4,313.08
(iii) Other financial liabilities	24	4,943.36	3,289.14
(b) Other current liabilities	25	2,724.71	1,339.71
(c) Provisions	20	283.10	489.35
(d) Current tax liabilities (Net)	26	674.37	78.17
Total current liabilities		**32,683.06**	**24,474.87**
Total liabilities		**55,515.42**	**46,669.96**
Total equity and liabilities		**110,689.43**	**90,656.17**
Significant accounting policies	3		

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached.

For and on behalf of the Board of Directors of Varun Beverages Limited

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For **O P Bagla & Co LLP**
Chartered Accountants
Firm Registration No.: 000018N/N500091

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Ashish Gupta
Partner
Membership No.: 504662

Neeraj Kumar Agarwal
Partner
Membership No.: 94155

Rajesh Chawla
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F-5746

Place : Gurugram
Dated : 06 February 2023

Standalone Statement of Profit and Loss

For the year ended 31 December 2022

(₹ in million, unless otherwise stated)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Income			
Revenue from operations	27	105,958.25	65,957.42
Other income	28	1,437.57	573.02
Total income		**107,395.82**	**66,530.44**
Expenses			
Cost of materials consumed	29	54,593.04	30,858.12
Purchases of stock-in-trade	30	1,201.84	1,194.30
Changes in inventories of finished goods, stock-in-trade and work-in-progress	31	(3,023.46)	(760.66)
Employee benefits expense	32	9,204.68	7,411.15
Finance costs	33	1,542.57	1,551.43
Depreciation, amortisation and impairment expense	34	4,831.32	3,998.34
Other expenses	35	22,200.81	15,462.54
Total expenses		**90,550.80**	**59,715.22**
Profit before tax		**16,845.02**	**6,815.22**
Tax expense			
(a) Current tax	26	3,953.00	1,168.10
(b) Adjustment of tax relating to earlier years	26	(0.86)	(0.73)
(c) Deferred tax expense	21	190.89	752.98
Total tax expense		**4,143.03**	**1,920.35**
Net profit for the year		**12,701.99**	**4,894.87**
Other comprehensive income	36		
(a) Items that will not to be reclassified to Profit or Loss:			
(i) Re-measurement gain on defined benefit plans		107.70	75.17
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(27.10)	(18.92)
Total other comprehensive income		**80.60**	**56.25**
Total comprehensive income for the year		**12,782.59**	**4,951.12**
Earnings per equity share of face value of ₹ 10 each			
Basic (₹)	39	19.56	7.54
Diluted (₹)	39	19.55	7.54
Significant accounting policies	3		

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached.

For and on behalf of the Board of Directors of
Varun Beverages Limited

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For **O P Bagla & Co LLP**
Chartered Accountants
Firm Registration No.: 000018N/N500091

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Ashish Gupta
Partner
Membership No.: 504662

Neeraj Kumar Agarwal
Partner
Membership No.: 94155

Rajesh Chawla
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F-5746

Place : Gurugram
Dated : 06 February 2023

Standalone Cash Flow Statement

For the year ended 31 December 2022

(Indirect Method) (₹ in million)

Particulars		Year ended 31 December 2022	Year ended 31 December 2021
A.	**Operating activities**		
	Profit before tax	16,845.02	6,815.22
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and impairment on property, plant and equipment	4,625.45	3,795.95
	Amortisation of intangible assets and Right of use assets	205.88	202.39
	Interest expense at amortised cost	1,535.83	1,554.80
	Interest income at amortised cost	(238.26)	(160.00)
	Dividend income from non-current investment in subsidiary	(539.49)	(303.46)
	Loss on disposal/written off of property, plant and equipment (Net)	443.70	212.60
	Share based payment to employees	29.06	-
	Bad debts and advances written off	3.87	7.12
	Excess provisions written back	(0.95)	(12.38)
	Profit on sale of current investments	(3.67)	(0.70)
	Guarantee commission income	(17.24)	(17.64)
	Unrealised foreign exchange fluctuation	(333.58)	(57.57)
	Allowance for expected credit loss	34.60	30.62
	Operating profit before working capital changes	**22,590.22**	**12,066.95**
	Working capital adjustments:		
	Increase in inventories	(3,598.68)	(3,872.10)
	(Increase)/Decrease in trade receivables	(220.15)	346.81
	Increase in current and non-current financial assets and other current and non-current assets	(2,630.38)	(1,351.36)
	Increase in current financial liabilities and other current and non-current liabilities and provisions	2,775.34	2,473.57
	Total cash from operations	**18,916.35**	**9,663.87**
	Income tax paid	(3,328.49)	(985.23)
	Net cash flows from operating activities (A)	**15,587.86**	**8,678.64**
B.	**Investing activities**		
	Purchase of property, plant and equipment, right of use assets and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors)	(13,484.85)	(6,304.46)
	Proceeds from disposal of property, plant and equipment and intangible assets	139.75	117.08
	Loan given to subsidiaries	(2,292.05)	(430.98)
	Change in advance received for capital assets	-	(1,074.43)
	Investment in subsidiary, associate & joint venture	(20.78)	(0.74)
	Proceeds from sale of current investments (Net)	3.67	0.70
	Repayment of loan given to a subsidiary	181.93	-
	Change in other bank balances	(1.24)	(6.86)
	Guarantee commission received	-	27.99
	Interest received	92.14	226.20
	Dividend income from non-current investment in subsidiary	288.29	192.19
	Net cash used in investing activities (B)	**(15,093.14)**	**(7,253.31)**

Standalone Cash Flow Statement

For the year ended 31 December 2022

(Indirect Method) (₹ in million)

Particulars		Year ended 31 December 2022	Year ended 31 December 2021
C.	**Financing activities**		
	Proceeds from long term borrowings	14,670.82	7,837.61
	Repayment of long term borrowings	(11,346.88)	(5,939.34)
	Repayments of short term borrowings (Net)	(432.29)	(750.16)
	Repayment of lease liabilities	(88.30)	(131.97)
	Interest paid (inclusive of interest paid on lease liabilities ₹ 10.03 (31 December 2021: ₹ 12.54))	(1,441.78)	(1,481.46)
	Dividend paid	(1,623.87)	(1,082.58)
	Net cash used in financing activities (C)	**(262.30)**	**(1,547.90)**
	Net change in cash and cash equivalents (D=A+B+C)	**232.42**	**(122.57)**
	Cash and cash equivalents at the beginning of year (E)	241.47	364.04
	Cash and cash equivalents at the end of year (D+E) (Refer note 12)	**473.89**	**241.47**

Notes:

(a) Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes pursuant to Ind AS 7:

(₹ in million)

	Non-current borrowings*	Current borrowings	Lease Liabilities (Non-current and current)
Balance as at 01 January 2022	26,088.09	5,605.24	162.46
Cash flows (Net)	3,323.94	(432.29)	(88.30)
Non-cash changes:			
Recognition of lease liabilities	-	-	1,156.90
Impact of fair value changes	74.18	-	-
Impact of exchange fluctuation	59.34	-	-
Balance as at 31 December 2022	**29,545.55**	**5,172.95**	**1,231.06**

(₹ in million)

	Non-current borrowings*	Current borrowings	Lease Liabilities (Non-current and current)
Balance as at 01 January 2021	24,115.73	6,355.40	123.79
Cash flows (Net)	1,898.27	(750.16)	(144.51)
Non-cash changes:			
Recognition of lease liabilities	-	-	183.18
Impact of fair value changes	89.27	-	-
Impact of exchange fluctuation	(15.18)	-	-
Balance as at 31 December 2021	**26,088.09**	**5,605.24**	**162.46**

*includes current maturity of long-term debts amounting to ₹ 13,012.97 million (31 December 2021: ₹ 8,963.68 million).

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached.

For and on behalf of the Board of Directors of
Varun Beverages Limited

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

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Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F-5746

Place : Gurugram
Dated : 06 February 2023

Standalone Statement of Changes in Equity
For the year ended 31 December 2022

A. Equity share capital

(₹ in million)

Particulars	Notes	Number of shares	Amount
Balance as at 01 January 2021		288,688,720	2,886.89
Changes in equity share capital during the year 2021		144,344,360	1,443.44
Balance as at 31 December 2021	17	**433,033,080**	**4,330.33**
Changes in equity share capital during the year 2022		216,516,540	2,165.17
Balance as at 31 December 2022	17	**649,549,620**	**6,495.50**

B. Other Equity

(₹ in million)

Particulars	Notes	Reserve and surplus					Total
		Capital reserve	Share option outstanding account	Securities premium	General reserve	Retained earnings	
Balance as at 01 January 2021		**533.93**	**-**	**26,178.17**	**444.26**	**10,074.42**	**37,230.78**
Profit for the year		-	-	-	-	4,894.87	4,894.87
Other comprehensive income for the year							
Re-measurement gain on defined benefit plans (Net of deferred taxes)#		-	-	-	-	56.25	56.25
Dividend paid* (Refer note 40)		-	-	-	-	(1,082.58)	(1,082.58)
Amount utilised for bonus issue		-	-	(1,443.44)	-	-	(1,443.44)
Balance as at 31 December 2021	**18**	**533.93**	**-**	**24,734.73**	**444.26**	**13,942.96**	**39,655.88**
Profit for the year		-	-	-	-	12,701.99	12,701.99
Other comprehensive income for the year							
Re-measurement gain on defined benefit plans (Net of deferred taxes)#		-	-	-	-	80.60	80.60

(₹ in million)

Particulars	Notes	Reserve and surplus					Total
		Capital reserve	Share option outstanding account	Securities premium	General reserve	Retained earnings	
Dividend paid* (Refer note 40)		-	-	-	-	(1,623.87)	(1,623.87)
Recognition of share based payment expenses (Refer note 32)		-	29.08	-	-	-	29.08
Amount utilised for bonus issue		-	-	(2,165.17)	-	-	(2,165.17)
Balance as at 31 December 2022	**18**	**533.93**	**29.08**	**22,569.56**	**444.26**	**25,101.68**	**48,678.51**

The disaggregation of changes in OCI by each type of reserves in equity is disclosed in Note 36.

*Transaction with owners in their capacity as owners.

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached.

For and on behalf of the Board of Directors of Varun Beverages Limited

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

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Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F-5746

Place : Gurugram
Dated : 06 February 2023

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

1 Corporate information

Varun Beverages Limited (the "Company") is a public limited Company domiciled in India. Its registered office is at F-2/7, Okhla Industrial Area, Phase-I, New Delhi- 110 020. The Company's equity shares are listed on Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India ("NSE"). The Company was incorporated on 16 June 1995 under the provision of the Companies Act, 1956. The Company is primarily engaged in manufacturing, selling, bottling and distribution of beverages of PepsiCo's brand in geographically pre-defined territories as per franchisee agreement with PepsiCo India Holdings Private Limited.

2 Basis for preparation

These standalone financial statements ("financial statements") of the Company have been prepared in accordance with Indian Accounting Standard ("Ind AS") and comply with requirements of Ind AS notified under section 133 of the Companies Act, 2013 ("the Act"), read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended, and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI) from time to time, stipulation contained in Schedule III (Revised) and other pronouncements/ provisions of applicable laws. These financial statements are authorised for issue on 06 February 2023 in accordance with a resolution of the Board of Directors. The Board of Directors can permit the revision to the standalone financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

These standalone financial statements have been prepared using the significant accounting policies and measurement basis summarised below. These accounting policies have been used consistently throughout all periods presented in these standalone financial statements except as mentioned in note 3.2 below.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

i. Derivative financial instruments;

ii. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

iii. Defined benefit plans- plan assets measured at fair value; and

iv. Share based payments.

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current if it satisfies any of the following conditions:

i. Expected to be realised or intended to sold or consumed in normal operating cycle;

ii. Held primarily for the purpose of trading;

iii. Expected to be realised within twelve months after the reporting period; or

iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current if it satisfies any of the following conditions:

i. It is expected to be settled in normal operating cycle;

ii. It is held primarily for the purpose of trading;

iii. It is due to be settled within twelve months after the reporting period; or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and its realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

The Company follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

The financial statements of the Company are presented in Indian Rupees (₹), which is also its

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

functional currency and all amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III to the Act, unless otherwise stated.

3 Significant accounting policies

3.1 Fair value measurements

The Company measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the balance sheet at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.2 Revenue recognition

Revenue is recognized upon transfer of control of promised goods or services to customers at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price allocated to that performance obligation as per contractually agreed terms with the customers. The transaction price of goods sold and services rendered is net of various discounts and schemes offered by the Company as part of the contract. Revenue is recorded provided the recovery of consideration is probable and determinable. Revenue from sale of goods and services transferred to distributors/intermediaries are recognised at a point in time.

a) *Sale of goods:*

Revenue from the sale of manufactured and traded goods products is recognised upon transfer of control of products to the customers which coincides with their delivery to customer and is measured at fair value of consideration received/receivable, net of discounts, amount collected on behalf of third parties and applicable taxes.

b) *Interest:*

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate ("EIR").

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial assets. Interest income is included in other income in the Statement of Profit and Loss.

c) ***Dividends:***

Dividend is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

d) ***Commission:***

Commission income is recognised rateably over the contract period as per the agreed contractual terms.

e) ***Services rendered:***

Revenue from service related activities including management and technical know-how service is recognised as and when services are rendered and on the basis of contractual terms with the parties.

3.3 Inventories

Inventories are valued as follows:

a) **Raw materials, components, stores and spares:** At lower of cost and net realisable value. Cost of inventory comprises all costs of purchases, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition and is determined on a moving weighted average cost basis.

However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

b) **Work-in-progress:** At lower of cost and net realisable value. Cost for this purpose includes material, labour and appropriate allocation of overheads including depreciation. Cost is determined on a weighted average basis.

c) **Intermediate goods/ Finished goods:**

i. **Self manufactured** - At lower of cost and net realisable value. Cost for this purpose includes material, labour and appropriate allocation of overheads. Cost is determined on a weighted average basis.

ii. **Traded** - At lower of cost and net realisable value. Cost of inventory comprises all costs of purchases, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition and is determined on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Provision for obsolescence is determined based on management's assessment and is charged to the Statement of Profit and Loss.

3.4 Property, plant and equipment

Measurement at recognition:

Property, plant and equipment and capital work-in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost comprises the purchase price, borrowing costs if capitalisation criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

a) it is probable that future economic benefits associated with the item will flow to the entity; and

b) the cost of the item can be measured reliably.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increased the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred. Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as a part of indirect construction cost to the extent the expenditure is related to construction or is incidental thereto. Other indirect costs incurred during the construction periods which are not related to construction activity nor are incidental thereto are charged to the Statement of Profit and Loss.

Value for individual assets acquired for a consolidated price, the cost is apportioned to the various assets on their relative fair values basis as determined by competent valuers.

Depreciation:

The management has estimated, supported by technical assessment, the useful lives of property, plant and equipment. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Description	Useful lives (upto)
Leasehold land	Over lease period
Buildings-factory	30 years
Buildings-others	60 years
Plant and equipment	20 years
Furniture and fixtures	10 years
Delivery vehicles	10 years
Vehicles (other than delivery vehicles)	7 years
Office equipment	4 years
Computer equipment	4 years
Containers	6 years
Post-mix vending machines and refrigerators (Visi - Cooler)	8 years
Power generating assets	22 years

Freehold land is not depreciated.

Depreciation on property, plant and equipment is provided over the useful lives of assets as specified in Schedule II to the Act except where the management, based on independent technical assessment, depreciates certain assets are over estimated useful lives which are different from the useful lives prescribed in the Schedule II to the Act. The Company has used the remaining useful lives to compute depreciation on its property, plant and equipment, acquired under the business transfer agreement based on external technical evaluation.

Depreciation on property, plant and equipment which are added/disposed off during the year is provided on pro-rata basis with reference to the month of addition/deletion.

The Company has technically evaluated all the property, plant and equipment for determining the separate identifiable assets having different useful lives under the component approach. On technical evaluation of all separate identifiable components, the management is of the opinion that they do not have any different useful life from that of the principal asset.

In case of revaluation of leasehold land, the resulting amortisation of the total revalued amount is expensed off to the Statement of Profit and Loss.

Derecognition:

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds or amount of security deposit adjusted and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is de-recognised.

Breakages of containers are adjusted on 'first bought first broken' basis, since it is not feasible to specifically identify the broken containers in the fixed assets records.

3.5 Intangible assets

Intangible assets are initially recognised at:

a) In case the assets are acquired separately, then at cost,

b) In case the assets are acquired in a business combination or under any asset purchase agreement, at fair value.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss. Intangible assets with finite useful life are assessed for impairment whenever there is an indication that the intangible assets may be impaired. Amortisation of intangible assets such as softwares and distribution network is computed on a straight-line basis, at the rates representing estimated useful life of 4 years and 8 years respectively.

The franchise rights and trademarks acquired as part of business combinations normally have a remaining legal life of not exceeding twenty years but is renewable every twenty years and is well established. The Company intends to renew these rights continuously and evidence supports its ability to do so. An analysis of product life cycle studies, market and competitive trends provides evidence that the product will generate net cash inflows for the Company for an indefinite period. Therefore, these rights have been carried at cost without amortisation, but is tested for impairment annually, at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.6 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed to the Statement of Profit and Loss in the period in which they occur.

3.7 Leases

The Company as a lessee

The Company enters into an arrangement for lease of buildings and equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with Ind AS 116 – Leases, at inception of the contract, the Company assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

a) The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

b) The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

c) The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation,

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

accumulated impairment losses (unless such right of use assets fulfills the requirements of Ind AS 40 - Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use asset are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

a) Fixed payments, including in-substance fixed payments;

b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c) Amounts expected to be payable under a residual value guarantee; and

d) The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item in the standalone financial statements of the Company.

The Company has elected not to apply the requirements of Ind AS 116 - Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Company as a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116 - Leases. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

3.8 Employee benefits

Contribution to provident and other funds

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Company recognises termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring cost

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Compensated absences

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit which are computed based on the actuarial valuation using the projected unit credit method at the period end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

balance sheet to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the balance is presented as a non-current liability.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

All other employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

3.9 Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments which are classified as equity-settled transactions.

The cost of equity-settled transactions is determined by the fair value at the date of grant using an appropriate valuation model. That cost is recognised as an employee benefit expense with a corresponding increase in 'Share option outstanding account' in other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions.

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the Company or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3.10 Foreign currency transactions and translations

Transactions in foreign currencies are initially recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or before 31 December 2016: Exchange differences arising on conversion of long term foreign currency monetary items used for acquisition of depreciable fixed assets are added to the cost of fixed assets and is depreciated over the remaining life of the respective fixed asset and in other cases, is recorded under the head 'Foreign Currency Monetary Item Translation Difference Account' and is amortised over the period of maturity of underlying long term foreign currency monetary items, in accordance with the option available under Ind AS 101.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or after 01 January 2017: Exchange differences arising on restatement of long term foreign currency monetary items obtained or given is recorded in the Statement of Profit and Loss.

3.11 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits' respectively.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments' ('Ind AS 109'), is measured at fair value with changes in fair value recognised in the Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing,

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goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in the Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

3.12 Government grants

Grants from the Government are recognised when there is reasonable assurance that all underlying conditions will be complied with and that the grant will be received.

When loans or similar assistance are provided by Government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. That grant is recognised in the Statement of Profit and Loss under 'other operating revenue'. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Government grants related to assets are presented in the balance sheet by deducting the grant from the carrying value of the asset and non-monetary grant is recognised at a nominal value.

Grants related to income are recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate and are presented as 'other operating revenues'.

Total government grant recognised in the Statement of Profit and Loss under the head 'Other operating revenue' amounts to ₹ 1,853.06 million (31 December 2021: ₹ 1,430.81 million) under different industrial promotion tax exemption schemes.

3.13 Income taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 and

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

rules thereunder. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity).

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate including amount expected to be paid/ recovered for uncertain tax position.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their book bases. Deferred tax liabilities are recognised for all temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (“MAT”) credit is recognised as an asset only when and to the extent there is convincing evidence that the relevant members of the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting period end and the adjusted based on circumstances then prevailing.

Deferred tax on business combination

When a liability assumed is recognized at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base. In both cases, the resulting deferred tax asset affects goodwill.

3.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The business activities of the Company predominantly fall within a single operating segment, i.e., manufacturing and sale of beverages within India.

3.15 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s

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recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded Company's or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.16 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss ("FVTPL"), transaction costs that are attributable to the acquisition of the financial asset.

For purposes of subsequent measurement, financial assets are classified as follows:

a) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost where the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and contractual terms of the asset give rise to cash flows on specified dates that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income from these financial assets is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

b) ***Debt instruments at fair value through other comprehensive income***

Assets that are held for collection of contractual cashflows and for selling the financial assets, where the cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). The Company has not designated any debt instrument in this category.

c) ***Debt instruments at fair value through profit or loss***

Fair Value Through Profit or Loss ("FVTPL") is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss. The Company has not designated any debt instrument in this category.

d) ***Equity instruments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 'Business Combinations' applies are Ind AS classified as at FVTPL. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair values. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition

A financial asset is de-recognised when the contractual rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive the contractual cash flows from the asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred.

Impairment of financial assets

The Company measures the Expected Credit Loss ("ECL") associated with its assets based on historical trends, industry practices and the general business environment in which it operates. The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECL impairment loss allowance (or reversal) recognised during the

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period is recognised as income/ expense in the Statement of Profit and Loss under the head 'other expenses'.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses are recognised in the Statement of Profit and Loss, except for those attributable to changes in own credit risk, which are recognised in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit and Loss.

b) Financial liabilities at amortised cost

After initial recognition, financial liabilities designated at amortised costs are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date of executing a derivative contract and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the Statement of Profit and Loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

3.17 Investment in subsidiaries and associates

An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, an investor controls an investee if and only if the investor has all the following:

a) power over the investee;

b) exposure, or rights, to variable returns from its involvement with the investee; and

c) the ability to use its power over the investee to affect the amount of the investor's returns.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Company has elected to recognise its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

Investment carried at cost is tested for impairment as per Ind-AS 36.

3.18 Non-current assets classified as held for sale

Non-current assets classified as held for sale are presented separately in the Balance Sheet and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arises on remeasurement or sale is included in the Statement of Profit and Loss.

If an entity has classified an asset (or disposal group) as held for sale, but the held-for-sale criteria as specified in standard are no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale.

The Company measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale; and

b) its recoverable amount at the date of the subsequent decision not to sell.

3.19 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

3.20 Dividend distribution to equity holders

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the

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Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.21 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.22 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration or is due from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract

3.23 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

3.24 Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, other than conversion of potential equity shares, that have changed the number of equity shares outstanding without a corresponding change in resources.

In case of a bonus issue, the number of ordinary shares outstanding is increased by number of shares issued as bonus shares in current year and comparative period presented as if the event had occurred at the beginning of the earliest year presented.

For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.25 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

i) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

a) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

b) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of tangible/intangible assets

The Company reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

b) Defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

c) Inventories

The Company estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

d) Business combinations

The Company uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

e) Impairment of non-financial assets and goodwill

In assessing impairment, Company estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

f) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4A. Property, plant and equipment

(₹ in million)

	Land freehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount										
Balance as at 01 January 2022	5,998.42	11,164.96	30,325.55	191.78	1,178.53	252.88	207.71	2,940.75	9,571.53	61,832.11
Additions for the year	767.20	1,596.89	5,730.12	16.13	17.83	74.62	50.85	1,366.21	14.05	9,633.90
Disposals/adjustments for the year	(7.13)	(0.11)	(1,025.23)	(0.54)	(38.52)	(5.96)	(5.36)	(185.15)	(61.66)	(1,329.66)
Balance as at 31 December 2022	**6,758.49**	**12,761.74**	**35,030.44**	**207.37**	**1,157.84**	**321.54**	**253.20**	**4,121.81**	**9,523.92**	**70,136.35**
Accumulated depreciation and impairment										
Balance as at 01 January 2022	-	2,370.49	10,131.12	122.30	832.47	176.86	156.58	1,287.51	7,405.67	22,483.00
Depreciation charge for the year	-	435.47	2,384.35	12.85	65.40	38.53	26.30	563.31	624.99	4,151.20
Impairment loss for the year (Refer footnote iv below)	-	84.24	386.38	-	-	-	-	-	-	470.62
Reversal on disposals/adjustments for the year	-	(0.08)	(503.19)	(0.20)	(26.56)	(4.37)	(4.81)	(128.12)	(54.79)	(722.12)
Balance as at 31 December 2022	**-**	**2,890.12**	**12,398.66**	**134.95**	**871.31**	**211.02**	**178.07**	**1,722.70**	**7,975.87**	**26,382.70**
Carrying amount as at 31 December 2022	**6,758.49**	**9,871.62**	**22,631.78**	**72.42**	**286.53**	**110.52**	**75.13**	**2,399.11**	**1,548.05**	**43,753.65**

(₹ in million)

	Land freehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount										
Balance as at 01 January 2021	5,868.74	10,934.67	30,395.55	188.91	1,171.71	231.30	193.73	2,466.52	9,610.77	61,061.90
Additions for the year	129.68	230.42	483.03	7.31	23.78	31.31	21.62	621.56	6.93	1,555.64
Disposals for the year	-	(0.13)	(553.03)	(4.44)	(16.96)	(9.73)	(7.64)	(147.33)	(46.17)	(785.43)
Balance as at 31 December 2021	**5,998.42**	**11,164.96**	**30,325.55**	**191.78**	**1,178.53**	**252.88**	**207.71**	**2,940.75**	**9,571.53**	**61,832.11**
Accumulated depreciation										
Balance as at 01 January 2021	-	1,974.52	8,507.76	112.49	766.26	153.39	137.29	887.29	6,602.93	19,141.93
Depreciation charge for the year	-	396.09	1,919.97	12.46	82.00	30.90	24.99	487.47	842.94	3,796.82
Reversal on disposals for the year	-	(0.12)	(296.61)	(2.65)	(15.79)	(7.43)	(5.70)	(87.25)	(40.20)	(455.75)
Balance as at 31 December 2021	**-**	**2,370.49**	**10,131.12**	**122.30**	**832.47**	**176.86**	**156.58**	**1,287.51**	**7,405.67**	**22,483.00**
Carrying amount as at 31 December 2021	**5,998.42**	**8,794.47**	**20,194.43**	**69.48**	**346.06**	**76.02**	**51.13**	**1,653.24**	**2,165.86**	**39,349.11**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

Property, plant and equipment (contd.)

Footnotes to Note 4A:

i. Refer Note 51 for information on property, plant and equipment pledged as security by the Company.

ii. Pre-operative expenses incurred and capitalised during the year are as under:

(₹ in million)

Net Book Value	31 December 2022	31 December 2021
Balance at the beginning of the year	129.78	22.57
Add: Incurred during the year		
Finance costs	171.76	52.88
Other expenses	274.37	76.90
Less: Capitalised during the year	(363.48)	(22.57)
Amount carried over included in CWIP	**212.43**	**129.78**

iii. The amount of contractual commitments for the acquisitions of property, plant and equipment are disclosed in Note 42.

iv. During the current year ended on 31 December 2022, the Company has impaired some of the property, plant and equipment, primarily used in production of beverages, amounting to ₹ 470.62 million, based on the detailed evaluation of capacity utilisation during the peak season and considering the future usability.

4B. Capital work-in-progress (CWIP): The changes in the carrying value of capital work-in-progress for the year ended 31 December 2022 and 31 December 2021 are as follows :

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2021	4,779.54
Additions for the year*	6,503.64
Transfer to property, plant and equipment	(5,880.11)
Impairment loss for the year#	(3.62)
Balance as at 31 December 2022	**5,399.45**

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2021	390.05
Additions for the year*	4,758.12
Transfer to property, plant and equipment	(368.63)
Balance as at 31 December 2021	**4,779.54**

* includes finance cost and other expenses amounting to ₹ 171.76 million (31 December 2021: ₹ 52.88 million) and ₹ 274.37 million (31 December 2021: ₹ 76.90 million) respectively.

The Company has impaired some of the plant and equipment amounting to ₹ 3.62 million which indicates the cost incurred on Capital work-in-progres related to plant impaired during the current year, based on the detailed evaluation of capacity utilisation during the peak season and considering the future usability.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

Footnotes to Note 4B:

(i) CWIP ageing schedule

(₹ in million)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress					
As at 31 December 2022	5,392.55	3.43	3.25	0.22	5,399.45
As at 31 December 2021	4,765.49	10.57	3.48	-	4,779.54

There are no projects as on each reporting period where activity has been suspended. Also, there are no projects as on each reporting period which has exceeded cost as compared to its original plan or where completion is overdue.

4C. Right of use assets (ROU)

(₹ in million)

	Land leasehold#	Leased buildings	Leased plant and equipment	Total
Gross carrying amount				
Balance as at 01 January 2022	5,431.60	295.46	13.60	5,740.66
Additions for the year	3,300.45	0.09	-	3,300.54
Grant received (Refer footnote i below)	(68.24)	-	-	(68.24)
Refund received (Refer footnote ii below)	(10.35)	-	-	(10.35)
Balance as at 31 December 2022	**8,653.46**	**295.55**	**13.60**	**8,962.61**
Accumulated amortisation				
Balance as at 01 January 2022	374.44	156.93	4.41	535.78
Amortisation for the year	85.89	72.23	1.65	159.77
Balance as at 31 December 2022	460.33	229.16	6.06	695.55
Carrying amount as at 31 December 2022	**8,193.13**	**66.39**	**7.54**	**8,267.06**

(₹ in million)

	Land leasehold#	Leased buildings	Leased plant and equipment	Total
Gross carrying amount				
Balance as at 01 January 2021	5,324.73	192.59	7.88	5,525.20
Addition during the year	106.87	102.87	5.72	215.46
Balance as at 31 December 2021	**5,431.60**	**295.46**	**13.60**	**5,740.66**
Accumulated amortisation				
Balance as at 01 January 2021	302.70	79.84	0.96	383.50
Amortisation for the year	71.74	77.09	3.45	152.28
Balance as at 31 December 2021	374.44	156.93	4.41	535.78
Carrying amount as at 31 December 2021	**5,057.16**	**138.53**	**9.19**	**5,204.88**

The Company had acquired leasehold land at Sonarpur (Kolkata) amounting to ₹ 1.50 million (31 December 2021: ₹ 1.50 million) which is yet to be registered in the name of the Company.

Footnotes to Note 4C:

(i) During the year ended on 31 December 2022, the Company had received government grant related to leasehold land acquired in Bihar amounting to ₹ 68.24 million. The grant received is adjusted against the carrying value of the respective asset.

(ii) During the year ended on 31 December 2022, the Company had received refund amounting to ₹ 10.35 million due to revision in rates of leasehold land acquired during the previous year at Kathua (Jammu and Kashmir). The refund received is adjusted against the carrying value of the respective asset.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

5A. Goodwill (Refer note i)

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2022	19.40
Acquired during the year	-
Balance as at 31 December 2022	**19.40**
Amortisation	
Balance as at 01 January 2022	-
Amortisation charge for the year	-
Balance as at 31 December 2022	-
Carrying amount as at 31 December 2022	**19.40**

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2021	19.40
Acquired during the year	-
Balance as at 31 December 2021	**19.40**
Amortisation	
Balance as at 01 January 2021	-
Amortisation charge for the year	-
Balance as at 31 December 2021	**-**
Carrying amount as at 31 December 2021	**19.40**

5B. Other intangible assets

(₹ in million)

	Franchise rights/ trademarks (Refer note i)	Distribution network	Computer software	Total
Gross carrying amount				
Balance as at 01 January 2022	6,042.96	157.64	313.09	6,513.69
Additions for the year	-	-	1.48	1.48
Disposals for the year	-	-	(34.68)	(34.68)
Balance as at 31 December 2022	**6,042.96**	**157.64**	**279.89**	**6,480.49**
Amortisation				
Balance as at 01 January 2022	656.97	60.17	253.87	971.01
Amortisation charge for the year	-	19.70	26.41	46.11
Reversal on disposals for the year	-	-	(15.18)	(15.18)
Balance as at 31 December 2022	**656.97**	**79.87**	**265.10**	**1,001.94**
Carrying amount as at 31 December 2022	**5,385.99**	**77.77**	**14.79**	**5,478.55**

(₹ in million)

	Franchise rights/ trademarks (Refer note i)	Distribution network	Computer software	Total
Gross carrying amount				
Balance as at 01 January 2021	6,042.96	157.64	276.33	6,476.93
Additions for the year	-	-	39.39	39.39
Disposals for the year	-	-	(2.63)	(2.63)
Balance as at 31 December 2021	**6,042.96**	**157.64**	**313.09**	**6,513.69**
Amortisation				
Balance as at 01 January 2021	656.97	40.47	226.46	923.90
Amortisation charge for the year	-	19.70	29.54	49.24
Reversal on disposals for the year	-	-	(2.13)	(2.13)
Balance as at 31 December 2021	**656.97**	**60.17**	**253.87**	**971.01**
Carrying amount as at 31 December 2021	**5,385.99**	**97.47**	**59.22**	**5,542.68**

i. Goodwill and franchise rights with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

The Company has considered the related provisions of Ind AS 38 on 'Intangibles Assets' which permit certain intangible assets to have an indefinite life and accordingly the carrying value of franchisee rights have been considered to have an indefinite life. These franchisee rights meet the prescribed criteria of renewal at nominal cost, renewal with no specific conditions attached, are sustainable and the same is supported by evidences of being renewed. Management is of the opinion that, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the franchise rights are expected to generate net cash inflows for the Company.

The assumptions used in this impairment assessment are most sensitive to following:

a) Weighted average cost of capital ''WACC'' of 13.52% (Previous year - 12.04%) for the explicit period and 13.52% (Previous year - 12.45%) for the terminal year.

b) For arriving at the terminal value, approximate growth rate of 5% (Previous year - 5%) is considered.

c) Number of years for which cash flows were considered are 5 years.

d) The approximate rate of growth in sales is estimated at 8%-10% (Previous year - 8%-15%) in the discrete period.

No impairment loss was identified on the above assessment.

ii. The amount of contractual commitments for the acquisitions of intangible assets are disclosed in Note 42.

iii. Refer Note 51 for information on other intangible assets pledged as security by the Company.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

6. Investments

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Investment in equity shares in subsidiaries (at cost) (unquoted)		
17,392,760 (31 December 2021: 17,392,760) fully paid equity shares of MAD 50 each in Varun Beverages Morocco SA^	6,179.18	6,179.18
643,853,670 (31 December 2021: 643,853,670) fully paid equity shares of LKR 10 each in Varun Beverages Lanka (Private) Limited^	3,149.55	3,149.55
1,080,000 (31 December 2021: 1,080,000) fully paid equity shares of NPR 1,000 each in Varun Beverages (Nepal) Private Limited	798.91	798.91
18,710,100 (31 December 2021: 18,710,100) fully paid equity shares of ZMW 10 each in Varun Beverages (Zambia) Limited^	3,231.01	3,231.01
935 (31 December 2021: 935) fully paid equity shares of USD 1 each in Varun Beverages (Zimbabwe) (Private) Limited	0.06	0.06
547,645 (31 December 2021: 547,645) fully paid equity shares of ₹ 10 each in Lunarmech Technologies Private Limited	162.93	162.93
999 (31 December 2021: 999) fully paid equity shares of USD 10 each in Varun Beverages RDC SAS#	0.74	0.74
1000 (31 December 2021: Nil) fully paid equity shares of AED 1000 each in Varun Beverages International DMCC*.	20.68	-
Investment in associates accounted as per equity method (unquoted)		
2,600 (31 December 2021: Nil) fully paid equity shares of ₹ 10 each in Clean Max Tav Private Limited@	0.03	-
Investment in joint ventures accounted as per equity method (unquoted)		
7,000 (31 December 2021: Nil) fully paid equity shares of ₹ 10 each in IDVB Recycling Operations Private Limited'~	0.07	-
Investment in others in fully paid equity shares (FVTPL, unquoted)		
200 (31 December 2021: 200) shares of ₹ 50 each in The Margao Urban Co-operative Bank Limited	0.01	0.01
250 (31 December 2021: 250) shares of ₹ 10 each in The Goa Urban Co-operative Bank Limited**	0.00	0.00
	13,543.17	**13,522.39**
Aggregate amount of unquoted investments	**13,543.17**	**13,522.39**

**Rounded off to Nil.

* The Company has subscribed equity shares of Varun Beverages International DMCC amounting to ₹ 2.05 million and ₹ 18.63 million (31 December 2021: Nil) on 31 January 2022 and 11 April 2022 respectively.

~ The Company has subscribed the equity investment of IDVB Recycling Operations Private Limited amounting to ₹ 0.03 million and ₹ 0.04 million (31 December 2021: Nil) on 01 July 2022 and 01 November 2022 respectively.

@ On 23 November 2022, the Company has subscribed the equity investment of Clean Max Tav Private Limited amounting to ₹ 0.03 million (31 December 2021:Nil)

On 31 December 2021, the Company had subscribed the equity investment of Varun Beverages RDC SAS ("VBL RDC") amounting to ₹ 0.74 million.

^ These investments were tested for impairment in accordance with Ind AS 36 "Impairment of Assets" concluding no impairment to the carrying values.

Refer note 52 for information required under Section 186 (4) of the Companies Act, 2013.

Information about investments along with proportion of ownership interest held and country of incorporation are as follows:

Name of the company/entity	Country of incorporation and principal place of business	Proportion of ownership interests held by the Company at year end	
		As at 31 December 2022	As at 31 December 2021
Varun Beverages (Nepal) Private Limited ('VBL Nepal')	Nepal	100.00%	100.00%
Varun Beverages Lanka (Private) Limited ('VBL Lanka')	Sri Lanka	100.00%	100.00%
Varun Beverages Morocco SA ('VBL Morocco')	Morocco	100.00%	100.00%
Ole Spring Bottlers (Private) Limited ('Ole')*	Sri Lanka	100.00%	100.00%
Varun Beverages (Zambia) Limited ('VBL Zambia')	Zambia	90.00%	90.00%
Varun Beverages (Zimbabwe) (Private) Limited ('VBL Zimbabwe')	Zimbabwe	85.00%	85.00%
Varun Beverages RDC SAS~	Congo	99.90%	99.90%
Lunarmech Technologies Private Limited	India	55.04%	55.04%
Varun Beverages International DMCC^	Dubai	100.00%	Not Applicable
Clean Max Tav Private Limited#	India	26.00%	Not Applicable
IDVB Recycling Operations Private Limited@	India	50.00%	Not Applicable

*subsidiary of VBL Lanka

~w.e.f. 31 December 2021

'^w.e.f. 31 January 2022

w.e.f. 23 November 2022

@w.e.f. 01 July 2022

7. Loans

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Loans carried at amortised cost		
Loans to related parties, considered good - Unsecured	5,238.04	2,594.40
	5,238.04	**2,594.40**
Loans to subsidiaries:-		
Varun Beverages (Zimbabwe) (Private) Limited	1,229.38	1,103.39
Varun Beverages (Zambia) Limited#	799.31	527.55
Varun Beverages Morocco SA#	1,073.47	963.46
Varun Beverages RDC SAS	215.24	-
Varun Beverages International DMCC	1,920.64	-

The loans granted were tested for impairment in accordance with Ind AS 109 concluding no impairment to the carrying values.

Refer note 52 for information required under Section 186 (4) of the Companies Act, 2013.

There are no loans and advances in the nature of loans granted to promoters, directors, key managerial personnel and related parties (as defined under Companies Act, 2013) that are either repayable on demand or without specifying any terms or period of repayment.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

8. Other non-current financial asset

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Financial asset at amortised cost		
Security deposits	433.18	377.74
Balance in deposit accounts with more than 12 months maturity#	9.27	8.04
	442.45	**385.78**

Pledged as security with electricity department/banks.

9. Other non-current assets

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
(Unsecured, considered good)		
Capital advances	3,879.81	1,399.00
Advances other than capital advances		
- Income tax paid (includes amount paid under protest)	10.29	9.90
- Balance with statutory authorities (paid under protest)	111.69	136.19
- Prepaid expenses	26.91	30.68
	4,028.70	**1,575.77**

10. Inventories

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
(Valued at lower of cost or net realisable value)		
Raw and packing material (including goods in transit of ₹ 351.97 (31 December 2021: ₹ 340.57))	5,799.87	5,581.90
Work in progress	55.50	63.57
Intermediate goods (including goods in transit of ₹ 53.09 (31 December 2021: ₹ 41.61))	3,361.97	1,784.11
Finished goods (including goods in transit of ₹ 8.18 (31 December 2021: ₹ 51.87))*	3,180.12	1,798.97
Stores and spares	1,864.02	1,434.16
	14,261.48	**10,662.71**

* The Company manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods and the value of stock in trade being insignificant, it is not separately ascertainable and disclosed.

The cost of inventories recognised as an expense during the year is disclosed in Note 29, Note 30 and Note 31.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

11a. Trade receivables

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Trade receivable, considered good - Unsecured	1,484.52	1,279.10
Trade receivable, considered good - Secured	17.90	41.63
Trade receivable - Credit impaired	289.03	254.44
	1,791.45	1,575.17
Less : Allowance for expected credit loss (Refer note 53.2)	(289.03)	(254.44)
	1,502.42	**1,320.73**
Includes amounts due, in the ordinary course of business, from subsidiaries		
Varun Beverages Morocco SA	1.42	-
Ole Springs Bottlers (Private) Limited	5.72	2.13
Varun Beverages (Zambia) Limited	62.75	57.84
Varun Beverages Zimbabwe (Private) Limited	99.70	20.46
Varun Beverages (Nepal) Private Limited	398.82	321.55
Lunarmech Technologies Private Limited	28.32	29.41
Varun Beverages Lanka (Private) Limited	12.94	-
Includes amounts due, in the ordinary course of business, from companies in which directors of the Company are also directors:		
Alisha Torrent Closures (India) Private Limited	5.41	10.75
Devyani Airport Services (Mumbai) Private Limited	0.13	0.05

Trade receivables are non-interest bearing and credit period generally falls in the range of 0 to 120 days.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed above.

11b. Trade receivables

31 December 2022

(₹ in million)

Particulars	Unbilled	Not due	Outstanding from date of transactions					Total
			Less than 6 months	6 Months- 1 Year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade Receivables – considered good	-	-	1,490.23	12.19	-	-	-	1,502.42
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	25.99	4.35	52.99	27.48	110.81

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

Particulars	Unbilled	Not due	Outstanding from date of transactions					Total
			Less than 6 months	6 Months- 1 Year	1-2 Years	2-3 Years	More than 3 years	
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	0.59	2.82	30.42	144.39	178.22
Total	**-**	**-**	**1,490.23**	**38.77**	**7.17**	**83.41**	**171.87**	**1,791.45**

31 December 2021

(₹ in million)

Particulars	Unbilled	Not due	Outstanding from date of transactions					Total
			Less than 6 months	6 Months- 1 Year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade Receivables – considered good	-	-	1,055.37	249.70	15.66	-	-	1,320.73
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	56.23	0.28	20.38	76.89
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	0.45	1.04	5.97	18.57	151.52	177.55
Total	**-**	**-**	**1,055.82**	**250.74**	**77.86**	**18.85**	**171.90**	**1,575.17**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

12. Cash and cash equivalents

(also for the purpose of Standalone Cash Flow Statement)

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Balance with banks in current accounts*	455.57	238.89
Balance in deposits with original maturity of less than three months	16.28	-
Cash on hand	2.04	2.58
	473.89	**241.47**

* Includes inward remittance not yet cleared amounting to ₹ 163.11 million (31 December 2021: ₹ 38.62 million)

13. Bank balances other than cash and cash equivalents

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Deposits with original maturity more than 3 months but less than 12 months *	0.15	0.14
Unpaid dividend account**	0.83	0.74
	0.98	**0.88**

*Pledged as security with statutory authorities/banks

**These balances are not available for use by the Company and corresponding balance is disclosed as unclaimed dividend in note 24.

14. Loans

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Loans carried at amortised cost		
Loans to related party, considered good - Unsecured*	-	189.86
	-	**189.86**
*Loans to a subsidiary, in the ordinary course of business		
Varun Beverages (Zambia) Limited#	-	189.86

#The loan granted was tested for impairment in accordance with Ind AS 109 concluding no impairment to the carrying values.

Refer note 52 for information required under Section 186 (4) of the Companies Act, 2013.

15. Other financial assets

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
(Unsecured, considered good)		
Interest accrued on:		
- Loan to subsidiaries*	352.40	183.44
- Term deposits	0.04	0.05
- Others	16.25	15.95
Security deposits	106.23	94.29
Dividend receivable**	512.52	288.29
Guarantee commission receivable#	17.34	0.04
Advances to employees	56.50	53.80
Government grant receivable	3,018.19	1,849.89
Claims receivables	459.64	167.70

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Other receivables^	218.41	228.28
	4,757.52	**2,881.73**
*Amounts due from subsidiaries		
Varun Beverages (Zambia) Limited	48.06	11.67
Varun Beverages (Zimbabwe) (Private) Limited	226.24	144.11
Varun Beverages Morocco SA	54.59	27.66
Varun Beverages RDC SAS	3.76	-
Varun Beverages International DMCC	19.75	-
	352.40	**183.44**
**Amount due from a subsidiary, namely, Varun Beverages (Nepal) Private Limited	512.52	288.29
#Amounts due from subsidiaries:		
Varun Beverages Morocco SA	0.04	0.04
Varun Beverages (Zimbabwe) (Private) Limited	8.95	-
Varun Beverages International DMCC	3.92	-
Varun Beverages (Zambia) Limited	4.43	-
	17.34	**0.04**
^Includes amounts due from subsidiaries:		
Varun Beverages Morocco SA	4.33	0.60
Varun Beverages (Zambia) Limited	8.17	0.95
Varun Beverages Lanka (Private) Limited	0.51	2.79
Varun Beverages (Zimbabwe) (Private) Limited	5.55	17.53
Varun Beverages (Nepal) Private Limited	177.42	173.16
Varun Beverages International DMCC	3.70	-
Varun Beverages RDC SAS	0.11	-
	199.79	**195.03**

16. Other current assets

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
(Unsecured, considered good)		
Security deposits	2.57	1.26
Other advances :		
- Contractors and suppliers	2,008.75	1,093.21
- Prepaid expenses	202.46	191.88
- Balance with statutory/government authorities	1,272.91	1,085.82
- Other advances	35.98	12.67
	3,522.67	**2,384.84**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

17. Equity share capital

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Authorised share capital:		
1000,000,000 (31 December 2021: 500,000,000) equity shares of ₹ 10 each	10,000.00	5,000.00
	10,000.00	**5,000.00**
Issued, subscribed and fully paid up:		
649,549,620 (31 December 2021: 433,033,080) equity shares of ₹ 10 each	6,495.50	4,330.33
	6,495.50	**4,330.33**

a) Reconciliation of share capital

(₹ in million)

Particulars	No. of shares	Amount
Balance as at 01 January 2022	433,033,080	4,330.33
Add: Bonus shares issued during the year (Refer note (d) below)	216,516,540	2,165.17
Balance as at 31 December 2022	**649,549,620**	**6,495.50**

(₹ in million)

Particulars	No. of shares	Amount
Balance as at 01 January 2021	288,688,720	2,886.89
Add: Bonus shares issued during the year (Refer note (d) below)	144,344,360	1,443.44
Balance as at 31 December 2021	**433,033,080**	**4,330.33**

b) Terms/rights attached to shares

The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

c) List of shareholders holding more than 5% of the equity share capital of the Company at the beginning and at the end of the year:

Shareholders as at 31 December 2022	No. of shares	% of shareholding
RJ Corp Limited	177,900,412	27.39%
Mr. Ravi Kant Jaipuria	116,734,060	17.97%
Mr. Varun Jaipuria	104,171,974	16.04%

Shareholders as at 31 December 2021	No. of shares	% of shareholding
RJ Corp Limited	119,900,275	27.69%
Mr. Ravi Kant Jaipuria*	80,822,707	18.66%
Mr. Varun Jaipuria	69,447,983	16.04%

* on 19 February 2021, a memorandum of family settlement was executed between members of Ravi Kant Jaipuria & Sons (HUF) for partition of all its assets and liabilities. Pursuant to the terms thereof, all equity shares held by Ravi Kant Jaipuria & Sons (HUF) were transferred to Mr. Ravi Kant Jaipuria on 26 February 2021.

As per records of the Company, including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

d) Aggregate number of equity shares issued as bonus during the period of five years immediately preceding the reporting date:

(i) During the year ended 31 December 2019, the Company has issued 91,327,613 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

(ii) During the year ended 31 December 2021, the Company has issued 144,344,360 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

(iii) During the year ended 31 December 2022, the Company has issued 216,516,540 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

For the period of five years of the date of the immediately preceding the reporting date, there was no share allotment made for consideration other than cash. Further, there has been no buy back of shares during the period of five years immediately preceding 31 December 2022 and 31 December 2021.

e) Shares held by holding and ultimate holding company

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
RJ Corp Limited, Parent* company	1,779.00	1,199.00
177,900,412 (31 December 2021: 119,900,275) fully paid equity shares of ₹ 10 each		
	1,779.00	**1,199.00**

*as defined under Ind AS 110 - Consolidated Financial Statements.

f) Details of shares held by promoters:

Shareholders as at 31 December 2022	No. of shares	% of shareholding	% change during the year
RJ Corp Limited	177,900,412	27.39%	-0.30%
Mr. Ravi Kant Jaipuria	116,734,060	17.97%	-0.69%
Mr. Varun Jaipuria	104,171,974	16.04%	0.00%

Shareholders as at 31 December 2021	No. of shares	% of shareholding	% change during the year
RJ Corp Limited	119,900,275	27.69%	0.00%
Mr. Ravi Kant Jaipuria (Refer above)	80,822,707	18.66%	0.00%
Mr. Varun Jaipuria	69,447,983	16.04%	-1.51%

g) Conversion of authorised Preference share capital into authorised Equity share capital

On 07 April 2022, the Company has converted the authorised preference share capital of 50,000,000 preference shares of ₹ 100 each into authorised equity share capital of 500,000,000 equity shares of ₹ 10 each.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

18. Other equity

Refer Standalone Statement of Changes in Equity for detailed movement in Other Equity balance.

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Capital reserve	533.93	533.93
General reserve	444.26	444.26
Securities premium	22,569.56	24,734.73
Retained earnings	25,101.68	13,942.96
Share option outstanding account	29.08	-
	48,678.51	**39,655.88**

Description of nature and purpose of each reserve:

Capital reserve - Created on merger of Varun Beverages (International) Limited with the Company pursuant to and in accordance with the Court approved scheme of amalgamation. Includes gain from bargain purchases.

General reserve - Created by way of transfer from debenture redemption reserve on redemption of debentures.

Securities premium - Created to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Retained earnings - Created from the profit of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

Share option outstanding account - Created to recognise the grant date fair value of options issued to employees under the employee stock option schemes and is adjusted on exercise / forfeiture of options.

19. Borrowings

A. Non-current borrowings:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Term loans (secured) (Refer note 19E)		
- Indian rupee loans from banks	15,952.17	16,123.38
- Indian rupee loan from others	580.41	1,001.03
	16,532.58	**17,124.41**

Loans and borrowing above are recognised at amortised cost taking into account any discount or premium on acquisition and fee or costs that are part of effective interest rate, accordingly the outstanding balances above may not necessarily reconcile with repayment amounts.

B. Current borrowings:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Loans repayable on demand		
Working capital facilities from banks (secured) (Refer footnote (a))	4,330.28	3,955.24
Working capital facility from banks (unsecured) (Refer footnote (b))	842.67	1,650.00
Current maturities of long-term debts	13,012.97	8,963.68
	18,185.92	**14,568.92**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(a) Working capital facilities from banks are secured by first charge on entire current assets of the Company ranking pari-passu amongst the banks and second charge on the movable and immovable assets of the Company pertaining to specific manufacturing units and two facilities from banks were secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company. During the previous year, two facilities from bank were secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company. These facilities carry interest rates ranging between 7.05% to 7.45% (31 December 2021: 4.25% to 4.40%).

(b) Working capital facility from a bank carrying interest rate 7.10% per annum and is repayable within 30 days from the date of disbursement and buyers credit carrying interest rates ranging between 3.70% to 3.86% per annum and is repayable in June 2023. During the previous year ended on 31 December 2021, working capital facilitates from banks carrying interest rates ranging between 4.40% to 4.65% per annum and was repaid during the current year.

There are no defaults in repayment of principal borrowings or interest there on.

C. Other non-current financial liabilities:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Lease liabilities (Refer note 45)	1,117.39	87.52
	1,117.39	**87.52**

D. Current financial liabilities:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Lease liabilities (Refer note 45)	113.67	74.94
	113.67	**74.94**

E. Terms and conditions/details of securities for loans:

(₹ in million)

Name of the bank/instrument	Loan outstanding			
	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
Term loans				
(i) Foreign currency loan from banks (secured)				
Loan carried rate of interest of Nil (31 December 2021: LIBOR+1.60%) and was repaid in May 2022. The Company had executed a cross currency swap to hedge total loan of SGD 33.13 to USD 25.00 and interest rate swap to hedge its exposure.	-	-	-	911.78
Loan was secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory/ franchisee rights acquired under the acquisition under slump sale basis except vehicles.				
	-	**-**	**-**	**911.78**

(₹ in million)

Name of the bank/instrument	Loan outstanding			
	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
ii) Indian rupee loan from banks (secured)				
Loans carrying weighted average rate of interest 7.47% (31 December 2021: 5.44%) depending upon tenure of the loans. For repayment terms refer note 19F.	15,950.17	12,414.78	16,077.26	7,987.84
These loan are secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory /franchisee rights acquired under the business acquisition except vehicles.				
iii) Vehicle rupee term loan (secured)				
Loans carrying rate of interest in range of 8.02% to 9.25 % (31 December 2021: 8.02% to 9.25 %). They are repayable generally over a period of three to five years in equal monthly instalments as per the terms of the respective agreements. Vehicle loans are secured against respective vehicles financed.	2.00	37.92	46.12	64.05
	15,952.17	**12,452.70**	**16,123.38**	**8,051.89**
iv) Indian rupee loan from a others (secured)				
Interest free loan from The Pradeshiya Industrial & Investment Corporation of U.P. Limited are repayable in one instalment after expiry of seven years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid up to the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.52%-9.72% (31 December 2021: 8.52%-9.72%) The repayments are due as following: **Date of repayment** — **Amount** 25 December 2023 — 155.79 30 November 2024 — 177.83 01 November 2025 — 211.98	323.34	141.42	425.39	-

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

Name of the bank/instrument	Loan outstanding			
	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
Interest free loan from The Director of Industries and Commerce, Haryana are repayable in one instalment after expiry of five years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid up to the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.33% (31 December 2021: 8.33%) The repayments are due as following: Date of repayment — Amount 16 January 2023 — 94.01 30 March 2023 — 90.73 07 June 2023 — 175.00 25 October 2023 — 73.66 20 February 2024 — 91.36 27 May 2024 — 36.85 29 August 2024 — 39.10 17 February 2025 — 43.98 13 October 2025 — 23.96 21 February 2027 — 70.83	257.07	418.85	575.64	-
	580.41	**560.27**	**1,001.03**	**-**
Total	**16,532.58**	**13,012.97**	**17,124.41**	**8,963.68**

F. Repayment terms:

(₹ in million)

Sr. No	Description	31 December 2022		31 December 2021		Repayment terms
		Non-current	Current	Non-current	Current	
1	Term loan - 1	-	-	-	299.94	Loan was repaid during the year
2	Term loan - 2	-	-	-	249.90	Loan was repaid during the year
3	Term loan - 3	-		-	589.25	Loan was repaid during the year
4	Term loan - 4	-	-	-	321.09	Loan was repaid during the year
5	Term loan - 5	-	-	-	101.60	Loan was repaid during the year
6	Term loan - 6	-	-	-	238.30	Loan was repaid during the year
7	Term loan - 7	-	-	-	150.00	Loan was repaid during the year
8	Term loan - 8	-	150.00	150.00	50.00	Two instalments of ₹ 75 each due in May 2023 and June 2023.
9	Term loan - 9	-	250.00	250.00	500.00	Two instalments of ₹ 125.00 each due in April 2023 and May 2023.
10	Term loan - 10	240.00	90.00	240.00	90.00	One instalment of ₹ 90.00 due in July 2023 and one instalment of ₹ 90.00 due in May 2024 and one instalment of ₹ 150.00 due in June 2024.
11	Term loan - 11	-	85.00	85.00	160.00	One instalment of ₹ 85.00 due in June 2023.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

Sr. No	Description	31 December 2022		31 December 2021		Repayment terms
		Non-current	Current	Non-current	Current	
12	Term loan - 12	-	241.60	241.57	193.30	One instalment of ₹ 241.60 due in May 2023.
13	Term loan - 13	-	222.40	222.40	222.20	Two instalments of ₹ 111.10 due in May 2023 and ₹ 111.30 due in June 2023 respectively.
14	Term loan - 14	583.18	291.60	874.69	291.60	Two instalments of ₹ 145.80 each due in June 2023 and July 2023, two instalments of ₹ 145.90 each due in June 2024 and July 2024 and two instalments of ₹ 145.90 each due in June 2025 and July 2025.
15	Term loan - 15	-	749.79	748.36	750.00	Two instalments of ₹ 375.00 each due in May 2023 and June 2023.
16	Term loan - 16	998.51	500.00	1,497.48	-	Two instalments of ₹ 250.00 each due in May 2023 and June 2023, two instalments of ₹ 250.00 each due in May 2024 and June 2024 and two instalments of ₹ 250.00 each due in May 2025 and June 2025.
17	Term loan - 17	-	599.59	598.35	600.00	Two instalments of ₹ 300.00 each due in May 2023 and June 2023.
18	Term loan - 18	400.00	150.00	550.00	150.00	Two instalments of ₹ 75.00 each due in May 2023 and June 2023, two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
19	Term loan - 19	398.56	200.00	597.46	100.00	Two instalments of ₹ 100.00 each due in May 2023 and June 2023, two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
20	Term loan - 20	-	500.00	499.75	500.00	Two instalments of ₹ 250.00 each due in May 2023 and June 2023.
21	Term loan - 21	-	-	-	500.00	Loan was repaid during the year
22	Term loan - 22	-	-	-	499.90	Loan was repaid during the year
23	Term loan - 23	-	-	1,800.00	-	Loan was repaid during the year
24	Term loan - 24	-	676.47	676.47	676.47	One instalment of ₹ 676.47 due in June 2023.
25	Term loan - 25	-	1,300.00	1,300.00	-	One instalment of ₹ 260.00 due in April 2023 and Two instalments of ₹ 520.00 each due in May 2023 and June 2023.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

Sr. No	Description	31 December 2022		31 December 2021		Repayment terms
		Non-current	Current	Non-current	Current	
26	Term loan - 26	1,100.00	200.00	1,357.14	142.86	Two instalments of ₹ 100.00 each due in May 2023 and June 2023, two instalments of ₹ 200.00 each due in May 2024 and June 2024, two instalments of ₹ 200.00 each due in May 2025 and June 2025, one instalment of ₹ 200.00 due in May 2026 and one instalment of ₹ 100.00 due in June 2026.
27	Term loan - 27	-	2,000.00	2,000.00	-	Two instalments of ₹ 1000.00 each due in May 2023 and June 2023.
28	Term loan - 28	1,430.00	300.00	988.59	11.43	Two instalments of ₹ 150.00 each due in May 2023 and June 2023, two instalments of ₹ 190.00 each due in May 2024 and June 2024, two instalments of ₹ 190.00 each due in May 2025 and June 2025, two instalments of ₹ 185.00 each due in May 2026 and June 2026 and two instalments of ₹ 150.00 each due in May 2027 and June 2027.
29	Term loan - 29	800.00	600.00	1,400.00	600.00	Two instalments of ₹ 300.00 each due in May 2023 and June 2023 and two instalments of ₹ 400.00 each due in May 2024 and June 2024.
30	Term loan - 30	2,100.00	200.00	-	-	Two instalments of ₹ 100.00 each due in May 2023 and June 2023, two instalments of ₹ 250.00 each due in May 2024 and June 2024, two instalments of ₹ 250.00 each due in May 2025 and June 2025, two instalments of ₹ 250.00 each due in May 2026 and June 2026 and two instalments of ₹ 300.00 each due in May 2027 and June 2027
31	Term loan - 31	1,650.00	100.00	-	-	Two instalments of ₹ 50.00 each due in May 2023 and June 2023, two instalments of ₹ 150.00 each due in May 2024 and June 2024, one instalment of ₹ 150.00 due in May 2025, one instalment of ₹ 180.00 due in June 2025, two instalments of ₹ 180.00 each due in May 2026 and June 2026 and three instalments of ₹ 220.00 each due in May 2027, June 2027 and July 2027.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

Sr. No	Description	31 December 2022		31 December 2021		Repayment terms
		Non-current	Current	Non-current	Current	
32	Term loan - 32	1,333.26	666.66	-	-	Two instalments of ₹ 333.33 each due in May 2023 and June 2023, two instalments of ₹ 333.33 each due in May 2024 and June 2024 and two instalments of ₹ 333.33 each due in May 2025 and June 2025
33	Term loan - 33	1,000.00	-	-	-	The Company was sanctioned loan amounting to ₹ 5,000 millions out of which loan amounting to ₹ 1,000 million was disturbed during the year. Two instalments of ₹ 625.00 each due in May 2024 and June 2024, two instalments of ₹ 625.00 each due in May 2025 and June 2025, two instalments of ₹ 625.00 each due in May 2026 and June 2026 and two instalments of ₹ 625.00 each due in May 2027 and June 2027.
34	Term loan - 34	-	1,800.00	-	-	One instalment of ₹ 1800.00 due in April 2023
35	Term loan - 35	750.00	375.00	-	-	Two instalments of ₹ 187.50 each due in May 2023 and June 2023, two instalments of ₹ 187.50 each due in May 2024 and June 2024 and two instalments of ₹ 187.50 each due in May 2025 and June 2025
36	Term loan - 36	166.67	166.67	-	-	Two instalments of ₹ 83.33 each due in May 2023 and June 2023 and two instalments of ₹ 83.33 each due in May 2024 and June 2024
37	Term loan - 37	2,999.99	-	-	-	Two instalments of ₹ 500.00 each due in May 2024 and June 2024, two instalments of ₹ 500.00 each due in May 2025 and June 2025 and two instalments of ₹ 500.00 each due in May 2026 and June 2026
		15,950.17	**12,414.78**	**16,077.26**	**7,987.84**	

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

20. Provisions

(Refer note 38)

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Non-current		
Defined benefit liability (net)	1,382.99	1,449.15
Other long term employee obligations	593.62	545.46
	1,976.61	**1,994.61**
Current		
Defined benefit liability (net)	-	224.50
Other short term employee obligations	283.10	264.85
	283.10	**489.35**

21. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

(₹ in million)

Deferred tax liabilities/ (assets)	As at 01 January 2022	Recognised in other comprehensive income**	Recognised in Statement of Profit and Loss	As at 31 December 2022
Accelerated depreciation for tax purposes	3,699.23	-	2.74	3,701.97
Minimum alternate tax (MAT) credit*	(168.12)	-	168.12	-
Allowance for doubtful debts	(64.04)	-	(8.70)	(72.74)
Accrued bonus	(19.73)	-	(27.77)	(47.50)
Fair valuation of financial instruments	(35.50)	-	20.28	(15.22)
Provision for retirement benefits	(531.14)	27.10	29.34	(474.70)
Borrowings	(1.24)	-	0.24	(1.00)
Benefit accrued on government grants	136.58	-	(39.99)	96.59
Others	(34.22)	-	46.63	12.44
	2,981.82	**27.10**	**190.89**	**3,199.84**

(₹ in million)

Deferred tax liabilities/ (assets)	As at 01 January 2021	Recognised in other comprehensive income**	Recognised in Statement of Profit and Loss	As at 31 December 2021
Accelerated depreciation for tax purposes	3,518.87	-	180.36	3,699.23
Minimum alternate tax (MAT) credit*	(877.22)	-	709.10	(168.12)
Allowance for doubtful debts	(56.33)	-	(7.71)	(64.04)

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

Deferred tax liabilities/ (assets)	As at 01 January 2021	Recognised in other comprehensive income**	Recognised in Statement of Profit and Loss	As at 31 December 2021
Accrued bonus	(22.45)	-	2.72	(19.73)
Foreign currency monetary item translation difference account	-	-	-	-
Fair valuation of financial instruments	(27.19)	-	(8.31)	(35.50)
Provision for retirement benefits	(473.38)	18.92	(76.68)	(531.14)
Borrowings	(1.66)	-	0.42	(1.24)
Benefit accrued on government grants	206.71	-	(70.13)	136.58
Others	(57.43)	-	23.21	(34.22)
	2,209.92	**18.92**	**752.98**	**2,981.82**

*MAT credit: (₹ in million)

	Recognised in profit and loss	Utilised from profit and loss
31 December 2022	-	(168.12)
31 December 2021	-	(709.10)

**The amounts recognised in other comprehensive income relate to the re-measurement of net defined retirement benefit liability. Refer note 36 for the amount of the income tax relating to these components of other comprehensive income.

All significant deferred tax assets have been recognised in the balance sheet.

On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April 2019 subject to certain conditions.

During the year ended 31 December 2022, the Company has decided to opt for the new tax regime u/s 115 BAA of the Income Tax Act,1961 w.e.f. Assessment year 2023-24 after utilisation of all unutilised Minimum Alternate Tax credit and other tax benefits/holidays available.

22. Other non-current liabilities

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Deferred revenue on government grant	5.94	6.73
	5.94	**6.73**

23. Trade payables

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Total outstanding dues of-		
Micro enterprises and small enterprises (Refer note 47)	653.33	321.56
Creditors other than micro enterprises and small enterprises	5,104.60	4,313.08
	5,757.93	**4,634.64**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

31 December 2022

(₹ in million)

Particulars	Unbilled	Not due	Outstanding from date of transactions				Total
			Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed trade payable							
Micro enterprises and small enterprises	-	-	652.02	0.28	0.37	0.50	653.17
Others	1,303.39	-	3,652.12	23.05	30.99	11.85	5,021.40
Disputed trade payable							
Micro enterprises and small enterprises	-	-	-	0.01	0.15	-	0.16
Others	-	-	48.49	11.48	11.97	11.26	83.20
Total	**1,303.39**	**-**	**4,352.63**	**34.82**	**43.48**	**23.61**	**5,757.93**

31 December 2021

(₹ in million)

Particulars	Unbilled	Not due	Outstanding from date of transactions				Total
			Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed trade payable							
Micro enterprises and small enterprises	-	-	311.57	8.65	1.13	0.06	321.41
Others	892.55	-	3,297.39	47.10	3.28	13.92	4,254.24
Disputed trade payable							
Micro enterprises and small enterprises	-	-	-	0.08	0.07	-	0.15
Others	-	-	28.68	16.69	7.47	6.00	58.84
Total	**892.55**	**-**	**3,637.64**	**72.52**	**11.95**	**19.98**	**4,634.64**

24. Other current financial liabilities

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Interest accrued but not due on borrowings	62.90	57.04
Interest payable	13.71	9.73
Payable for capital expenditure	2,376.97	1,090.55
Employee related payables	666.48	449.98
Unclaimed dividends#	0.83	0.74
Security deposits	1,822.47	1,655.52
Liability for foreign currency derivative contract	-	25.58
	4,943.36	**3,289.14**

#Not due for deposit to the Investor Education and Protection Fund.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

25. Other current liabilities

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Advance from customers	1,933.09	613.86
Statutory dues payable	789.35	711.79
Deferred income	2.27	14.06
	2,724.71	**1,339.71**

26. Current tax liabilities (Net)

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Provision for tax	674.37	78.17
	674.37	**78.17**

The key components of income tax expense for the year ended 31 December 2022 and 31 December 2021 are:

A. Statement of Profit and Loss:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
(i) Profit and Loss section		
(a) Current tax	3,953.00	1,168.10
(b) Adjustment of tax relating to earlier periods	(0.86)	(0.73)
(c) Deferred tax	190.89	752.98
Income tax expense reported in the Statement of Profit and Loss	**4,143.03**	**1,920.35**
(ii) OCI section		
Deferred tax related to items recognised in OCI during the year:		
(a) Net gain on remeasurements of defined benefit plans	(27.10)	(18.92)
Income tax charged to OCI	**(27.10)**	**(18.92)**

B. Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Accounting profit before tax	**16,845.02**	**6,815.22**
Tax expense at statutory income tax rate of 25.167% (31 December 2021: 34.944%)	4,239.39	2,381.51
Adjustments in respect of current income tax of previous years	(0.86)	(0.73)
Non deductible expenses	29.78	63.60
Deduction claimed u/s Chapter-VI A of Income-tax Act, 1961	(271.45)	(431.17)
Impact due to change in tax rate*	110.48	(103.36)
Impact of share based payments	7.31	-
Others	28.38	10.50
Income tax expense at effective tax rate reported in the Statement of Profit and Loss	**4,143.03**	**1,920.35**

* The Company had made an assessment of the impact of Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax (MAT) credit and expiry of other tax benefits/holidays available. The Company has decided to opt for the new tax regime u/s 115 BAA of the Income Tax Act,1961 w.e.f. Assessment year 2023-24 after utilisation of all unutilised Minimum Alternate Tax credit and other tax benefits/holidays available and hence the tax provision has been done accordingly.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

27. Revenue from operations

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Sale of products	103,023.22	63,817.68
Rendering of services to a subsidiary (Refer note 44B)	449.25	383.46
Other operating revenue	2,485.78	1,756.28
	105,958.25	**65,957.42**

Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers:

A. Reconciliation of revenue recognised with the contracted price:

(₹ in million)

Particulars	Year ended 31 December 2022	Year ended 31 December 2021
Gross revenue/Contracted price	106,141.13	66,411.10
Less: Discounts and rebates	(2,668.66)	(2,209.96)
Revenue from contracts with customers and Subsidiaries	**103,472.47**	**64,201.14**

B. Disaggregation of revenue

(a) Information about geographical area

(₹ in million)

Particulars	Year ended 31 December 2022	Year ended 31 December 2021
i. Sale of products and rendering of services to a subsidiary		
(i) Within India	102,360.71	63,528.94
(ii) Outside India	1,111.76	672.20
Total sale of products and rendering of services to subsidiaries	**103,472.47**	**64,201.14**

(b) Revenue from sale of goods and services are recognised at a point in time. There are no disaggregation of revenue with respect to this information.

(c) No single external customer amounts to 10% or more of the Company's revenue from operations.

C. Contract balances:

The following table provides information about tarde receivables and contract liabilities from contract with customers:

Receivables

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Trade receivables	1,791.45	1,575.17
Less: Allowances for expected credit loss	(289.03)	(254.44)
Net receivables	**1,502.42**	**1,320.73**

Contract liabilities

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Advance from customers	1,933.09	613.86
Net receivables	**1,933.09**	**613.86**

D. Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liabilities are on account of the advance payment received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 120 days from the completion of performance obligation.

E. Changes in the contract liabilities balances during the year are as follows:

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Balance at the beginning of the year	613.86	1,033.08
Addition during the year	1,933.09	613.86
Revenue recognised during the year	(613.86)	(1,033.08)
Balance at the closing of the year	**1,933.09**	**613.86**

28. Other income

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Interest income on items at amortised cost:		
- term deposits	7.71	4.99
- loan to subsidiaries	215.56	97.21
- others	14.99	57.80
Net gain on foreign currency transactions and translations	463.36	5.49
Gain on sale of current investments	3.67	0.70
Excess provisions written back	0.95	12.38
Guarantee commission income from subsidiaries (Refer note 44B)	17.24	17.64
Dividend income from non-current investment in subsidiary	539.49	303.46
Miscellaneous	174.60	73.35
	1,437.57	**573.02**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

29. Cost of materials consumed

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Raw material and packing material consumed		
Inventories at beginning of the year	5,581.90	2,525.43
Purchases during the year (net)	61,156.63	36,956.43
	66,738.53	**39,481.86**
Less: Sold during the year	6,345.70	3,041.84
Less: Inventories at end of the year	5,799.79	5,581.90
	54,593.04	**30,858.12**

30. Purchases of stock-in-trade

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Beverages	982.42	779.07
Others	219.42	415.23
	1,201.84	**1,194.30**

31. Changes in inventories of finished goods, work-in-progress and traded goods

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
As at the beginning of the year		
- Finished goods	1,798.97	1,205.16
- Intermediate goods	1,784.11	1,643.18
- Work in progress	63.57	81.57
	3,646.65	**2,929.91**
As at the closing of the year		
- Finished goods	3,180.12	1,798.97
- Intermediate goods	3,361.97	1,784.11
- Work in progress	55.50	63.57
	6,597.59	**3,646.65**
Finished goods used as fixed assets*	(72.52)	(43.92)
	(3,023.46)	**(760.66)**

*The Company manufactures plastic shells at one of its manufacturing facilities at Alwar. The shells manufactured are used for beverages operations of the Company as property, plant and equipment (under the head “Containers”). These containers are also sold to third parties. The cost of manufacturing of plastic shells is being shown here separately with a corresponding debit to property, plant and equipment.

32. Employee benefits expense

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Salaries, wages and bonus	8,423.71	6,784.51
Contribution to provident fund and other funds	397.98	354.88
Staff welfare expenses	353.91	271.76
Share based payment to employees (Refer note 49)	29.08	-
	9,204.68	**7,411.15**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

33. Finance costs

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Interest on items at amortised cost:		
- Term loans	1,226.40	1,213.42
- Working capital facilities	167.42	214.51
- Financial liabilities	102.92	94.42
- Others	25.79	16.28
Exchange differences regarded as an adjustment to borrowings	6.73	(3.37)
Other ancillary borrowing costs	13.31	16.17
	1,542.57	**1,551.43**

34. Depreciation, amortisation and impairment expense

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Depreciation on property, plant and equipment	4,151.20	3,796.82
Amortisation of intangible assets	46.11	49.24
Amortisation of ROU	159.77	152.28
Impairment of property, plant and equipment and others (Refer Note 4A and 4B)	474.24	-
	4,831.32	**3,998.34**

35. Other expenses

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Power and fuel	3,889.70	2,583.86
Repairs to plant and equipment	2,009.42	1,181.03
Repairs to buildings	95.51	88.29
Other repairs	739.76	621.88
Consumption of stores and spares	1,036.08	632.79
Rent (Refer note 45)	372.24	340.25
Rates and taxes	87.87	515.16
Insurance	114.48	96.58
Printing and stationery	44.14	33.94
Communication	56.79	50.38
Travelling and conveyance	861.62	553.39
Sitting fee/commission paid to non-executive director (Refer note 44A)	185.55	77.26
Payment to auditors*	17.19	13.89
Vehicle running and maintenance	101.57	92.92
Lease and hire (Refer note 45)	197.66	193.65
Security and service charges	360.77	276.33
Legal, professional and consultancy	253.59	189.31
Bank charges	18.66	12.07
Advertisement and sales promotion	725.46	595.06
Meetings and conferences	35.57	11.79
Royalty	159.68	123.29

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Freight, octroi and insurance paid (net)	6,832.26	4,497.47
Delivery vehicle running and maintenance	557.50	441.25
Distribution expenses	1,986.53	1,325.10
Loading and unloading charges	569.56	366.38
Donations	0.52	0.19
Loss on disposal of property, plant and equipment (net)	443.70	212.60
Bad debts and advances written off	3.87	7.12
Allowance for expected credit loss	34.59	30.62
Corporate social responsibility expenditure (Refer note 48)	85.04	67.54
General office and other miscellaneous	323.93	231.15
	22,200.81	**15,462.54**

***Payment to auditors**

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Services rendered for:		
- Audit and reviews	13.33	12.08
- taxation matters	2.30	-
- other matters	0.64	1.07
- reimbursement of expenses	0.92	0.74
	17.19	**13.89**

36. Other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserves in equity is shown below:

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Retained earnings		
Re-measurement gain on defined benefit plans	107.70	75.17
Tax impact on re-measurement gains on defined benefit plans (Refer note 21)	(27.10)	(18.92)
	80.60	**56.25**

37. The Board of Directors in their meeting dated 06 February 2023 have approved a payment of final dividend of ₹ 1.00 (Rupees One only) per equity share of the face value of ₹ 10 each, subject to the approval of equity shareholders in ensuing annual general meeting of the Company. With this, total dividend declared for the year ended 31 December 2022 stands at ₹ 3.50 (Rupees three and paise fifty only) per equity share of the face value of ₹ 10 each.

38. Gratuity and other post-employment benefit plans

Gratuity:

The Company has a defined benefit gratuity plan governed by the Payments of Gratuity Act, 1972. Every employee who has completed five years or more of services is eligible for gratuity on separation at 15 days salary (last drawn salary) for each completed year of service. The Company has formed a Gratuity Trust to which contribution is made and an insurance policy is taken by the trust, which is a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity outflow during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (particularly, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset. The Company makes a provision of unfunded liability based on actuarial valuation in the Balance Sheet as part of employee cost.

Compensated absences:

The Company recognises the compensated absences expenses in the Statement of Profit and Loss based on actuarial valuation.

The following tables summaries the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet:

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Changes in present value are as follows:				
Balance at the beginning of the year	1,739.26	1,588.86	810.31	729.34
Current service cost	182.57	178.22	137.53	138.52
Interest cost	116.03	96.97	55.92	45.10
Benefits settled	(128.41)	(49.78)	(72.13)	(42.53)
Actuarial gain	(108.03)	(75.01)	(54.91)	(60.12)
Balance at the end of the year	**1,801.42**	**1,739.26**	**876.72**	**810.31**

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Change in fair value of plan assets are as follows:				
Plan assets at the beginning of the year, at fair value	65.61	63.76	-	-
Expected income on plan assets	13.75	3.93	-	-
Actuarial gain	(0.34)	0.16	-	-
Contributions by employer	350.00	2.14	-	-
Benefits settled	(10.59)	(4.38)	-	-
Plan assets at the end of the year, at fair value	**418.43**	**65.61**	**-**	**-**

The Company has taken an insurance policy against its liability towards gratuity, the same has been disclosed as plan assets above.

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Reconciliation of present value of the obligation and the fair value of the plan assets:				
Present value of obligation	1,801.42	1,739.26	876.72	810.31
Fair value of plan assets	(418.43)	(65.61)	-	-
Net liability recognised in the Balance Sheet	**1,382.99**	**1,673.65**	**876.72**	**810.31**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Amount recognised in Statement of Profit and Loss:				
Current service cost	182.57	178.22	137.53	138.52
Interest expense	116.03	96.97	55.92	45.10
Expected return on plan assets	(13.75)	(3.93)	-	-
Actuarial gain	-	-	(54.91)	(60.12)
Net cost recognised	**284.85**	**271.26**	**138.54**	**123.50**

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Amount recognised in Other Comprehensive Income:				
Actuarial changes arising from changes in financial assumptions	(114.75)	(65.90)	-	-
Actuarial changes arising from changes in demographic assumptions	-	(35.38)	-	-
Experience adjustments	6.71	26.27	-	-
Return on plan assets	0.34	(0.16)	-	-
Amount recognised	**(107.70)**	**(75.17)**	**-**	**-**

	Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Assumptions used:				
Mortality	IALM 2012-2014	IALM 2012-2014	IALM 2012-2014	IALM 2012-2014
Discount rate	7.40%	6.40%	7.40%	6.40%
Withdrawal rate	12.00%	12.00%	12.00%	12.00%
Salary increase	12.00%	12.00%	12.00%	12.00%
Rate of leave availment	-	-	20.00%	20.00%
Retirement age (Years)	58-70	58-70	58-70	58-70
Rate of return on plan assets	6.69-7.40%	6.76-6.84%	-	-

A quantitative sensitivity analysis for significant assumption is shown below:

(₹ in million)

	Sensitivity level		Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Discount rate	+1%	+1%	(110.80)	(111.39)	(26.56)	(25.14)
	-1%	-1%	124.50	125.96	28.26	26.80
Salary increase	+1%	+1%	117.97	118.16	26.81	25.19
	-1%	-1%	(107.40)	(107.03)	(25.73)	(24.13)
Withdrawal rate	+1%	+1%	(26.25)	(31.81)	(9.00)	(8.93)
	-1%	-1%	29.02	35.38	9.47	9.42

The sensitivity analysis above has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

Risk associated:	
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit.
Interest risk (discount rate risk)	A decrease in the bond interest rate (discount rate) will increase the plan liability.
Mortality risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2012-2014) (31 December 2021: (2012-14)). A change in mortality rate will have a bearing on the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Effect of the defined benefit plan on the Company's future cash flows:

Funding arrangements and funding policy:

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

Expected contribution during the next annual reporting period:

The Company's best estimate of contribution during the next financial year approximates to ₹ 1,566.90 million (31 December 2021: ₹ 1,847.68 million).

The following are maturity profile of Defined Benefit Obligations in future years (before adjusting fair value of plan assets):

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
(i) Weighted average duration of the defined benefit obligation	7 years	7 years	3 years	3 years
(ii) Expected cash flows over the years (valued on undiscounted basis):				
Duration (years)				
1	263.61	290.12	283.10	264.85
2 to 5	835.00	679.21	574.59	498.63
Above 5	2,158.95	1,967.26	278.93	252.41
	3,257.56	**2,936.59**	**1,136.62**	**1,015.89**

Defined contribution plan:

Contribution to defined contribution plans, recognised as expense for the year is as under:

Employer's contribution to provident and other funds ₹ 397.98 million (31 December 2021 ₹ 354.88 million) (Refer note 32)

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

39. Earnings per share (EPS)

(₹ in million, unless otherwise stated)

	31 December 2022	31 December 2021
Profit attributable to the equity shareholders	12,701.99	4,894.87
Weighted average number of equity shares outstanding during the year for calculating basic earning per share (nos.)*	649,549,620	649,549,620
"Add: Weighted average number of potential equity shares on account of employee stock options"	171,233	-
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (nos.)*	649,720,853	649,549,620
Nominal value per equity shares (₹)	10.00	10.00
Basic earnings per share (₹)	19.56	7.54
Diluted earnings per share (₹)	19.55	7.54

*Previous year numbers are adjusted for bonus shares issued during the current year.

40. Dividend:

(₹ in million)

	31 December 2022	31 December 2021
Interim dividend ₹ 2.50 per share (31 December 2021: ₹ 2.50 per share) (Refer Note 37 for final dividend)	1,623.87	1,082.58

41. Contingent liabilities

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Claims against the Company not acknowledged as debts (being contested):-		
(i) Goods and service tax	26.70	6.78
(ii) For excise and service tax	67.47	70.86
(iii) For customs	90.75	90.75
(iv) For sales tax / entry tax	629.06	626.22
(v) For income tax	144.36	145.92
(vi) For mandi tax and others*	400.04	375.31

*excludes pending matters where amount of liability is not ascertainable.

42. Commitments

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
a. Guarantees issued on behalf of subsidiaries for business purposes	3,221.21	1,083.46
b. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 3,879.81 (31 December 2021: ₹ 1,399.00)).	15,932.53	4,605.37

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

43. Pursuant to transfer pricing legislations under the Income-tax Act, 1961, the Company is required to use specified methods for computing arm's length price in relation to specified international and domestic transactions with its associated enterprises. Further, the Company is required to maintain prescribed information and documents in relation to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of updating its transfer pricing documentation for the current financial year. Based on the preliminary assessment, the management is of the view that the update would not have a material impact on the tax expense recorded in these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.

44. Related party disclosures (as per Ind AS-24)

Following are the related parties and transactions entered with related parties for the relevant financial year:

(i) List of related parties and relationships:-

I. Key managerial personnel (KMPs)

Mr. Ravi Kant Jaipuria	Non-Executive Chairman and Karta of Ravi Kant Jaipuria & Sons (HUF), till 19 February 2021
Mr. Varun Jaipuria	Executive Vice Chairman (w.e.f. 03 March 2022) and Whole Time Director
Mr. Raj Pal Gandhi	Whole Time Director
Mr. Rajinder Jeet Singh Bagga	Whole Time Director
Mr. Kapil Agarwal	Chief Executive Officer (till 03 March 2022) and Whole Time Director (till 01 November 2022)
Mr. Vikas Bhatia	Chief Financial Officer (till 02 August 2021)
Mr. Pradeep Khushalchand Sardana	Non-Executive Independent Director
Mr. Naresh Kumar Trehan	Non-Executive Independent Director
Mrs. Sita Khosla	Non-Executive Independent Director
Dr. Ravi Gupta	Non-Executive Independent Director
Mrs. Rashmi Dhariwal	Non-Executive Independent Director
Mr. Ravi Batra	Company Secretary
Mr. Rajesh Chawla	Chief Financial Officer (w.e.f. 02 August 2021)
Mr. Mahavir Prasad Garg	Company Secretary of the parent, namely RJ Corp Limited

II. Parent and ultimate parent

RJ Corp Limited	Parent
Ravi Kant Jaipuria & Sons (HUF)	Ultimate parent (till 19 February 2021)

III. Subsidiaries/step down subsidiaries

Varun Beverages Morocco SA	Subsidiary
Varun Beverages (Nepal) Private Limited	Subsidiary
Varun Beverages Lanka (Private) Limited	Subsidiary
Varun Beverages (Zambia) Limited	Subsidiary
Varun Beverages (Zimbabwe) (Private) Limited	Subsidiary
Lunarmech Technologies Private Limited	Subsidiary
Ole Spring Bottlers (Private) Limited	Step down subsidiary
Varun Beverages RDC SAS	Subsidiary (w.e.f. 31 December 2021)
Varun Beverages International DMCC	Subsidiary (w.e.f. 31 January 2022)

IV. Fellow subsidiaries and entities controlled by parent/ultimate parent*

Devyani International Limited
Devyani Food Industries Limited
Varun Food and Beverages Zambia Limited
Wellness Holdings Limited
SVS India Private Limited

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

Devyani Airport Services (Mumbai) Private Limited
Devyani Food Industries (Kenya) Limited
Cryoviva Biotech Private Limited

V. **Joint venture and associate***

IDVB Recycling Operations Private Limited	Joint venture (w.e.f. 01 July 2022)
Clean Max Tav Private Limited	Associate (w.e.f. 23 November 2022)

VI. **Relatives of KMPs***
Mrs. Dhara Jaipuria
Mrs. Devyani Jaipuria
Mrs. Aastha Agarwal (till 01 November 2022)
Mr. Ravindra Dhariwal
Mr. Kaustubh Agarwal (till 01 November 2022)

VII. **Any person or entity forming a part of the promoter or promoter group***
Mr. Vivek Gupta w.e.f. 01 April 2022

VIII. **Entities in which a director or his/her relative is a member/director/trustee***
SMV Beverages Private Limited
Alisha Torrent Closures (India) Private Limited
Jai Beverages Private Limited
Lineage Healthcare Limited
Diagno Labs Private Limited (till 29 March 2022)
RJ Foundation (Trust)

IX. **Entities which are post employment benefits plans**
VBL Employees' Gratuity Trust

*With whom the Company had transactions during the current year and previous year.

ii. **Terms and conditions of transactions with related parties**
The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

iii. **Transactions with KMPs (Refer note 44A)**

iv. **Transactions with related parties (Refer note 44B)**

44A. Transactions with KMPs

(₹ in million)

		For year ended 2022	For year ended 2021
I.	**Remuneration paid**		
	Mr. Varun Jaipuria	54.69	48.39
	Mr. Raj Pal Gandhi	56.60	63.47
	Mr. Kapil Agarwal	237.21	78.35
	Mr. Rajesh Chawla	9.61	3.40
	Mr. Ravi Batra	13.30	10.99
	Mr. Rajinder Jeet Singh Bagga (Net of reimbursement)^	52.45	38.80
	Mr. Mahavir Prasad Garg (Net of reimbursement)	2.74	2.21
	Mr. Vikas Bhatia	-	18.49
II.	**Director sitting fees paid**		
	Mr. Pradeep Khushalchand Sardana	0.60	0.40
	Mrs. Sita Khosla	1.00	0.90

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

		For year ended 2022	For year ended 2021
	Dr. Ravi Gupta	1.70	1.30
	Mrs. Rashmi Dhariwal	1.80	1.20
III.	**Dividend paid**		
	Mr. Varun Jaipuria	260.43	183.66
	Mr. Raj Pal Gandhi	3.36	2.29
	Mr. Kapil Agarwal	2.12	1.54
	Mr. Ravi Kant Jaipuria	291.84	202.06
	Mr. Rajinder Jeet Singh Bagga	0.73	0.49
	Mr. Pradeep Khushalchand Sardana	0.01	0.00*
IV.	**Commission paid to non-executive director**		
	Mr. Ravi Kant Jaipuria	180.45	73.46
V.	**Defined benefit obligation (Cummulative) for KMP**		
i.	**Gratuity**		
	Mr. Varun Jaipuria	52.21	42.82
	Mr. Raj Pal Gandhi	48.83	46.10
	Mr. Kapil Agarwal	-	66.68
	Mr. Ravi Batra	2.64	2.07
	Mr. Mahavir Prasad Garg	0.76	0.51
	Mr. Rajinder Jeet Singh Bagga	39.50	33.66
	Mr. Rajesh Chawla	0.42	0.17
ii.	**Compensated absences**		
	Mr. Varun Jaipuria	20.89	17.32
	Mr. Raj Pal Gandhi	14.48	13.97
	Mr. Kapil Agarwal	-	17.83
	Mr. Ravi Batra	2.07	1.89
	Mr. Rajesh Chawla	0.88	0.38
	Mr. Mahavir Prasad Garg	0.68	0.66
	Mr. Rajinder Jeet Singh Bagga	11.74	10.39
VI.	**Bonus share issued (Face value of ₹ 10 each)**		
	Mr. Varun Jaipuria	347.24	244.87
	Mr. Raj Pal Gandhi	4.58	3.06
	Mr. Kapil Agarwal	2.83	2.05
	Mr. Ravi Kant Jaipuria	389.11	269.41
	Mr. Pradeep Khushalchand Sardana	0.01	0.01
	Mr. Vikas Bhatia	-	0.04
	Mr. Rajinder Jeet Singh Bagga	0.97	0.65
	^during the previous year		
VII.	**Balances (payable)/receivable outstanding at the end of the year, net**		
	Mr. Varun Jaipuria	(2.60)	(2.02)
	Mr. Raj Pal Gandhi	(1.75)	(1.26)
	Mr. Kapil Agarwal	-	(2.92)
	Mr. Rajinder Jeet Singh Bagga	0.36	(1.99)
	Mr. Ravi Batra	(0.72)	(0.49)
	Mr. Mahavir Prasad Garg	0.11	(0.29)
	Mr. Rajesh Chawla	(0.45)	(0.41)

*Rounded off to Nil.

Note:

(i) Stock options have been granted to KMPs of the Company. The number of stock options granted to such KMPs outstanding as on date are 14,000. However, as the liability has not been determined for individual employees, the charge thereof for the individual employees is not disclosed above.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

44B. Transactions with related parties

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint venture and associate		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Sale of goods																		
- Varun Beverages (Nepal) Private Limited	-	-	98.58	84.05	-	-	-	-	-	-	-	-	-	-	-	-	**98.58**	**84.05**
- Ole Spring Bottlers (Private) Limited	-	-	19.25	9.81	-	-	-	-	-	-	-	-	-	-	-	-	**19.25**	**9.81**
- Varun Beverages Morocco SA	-	-	16.41	16.36	-	-	-	-	-	-	-	-	-	-	-	-	**16.41**	**16.36**
- Varun Beverages (Zambia) Limited	-	-	76.64	110.84	-	-	-	-	-	-	-	-	-	-	-	-	**76.64**	**110.84**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	252.60	54.85	-	-	-	-	-	-	-	-	-	-	-	-	**252.60**	**54.85**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	148.32	141.84	-	-	-	-	**148.32**	**141.84**
- Lunarmech Technologies Private Limited	-	-	126.88	125.03	-	-	-	-	-	-	-	-	-	-	-	-	**126.88**	**125.03**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	21.28	26.43	-	-	-	-	**21.28**	**26.43**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	197.12	160.58	-	-	-	-	**197.12**	**160.58**
- Devyani International Limited	-	-	-	-	89.37	40.59	-	-	-	-	-	-	-	-	-	-	**89.37**	**40.59**
- Devyani Food Industries Limited	-	-	-	-	45.23	17.66	-	-	-	-	-	-	-	-	-	-	**45.23**	**17.66**
- Devyani Airport Services (Mumbai) Private Limited	-	-	-	-	2.36	2.21	-	-	-	-	-	-	-	-	-	-	**2.36**	**2.21**
- Lineage Healthcare Limited	-	-	-	-	-	-	-	-	-	-	0.11	0.07	-	-	-	-	**0.11**	**0.07**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	18.97	3.13	-	-	-	-	-	-	-	-	-	-	**18.97**	**3.13**
Sale of raw materials and stores																		
- Varun Beverages (Nepal) Private Limited	-	-	126.06	6.96	-	-	-	-	-	-	-	-	-	-	-	-	**126.06**	**6.96**
- Ole Spring Bottlers (Private) Limited	-	-	24.07	-	-	-	-	-	-	-	-	-	-	-	-	-	**24.07**	**-**

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint venture and associate		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
- Varun Beverages Lanka (Private) Limited	-	-	288.27	1.65	-	-	-	-	-	-	-	-	-	-	-	-	**288.27**	**1.65**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	296.89	31.82	-	-	-	-	-	-	-	-	-	-	-	-	**296.89**	**31.82**
- Varun Beverages (Zambia) Limited	-	-	42.79	21.00	-	-	-	-	-	-	-	-	-	-	-	-	**42.79**	**21.00**
- Varun Beverages Morocco SA	-	-	2.01	-	-	-	-	-	-	-	-	-	-	-	-	-	**2.01**	**-**
- Lunarmech Technologies Private Limited	-	-	0.53	0.90	-	-	-	-	-	-	-	-	-	-	-	-	**0.53**	**0.90**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	2.17	3.38	-	-	-	-	**2.17**	**3.38**
- Devyani Food Industries Limited	-	-	-	-	36.26	40.49	-	-	-	-	-	-	-	-	-	-	**36.26**	**40.49**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	219.28	149.22	-	-	-	-	**219.28**	**149.22**
- RJ Foundation (Trust)	-	-	-	-	-	-	-	-	-	-	-	1.53	-	-	-	-	**-**	**1.53**
Purchase of goods																		
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	525.89	488.79	-	-	-	-	**525.89**	**488.79**
- Devyani Food Industries Limited	-	-	-	-	464.64	279.02	-	-	-	-	-	-	-	-	-	-	**464.64**	**279.02**
Purchase of raw materials and stores																		
- Lunarmech Technologies Private Limited	-	-	1,651.06	1,091.33	-	-	-	-	-	-	-	-	-	-	-	-	**1,651.06**	**1,091.33**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	14.37	27.76	-	-	-	-	**14.37**	**27.76**
- Devyani Food Industries Limited	-	-	-	-	79.13	35.69	-	-	-	-	-	-	-	-	-	-	**79.13**	**35.69**
- Varun Beverages Lanka (Private) Limited	-	-	-	9.72	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**9.72**
- Varun Beverages (Nepal) Private Limited	-	-	84.14	-	-	-	-	-	-	-	-	-	-	-	-	-	**84.14**	**-**
Loan given																		

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint venture and associate		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
- Varun Beverages Morocco SA	-	-	-	218.63	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**218.63**
- Varun Beverages (Zambia) Limited	-	-	-	212.35	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**212.35**
- Varun Beverages RDC SAS	-	-	202.79	-	-	-	-	-	-	-	-	-	-	-	-	-	**202.79**	**-**
- Varun Beverages International DMCC	-	-	1,907.33	-	-	-	-	-	-	-	-	-	-	-	-	-	**1,907.33**	**-**
Interest received/(paid)																		
- Varun Beverages Morocco SA	-	-	58.40	32.92	-	-	-	-	-	-	-	-	-	-	-	-	**58.40**	**32.92**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	90.28	48.00	-	-	-	-	-	-	-	-	-	-	-	-	**90.28**	**48.00**
- Varun Beverages (Zambia) Limited	-	-	37.57	16.30	-	-	-	-	-	-	-	-	-	-	-	-	**37.57**	**16.30**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	(2.00)	(4.00)	-	-	-	-	**(2.00)**	**(4.00)**
- Varun Beverages RDC SAS	-	-	9.87	-	-	-	-	-	-	-	-	-	-	-	-	-	**9.87**	**-**
- Varun Beverages International DMCC	-	-	19.45	-	-	-	-	-	-	-	-	-	-	-	-	-	**19.45**	**-**
Contribution to corporate social responsibility activities																		
- RJ Foundation (Trust)	-	-	-	-	-	-	-	-	-	-	85.04	67.54	-	-	-	-	**85.04**	**67.54**
Guarantee commission income																		
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	8.60	17.64	-	-	-	-	-	-	-	-	-	-	-	-	**8.60**	**17.64**
- Varun Beverages (Zambia) Limited	-	-	4.77	-	-	-	-	-	-	-	-	-	-	-	-	-	**4.77**	**-**
- Varun Beverages International DMCC	-	-	3.86	-	-	-	-	-	-	-	-	-	-	-	-	-	**3.86**	**-**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint venture and associate		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Amount receivable for guarantee commission written off																		
- Varun Beverages (Nepal) Private Limited	-	-	-	5.66	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**5.66**
Dividend income																		
- Varun Beverages (Nepal) Private Limited	-	-	539.49	303.46	-	-	-	-	-	-	-	-	-	-	-	-	**539.49**	**303.46**
Equity investment																		
- Varun Beverages RDC SAS	-	-	-	0.74	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**0.74**
- Varun Beverages International DMCC	-	-	20.68	-	-	-	-	-	-	-	-	-	-	-	-	-	**20.68**	**-**
- IDVB Recycling Operations Private Limited	-	-	-	-	-	-	0.07	-	-	-	-	-	-	-	-	-	**0.07**	**-**
- Clean Max Tav Private Limited	-	-	-	-	-	-	0.03	-	-	-	-	-	-	-	-	-	**0.03**	**-**
Professional charges paid																		
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	-	-	4.88	4.94	-	-	-	-	-	-	**4.88**	**4.94**
Remuneration paid																		
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30.66	-	**30.66**	**-**
Service rendered: management fees																		
- Varun Beverages (Nepal) Private Limited	-	-	199.32	170.43	-	-	-	-	-	-	-	-	-	-	-	-	**199.32**	**170.43**
Travelling expenses paid																		
- Wellness Holdings Limited	-	-	-	-	146.40	109.20	-	-	-	-	-	-	-	-	-	-	**146.40**	**109.20**
Licence fee paid																		

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint venture and associate		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
- Devyani Food Industries Limited	-	-	-	-	1.27	1.24	-	-	-	-	-	-	-	-	-	-	**1.27**	**1.24**
Dividend paid																		
- RJ Corp Limited	444.75	299.75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**444.75**	**299.75**
- Ravi Kant Jaipuria & Sons (HUF)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
- Mrs. Aastha Agarwal	-	-	-	-	-	-	-	-	0.75	0.38	-	-	-	-	-	-	**0.75**	**0.38**
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	-	-	0.56	0.38	-	-	-	-	-	-	**0.56**	**0.38**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	0.02	0.01	-	-	-	-	-	-	**0.02**	**0.01**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	-	-	39.39	26.26	-	-	-	-	-	-	**39.39**	**26.26**
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.16	-	**1.16**	**-**
Service rendered: Technical know-how fees																		
- Varun Beverages (Nepal) Private Limited	-	-	249.15	213.04	-	-	-	-	-	-	-	-	-	-	-	-	**249.15**	**213.04**
Amount paid by Company on behalf of others/ (amount paid by others on behalf of the Company)																		
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	**-**	**0.02**
(Recovery of expenses incurred by the Company on behalf of others)/ expenses incurred by others on behalf of the Company																		
- Devyani International Limited	-	-	-	-	0.79	(3.13)	-	-	-	-	-	-	-	-	-	-	**0.79**	**(3.13)**
- RJ Corp Limited	(1.81)	(2.24)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**(1.81)**	**(2.24)**
- Devyani Food Industries Limited	-	-	-	-	(19.70)	(14.95)	-	-	-	-	-	-	-	-	-	-	**(19.70)**	**(14.95)**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	(1.34)	(0.47)	-	-	-	-	-	-	-	-	-	-	**(1.34)**	**(0.47)**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint venture and associate		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	0.07	-	-	-	-	**-**	**0.07**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	**-**	**0.02**
- Varun Beverages International DMCC	-	-	3.70	-	-	-	-	-	-	-	-	-	-	-	-	-	**3.70**	**-**
Rent/ lease charges paid/ (received)																		
- RJ Corp Limited	112.80	112.69	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**112.80**	**112.69**
- Ravi Kant Jaipuria & Sons (HUF)	-	1.28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**1.28**
- SVS India Private Limited	-	-	-	-	2.73	1.20	-	-	-	-	-	-	-	-	-	-	**2.73**	**1.20**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	27.00	27.00	-	-	-	-	**27.00**	**27.00**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	-	0.72	-	-	-	-	-	-	**-**	**0.72**
- Devyani Food Industries Limited	-	-	-	-	(8.82)	(3.97)	-	-	-	-	-	-	-	-	-	-	**(8.82)**	**(3.97)**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	(1.23)	(1.36)	-	-	-	-	**(1.23)**	**(1.36)**
Financial guarantees given																		
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	372.54	294.40	-	-	-	-	-	-	-	-	-	-	-	-	**372.54**	**294.40**
- Varun Beverages (Zambia) Limited	-	-	331.14	-	-	-	-	-	-	-	-	-	-	-	-	-	**331.14**	**-**
- Varun Beverages International DMCC	-	-	1,241.79	-	-	-	-	-	-	-	-	-	-	-	-	-	**1,241.79**	**-**
- Varun Beverages Lanka (Private) Limited	-	-	100.65	-	-	-	-	-	-	-	-	-	-	-	-	-	**100.65**	**-**
Financial guarantees closed																		
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	-	2,184.78	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**2,184.78**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint venture and associate		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Purchase of property, plant and equipment																		
- Cryoviva Biotech Private Limited	-	-	-	-	3.62	-	-	-	-	-	-	-	-	-	-	-	**3.62**	-
Sale of property, plant and equipment																		
- Varun Beverages (Nepal) Private Limited	-	-	-	12.80	-	-	-	-	-	-	-	-	-	-	-	-	**-**	12.80
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	279.43	49.78	-	-	-	-	-	-	-	-	-	-	-	-	**279.43**	49.78
- Varun Beverages (Zambia) Limited	-	-	6.64	-	-	-	-	-	-	-	-	-	-	-	-	-	**6.64**	-
- Varun Beverages Lanka (Private) Limited	-	-	4.59	-	-	-	-	-	-	-	-	-	-	-	-	-	**4.59**	-
- Lunarmech Technologies Private Limited	-	-	0.01	0.22	-	-	-	-	-	-	-	-	-	-	-	-	**0.01**	0.22
Contribution to gratuity trust																		
- VBL Employees' Gratuity Trust	-	-	-	-	-	-	-	-	-	-	-	-	350.00	2.14	-	-	**350.00**	2.14
IT infrastructure support fee																		
- Varun Beverages (Nepal) Private Limited	-	-	2.21	1.53	-	-	-	-	-	-	-	-	-	-	-	-	**2.21**	1.53
- Varun Beverages Lanka (Private) Limited	-	-	4.57	3.72	-	-	-	-	-	-	-	-	-	-	-	-	**4.57**	3.72
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	8.07	4.10	-	-	-	-	-	-	-	-	-	-	-	-	**8.07**	4.10
- Devyani International Limited	-	-	-	-	1.53	1.40	-	-	-	-	-	-	-	-	-	-	**1.53**	1.40
- Varun Beverages (Zambia) Limited	-	-	7.64	4.06	-	-	-	-	-	-	-	-	-	-	-	-	**7.64**	4.06
- Varun Beverages Morocco SA	-	-	4.64	3.54	-	-	-	-	-	-	-	-	-	-	-	-	**4.64**	3.54
- Rj Corp Limited	1.03	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**1.03**	0.03

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint venture and associate		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
- Diagno Labs Private Limited	-	-	-	-	-	-	-	-	-	-	0.03	0.43	-	-	-	-	**0.03**	**0.43**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	1.77	1.20	-	-	-	-	-	-	-	-	-	-	**1.77**	**1.20**
- Varun Beverages RDC SAS	-	-	0.18	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.18**	**-**
- Devyani Food Industries Limited	-	-	-	-	8.86	5.57	-	-	-	-	-	-	-	-	-	-	**8.86**	**5.57**
- Cryoviva Biotech Private Limited	-	-	-	-	0.89	-	-	-	-	-	-	-	-	-	-	-	**0.89**	**-**
*Rounded off to Nil.																		
Advance paid for acquisition of assets																		
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	50.40	-	-	-	-	**-**	**50.40**
Capital commitments																		
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	201.60	201.60	-	-	-	-	**201.60**	**201.60**
Bonus share issued (Face value of ₹ 10 each)																		
- RJ Corp Limited	593.00	399.67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**593.00**	**399.67**
- Mrs. Aastha Agarwal	-	-	-	-	-	-	-	-	1.00	0.50	-	-	-	-	-	-	**1.00**	**0.50**
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	-	-	0.75	0.50	-	-	-	-	-	-	**0.75**	**0.50**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	0.02	0.02	-	-	-	-	-	-	**0.02**	**0.02**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	-	-	52.52	35.01	-	-	-	-	-	-	**52.52**	**35.01**
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.55	-	**1.55**	**-**
Balances outstanding at the end of the year, (net) including loan outstanding																		
A. Receivable/(payable), net																		
- Varun Beverages Morocco SA	-	-	1,133.84	991.75	-	-	-	-	-	-	-	-	-	-	-	-	**1,133.84**	**991.75**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint venture and associate		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
- Varun Beverages (Nepal) Private Limited	-	-	1,078.53	783.01	-	-	-	-	-	-	-	-	-	-	-	-	**1,078.53**	**783.01**
- Ole Spring Bottlers (Private) Limited	-	-	5.72	2.13	-	-	-	-	-	-	-	-	-	-	-	-	**5.72**	**2.13**
- Varun Beverages Lanka (Private) Limited	-	-	13.45	2.79	-	-	-	-	-	-	-	-	-	-	-	-	**13.45**	**2.79**
- Varun Beverages (Zambia) Limited	-	-	922.72	787.87	-	-	-	-	-	-	-	-	-	-	-	-	**922.72**	**787.87**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	1,569.81	1,285.54	-	-	-	-	-	-	-	-	-	-	-	-	**1,569.81**	**1,285.54**
- Devyani International Limited	-	-	-	-	3.75	5.03	-	-	-	-	-	-	-	-	-	-	**3.75**	**5.03**
- RJ Corp Limited	35.60	35.82	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**35.60**	**35.82**
- Wellness Holdings Limited	-	-	-	-	0.02	(12.22)	-	-	-	-	-	-	-	-	-	-	**0.02**	**(12.22)**
- Lunarmech Technologies Private Limited	-	-	(302.61)	(118.97)	-	-	-	-	-	-	-	-	-	-	-	-	**(302.61)**	**(118.97)**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	161.91	56.93	-	-	-	-	**161.91**	**56.93**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	5.41	10.64	-	-	-	-	**5.41**	**10.64**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	0.70	0.01	-	-	-	-	**0.70**	**0.01**
- Devyani Airport Services (Mumbai) Private Limited	-	-	-	-	0.13	0.05	-	-	-	-	-	-	-	-	-	-	**0.13**	**0.05**
- Devyani Food Industries Limited	-	-	-	-	(56.21)	(32.38)	-	-	-	-	-	-	-	-	-	-	**(56.21)**	**(32.38)**
- Lineage Healthcare Limited	-	-	-	-	-	-	-	-	-	-	(0.00)*	0.02	-	-	-	-	**(0.00)***	**0.02**
- Devyani Food Industries (Kenya) Ltd	-	-	-	-	21.97	-	-	-	-	-	-	-	-	-	-	-	**21.97**	**-**
- Diagno Labs Private Limited	-	-	-	-	-	-	-	-	-	-	0.12	0.50	-	-	-	-	**0.12**	**0.50**
- Varun Beverages RDC SAS	-	-	219.12	-	-	-	-	-	-	-	-	-	-	-	-	-	**219.12**	**-**
- Varun Beverages International DMCC	-	-	1,948.02	-	-	-	-	-	-	-	-	-	-	-	-	-	**1,948.02**	**-**
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	-	-	(0.40)	-	-	-	-	-	-	-	**(0.40)**	**-**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint venture and associate		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.79)	-	**(1.79)**	-
- SVS India Private Limited	-	-	-	-	(1.17)	-	-	-	-	-	-	-	-	-	-	-	**(1.17)**	-
- Cryoviva Biotech Private Limited	-	-	-	-	1.05	-	-	-	-	-	-	-	-	-	-	-	**1.05**	-
B. Financial guarantees																		
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	1,266.63	802.47	-	-	-	-	-	-	-	-	-	-	-	-	**1,266.63**	**802.47**
- Varun Beverages (Nepal) Private Limited	-	-	280.98	280.99	-	-	-	-	-	-	-	-	-	-	-	-	**280.98**	**280.99**
- Varun Beverages (Zambia) Limited	-	-	331.14	-	-	-	-	-	-	-	-	-	-	-	-	-	**331.14**	-
- Varun Beverages International DMCC	-	-	1,241.79	-	-	-	-	-	-	-	-	-	-	-	-	-	**1,241.79**	-
- Varun Beverages Lanka (Private) Limited	-	-	100.65	-	-	-	-	-	-	-	-	-	-	-	-	-	**100.65**	-
C. Defined benefit obligation (Cumulative) Payable																		
(i) Gratuity																		
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.82	-	**9.82**	-
(ii) Compensated absences																		
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.92	-	**4.92**	-

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

45. Disclosure on lease transactions pursuant to Ind AS 116 - Leases

The Company's lease asset class primarily consists of leases for land, buildings and plant and equipment. With the exception of short-term leases, leases of low-value and cancellable long-term leases underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liability.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the weighted average borrowing rate 5.44-8.22% (31 December 2021: 5.44-8.22%).

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right of use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security against the Company's other debts and liabilities.

i. Lease liabilities are presented in the balance sheet is as follows-

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Current maturities of lease liabilities (Refer note 19D)	113.67	74.94
Non-current lease liabilities (Refer note 19C)	1,117.39	87.52
Total	**1,231.06**	**162.46**

ii. The recognised right of use assets relate to land, buildings and plant and equipments as at 31 December 2022 and 31 December 2021:

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Right of use assets - land, buildings and plant and equipments		
Balance at the beginning of the year	5,204.88	5,141.71
Additions for the year	3,300.54	215.45
Government grant related to asset received	(68.24)	-
Refund received for the year	(10.35)	-
Amortisation charge for the year	(159.77)	(152.28)
Balance at the end of the year	**8,267.06**	**5,204.88**

iii. The following are amounts recognised in Standalone Statement of Profit and Loss:

(₹ in million)

Particulars	For the year ended 31 December 2022	For the year ended 31 December 2021
Depreciation charge on right of use assets	159.77	152.28
Interest expense on lease liabilities	10.03	12.54
Total	**169.80**	**164.82**

*Interest expense on leasehold lands acquired during the year were capitalised as pre-operative expense amounting to ₹ 24.70 million (31 December 2021: Nil)

iv. Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less), cancellable long-term leases and for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 569.90 million (31 December 2021 ₹ 533.90 millons).

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

v. Refer Standalone Cash Flow Statement for total cash outflow for leases.

vi. Maturity of lease liabilities

Future minimum lease payments were as follows for 31 December 2022:

(₹ in million)

	Lease payments	Interest expense	Net Present value
Not later than 1 year	216.89	103.22	113.67
Later than 1 year not later than 5 years	950.26	271.77	678.49
Later than 5 years	997.69	558.79	438.90
Total	**2,164.84**	**933.78**	**1,231.06**

Future minimum lease payments were as follows for 31 December 2021:

(₹ in million)

	Lease payments	Interest expense	Net Present value
Not later than 1 year	83.58	8.65	74.93
Later than 1 year not later than 5 years	48.30	20.08	28.22
Later than 5 years	459.81	400.50	59.31
Total	**591.69**	**429.23**	**162.46**

46. The business activities of the Company predominantly fall within a single reportable business segment, i.e., manufacturing and sale of beverages within India. There are no separately reportable business or geographical segments that meet the criteria prescribed in Ind AS 108 on Operating Segments. The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Company is seasonal.

47. Dues to Micro and Small Enterprises

The dues to Micro and Small Enterprises as required under the Micro, Small and Medium Enterprises Development ("MSMED") Act, 2006 to the extent information available with the Company is given below:

(₹ in million)

Particulars	31 December 2022	31 December 2021
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	653.33	321.56
Interest due on above	1.07	1.32
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year*	116.95	299.00
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	2.91	3.83
The amount of interest accrued and remaining unpaid at the end of each accounting year	13.71	9.73
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	13.71	9.73

*includes principal amounting to ₹ 116.95 million (31 December 2021: ₹ 299.00 million).

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

48. Details of Corporate Social Responsibility (CSR) expenditure

In accordance with the provisions of section 135 of the Companies Act, 2013, the Board of Directors of the Company had constituted CSR Committee. The detail for CSR activities is as follows.

(₹ in million)

Particulars	For the year ended 31 December 2022	For the year ended 31 December 2021
a) Gross amount required to be spent by the Company during the year	85.04	67.54
b) Amount spent during the year on the following		
1. Construction / Acquisition of any asset	13.00	25.49
2. On purpose other than 1 above	72.04	42.05
c) Excess amount spent on CSR as per Section 135(5) of Companies Act, 2013:		
1. Opening balance	-	-
2. Amount required to be spent during the year	85.04	67.54
3. Amount spent during the year	85.04	67.54
4. Closing balance	-	-
d) Total of previous year shortfall	-	-
e) Reason for shortfall	Not Applicable	Not Applicable
f) Nature of CSR activities	Promoting Healthcare, Education, environmental sustainability, rural development, animal welfare etc.	Promoting Healthcare, Education, environmental sustainability, rural development, animal welfare etc.

1. Refer note 44B for amounts paid to RJ Foundation (CSR implementing agency registered with Ministry of Corporate Affairs, Office of the Registrar of Companies, New Delhi) having objects to carry on CSR activities as per requirements laid down under Section 135 of the Companies Act, 2013.

2. The Company does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

49. Share-based payments

a. Description of share based payment arrangements

i) Share Options Schemes (equity settled)

Employees Stock Option Scheme 2016 ("ESOP 2016 or scheme")

The ESOP 2016 was approved by the Board of Directors and the shareholders on 27 April 2016 and further ratified and amended by the shareholders in their meetings held on 17 April 2017 and 07 April 2022 respectively. Further, National Stock Exchange of India Limited and BSE Limited have accorded their in principle approvals for issue and allotment of upto 8,347,576 equity shares ("Ceiling Limit"). The scheme was formulated with the objective to enable the Company to grant Options for equity shares of the Company to certain eligible employees as defined in the Scheme at a pre-determined price.

The Options were granted on the dates as mentioned in the table below:

Scheme	Grant Date	Number of Options Granted	Exercise Price	Vestion Conditions	Vesting Period	Contractual period
ESOS 2016	04-Jan-22	140,475	605	Graded vesting over 4 years	04 Jan 2023 to 01 Jan 2026	0-4 Years
ESOS 2016	03-Feb-22	4,500	598	Graded vesting over 4 years	03 Feb 2023 to 01 Jan 2026	0-3.92 Years
ESOS 2016	03-Mar-22	9,000	596	Graded vesting over 4 years	03 Mar 2023 to 01 Jan 2026	0-3.83 Years
ESOS 2016	13-Apr-22	4,500	605	Graded vesting over 4 years	13 Apr 2023 to 01 Jan 2026	0-3.75 Years
ESOS 2016	28-Apr-22	9,000	612	Graded vesting over 4 years	28 Apr 2023 to 01 Jan 2026	0-3.75 Years
ESOS 2016	24-Sep-22	451,000	870	Graded vesting over 4 years	24 Sep 2023 to 01 Jan 2026	0-3.33 Years

b. Measurement of fair values

The fair values are measured based on the Black-Scholes-Merton model. The fair value of the options and inputs used in the measurement of the grant date fair values of the equity-settled share based payments are as follows:

Particulars	Options granted on 04 January 2022	Options granted on 03 February 2022	Options granted on 03 March 2022	Options granted on 13 April 2022	Options granted on 28 April 2022	Options granted on 24 September 2022
Fair value per Option at grant date (in ₹)	261.64	308.33	333.50	335.15	368.58	488.82
Share price at grant date (in ₹)	879.80	940.65	975.85	983.90	1,036.45	1,158.95
Exercise price (in ₹)	907.00	897.00	894.00	907.00	918.00	870.00
Expected volatility	37.45%-39.59%	37.59%-39.90%	37.56%-39.94%	37.83%-40.09%	37.64%-40.26%	37.45%-40.70%
Expected life (in years)	1.6-4.6	1.6-4.5	1.6-4.4	1.6-4.3	1.6-4.3	1.6-3.8
Expected dividends	0.28%	0.27%	0.26%	0.25%	0.24%	0.22%
Risk-free interest rate	4.28%-5.59%	4.41%-5.83%	4.52%-5.79%	4.82%-6.27%	4.9%-6.22%	6.44%-6.92%

The risk-free interest rate (continuous compounding) being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the options on the date of grant of options based on the zero-coupon yield curve for Government Securities available as on Valuation date taken from www.ccilindia.com.

The measure of volatility used in the Option-Pricing Model is the annualised standard deviation of the continuous rates of return on the stock over a period of time.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

c. Effect of employee stock option schemes on the standalone statement of profit and loss

(₹ in million, unless otherwise stated)

	31 December 2022	31 December 2021
Employee stock option expense*	29.08	-

*included in Salaries, wages and bonus (refer note 32)

d. Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the schemes is as follows:

	As at 31 December 2022		As at 31 December 2021	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Number of options granted, exercised and forfeited			-	
Options outstanding as at the beginning of the year	-	-	-	-
Add: Options granted during the year	618,475	799.10	-	-
Less: Options exercised during the year	-	-	-	-
Less: Options forfeited/lapsed during the year	7,500	799.10	-	-
Options outstanding as at the end of the year	610,975	799.10	-	-
Options exercisable at the end of the year	-	-	-	-

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Weighted average remaining life of options outstanding at the end of year (in years)	3.56	-

50. Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity shareholders of the Company.

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern

- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, non-current and current borrowings, deferred payment liabilities, current maturity of long-term debts and lease liabilities, less cash and cash equivalents, excluding discontinued operations, if any.

The amounts managed as capital by the Company for the reporting periods are summarised as follows:

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Non-current borrowings (Refer note 19A)	16,532.58	17,124.41
Current borrowings (Refer note 19B)	5,172.95	5,605.24
Lease liabilities (Refer note 19C)	1,117.39	87.52
Current portion of lease liabilities (Refer note 19D)	113.67	74.94
Current maturities of long-term debts (Refer note 19B)	13,012.97	8,963.68
	35,949.56	**31,855.79**
Less: Cash and cash equivalents (Refer note 12)	(473.89)	(241.47)
Net debt (A)	**35,475.67**	**31,614.32**
Equity share capital (Refer note 17)	6,495.50	4,330.33
Other equity (Refer note 18)	48,678.51	39,655.88
Total capital (B)	**55,174.01**	**43,986.21**
Capital and net debt (C=A+B)	**90,649.68**	**75,600.53**
Gearing ratio (A/C)	**39.13%**	**41.82%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 31 December 2021.

There's no breaches in the financial covenants of the borrowing that would permit the banks to immediately call loans and borrowings in the reporting periods.

51. Assets pledged as security

The carrying amount of assets pledged as security are:

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Inventories and trade receivable (Refer note 10 and 11)	15,763.90	11,983.44
Other bank deposits (Refer note 13)	0.98	0.88
Current loans (Refer note 14)	-	189.86
Other current financial assets (Refer note 15)	4,757.52	2,881.73
Other current assets (Refer note 16)	3,522.67	2,384.84
Other intangible assets (Refer note 5B)	5,478.55	5,542.68
Property, plant and equipment (Refer note 4A)	43,753.65	39,349.11
Capital work-in-progress (Refer note 4B)	5,399.45	4,779.54
Right of use assets ((Refer note 4C)	8,267.06	5,204.88

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

52. Information under Section 186 (4) of the Companies Act, 2013 and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements), 2015

(₹ in million)

(i)

Name of the Loanee	Rate of Interest	Secured/ Unsecured	Maximum balance outstanding during the year 2022	As at 31 December 2022	Maximum balance outstanding during the year 2021	As at 31 December 2021
Varun Beverages Morocco SA	3.50% + Libor	Unsecured	1,073.46	1,073.46	964.02	963.46
Varun Beverages (Zambia) Limited	2.25% + Libor	Unsecured	799.32	799.32	717.82	717.41
Varun Beverages (Zimbabwe) (Private) Limited	4% + Libor	Unsecured	1,229.38	1,229.38	1,104.03	1,103.39
Varun Beverages RDC SAS	4% + Libor	Unsecured	215.24	215.24	-	-
Varun Beverages International DMCC	4% + Libor	Unsecured	2,099.32	1,920.64	-	-

The above loans are given for business purposes.

(₹ in million)

(ii)

Name of the Investee	As at 31 December 2022	As at 31 December 2021
Varun Beverages Morocco SA	6,179.18	6,179.18
Varun Beverages (Nepal) Private Limited	798.91	798.91
Varun Beverages Lanka (Private) Limited	3,149.55	3,149.55
Varun Beverages (Zambia) Limited	3,231.01	3,231.01
Varun Beverages (Zimbabwe) (Private) Limited	0.06	0.06
Lunarmech Technologies Private Limited	162.93	162.93
Varun Beverages RDC SAS	0.74	0.74
Varun Beverages International DMCC	20.68	-
Clean Max Tav Private Limited	0.03	-
IDVB Recycling Operations Private Limited	0.07	-
The Margao Urban Co-operative Bank Limited	0.01	0.01
The Goa Urban Co-operative Bank Limited*	0.00	0.00

*Rounded off to nil

The above investments are made for business purposes.

(₹ in million)

(iii)

Guarantees outstanding, given on behalf of	As at 31 December 2022	As at 31 December 2021
Varun Beverages (Nepal) Private Limited	280.99	280.99
Varun Beverages (Zimbabwe) (Private) Limited	1,266.63	802.47
Varun Beverages (Zambia) Limited	331.14	-
Varun Beverages International DMCC	1,241.79	-
Varun Beverages Lanka (Private) Limited	100.65	-

The above financial guarantees are given on behalf of subsidiaries for business purposes.

The above transactions are in the ordinary course of business.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

53. Financial instruments risk

Financials risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of financial risks are market risk, credit risk and liquidity risk.

The management of the Company monitors and manages the financial risks relating to the operations of the Company on a continuous basis. The Company's risk management is coordinated at its head office, in close cooperation with the management, and focuses on actively securing the Company's short to medium-term cash flows and simultaneously minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

53.1 Market risk analysis

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and commodity price risk which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The functional currency of the Company is Indian Rupees ('INR' or '₹'). Most of the Company's transactions are carried out in Indian Rupees. Exposures to currency exchange rates mainly arise from the Company's overseas sales and purchases, lending to overseas subsidiary companies, external commercial borrowings etc. which are primarily denominated in US Dollars ('USD'), Australian Dollars (AUD), Pound Sterling ('GBP'), Singapore Dollars ('SGD'), Euro and Emirati Dirham ('AED').

The Company has limited exposure to foreign currency risk and thereby it mainly relies on natural hedge. To further mitigate the Company's exposure to foreign currency risk, non-INR cash flows are continuously monitored and derivative contracts are entered into wherever considered necessary.

The carrying amounts of the Company's foreign currency denominated monetary items are restated at the end of each reporting period. Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are as follows:

	USD	AUD	GBP	SGD	Euro	AED
31 December 2022						
Financial assets						
(i) Loans (non-current and current)						
(a) Loans to related parties	63.27	-	-	-	-	-
(ii) Trade receivables (current)	3.50	-	-	-	-	-
(iii) Other financial assets (current)						
(a) Interest accrued on loan to related parties	4.26	-	-	-	-	-
(b) Guarantee commission receivable	0.21	-	-	-	-	-
(c) Other receivables	0.29	-	-	-	-	-
Total financial assets	**71.53**	**-**	**-**	**-**	**-**	**-**
Financial liabilities						
(i) Trade payables	8.26	0.03	-	-	0.06	0.02

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(ii) Other current financial liabilities	-	-	-	-	-	-
(a) Current maturity of long-term debts	-	-	-	-	-	-
(b) Interest accrued but not due on borrowings	-	-	-	-	-	-
(c) Payable for capital expenditure	3.15	-	-	-	6.32	-
Total financial liabilities	**11.41**	**0.03**	**-**	**-**	**6.38**	**0.02**
*Rounded off to Nil.						
31 December 2021						
Financial assets						
(i) Loans (non-current and current)						
(a) Loans to related parties	37.47	-	-	-	-	-
(ii) Trade receivables (current)	1.16	-	-	-	-	-
(iii) Other financial assets (current)						
(a) Interest accrued on loan to related parties	2.47	-	-	-	-	-
(b) Guarantee commission receivable	0.00*	-	-	-	-	-
(c) Other receivables	0.45	-	-	-	-	-
Total financial assets	**41.55**	**-**	**-**	**-**	**-**	**-**
Financial liabilities						
(i) Trade payables	5.88	-	0.00*	-	0.02	-
(ii) Other current financial liabilities						
(a) Current maturity of long-term debts	-	-	-	16.56	-	-
(b) Interest accrued but not due on borrowings	-	-	-	0.03	-	-
(c) Payable for capital expenditure	2.08	-	0.00*	-	0.70	-
Total financial liabilities	**7.96**	**-**	**0.00***	**16.59**	**0.72**	**-**

*Rounded off to Nil.

The following table illustrates the foreign currency sensitivity of profit and equity with regards to the Company's financial assets and financial liabilities considering 'all other things being equal' and ignoring the impact of taxation. It assumes a +/- 1% change of the INR/USD, INR/AUD, INR/GBP, INR/SGD, INR/Euro and INR/AED exchange rate for the year ended at 31 December 2022 (31 December 2021: 1%). These are the sensitivity rates used when reporting foreign currency exposures internally to the key management personnel and represents management's assessment of the reasonably possible changes in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at end of each period reported upon. A positive number indicates an increase in profit or equity and vice-versa.

If the INR had strengthened against the USD by 1% (31 December 2021: 1%), AUD by 1% (31 December 2021: Nil), GBP by 1% (31 December 2021: 1%), SGD by 1% (31 December 2021: 1%), Euro by 1% (31 December 2021: 1%) and AED by 1% (31 December 2021: Nil), the following would have been the impact:

(₹ in million)

	Profit/(Loss) for the year		Equity	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
USD	(49.77)	(24.98)	(49.77)	(24.98)
GBP	-	0.00*	-	0.00*
SGD	-	9.14	-	9.14
Euro	5.62	0.60	5.62	0.60
AED	0.00*	-	0.00*	-
AUD	0.02	-	0.02	-

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

If the INR had weakened against the USD by 1% (31 December 2021 1%), AUD by 1% (31 December 2021: Nil), GBP by 1% (31 December 2021: 1%), SGD by 1% (31 December 2021: 1%), Euro by 1% (31 December 2021: 1%) and AED by 1% (31 December 2021: Nil), the following would have been the impact:

(₹ in million)

	Loss for the year		Equity	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
USD	49.77	24.98	49.77	24.98
GBP	0.00*	(0.00)*	(0.00)*	0.00*
SGD	-	(9.14)	-	(9.14)
Euro	(5.62)	(0.60)	(5.62)	(0.60)
AED	0.00*	-	0.00*	-
AUD	(0.02)	-	(0.02)	-

*Rounded off to Nil.

Exposures to foreign exchange rates vary during the year depending on the volume of the overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Company is exposed to changes in market interest rates as some of the bank and other borrowings are at variable interest rates and also loans have been advanced to subsidiary companies at variable interest rates. All the Company's term deposits are at fixed interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (31 December 2021: +/- 1%). These changes are considered to be reasonably possible based on management's assessment. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(₹ in million)

	Profit/(loss) for the year		Equity	
	+1%	-1%	+1%	-1%
31 December 2022	(231.31)	231.31	(231.31)	231.31
31 December 2021	(212.90)	212.90	(212.90)	212.90

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of pet chips and sugar and therefore require a continuous supply. In view of volatility of pet chips and sugar prices, the Company also executes into various advance purchase contracts.

Commodity price sensitivity

The following tables shows the effect of price change in sugar and pet chips

(₹ in million)

Particulars	Change in yearly average price		Effect on profit before tax		Effect on equity	
31 December 2022						
Sugar	+1%	-1%	(113.84)	113.84	(113.84)	113.84
Pet chips	+1%	-1%	(90.01)	90.01	(90.01)	90.01

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

Particulars	Change in yearly average price		Effect on profit before tax		Effect on equity	
31 December 2021						
Sugar	+1%	-1%	(74.20)	74.20	(74.20)	74.20
Pet chips	+1%	-1%	(38.26)	38.26	(38.26)	38.26

Other price sensitivity

The Company is not exposed to any listed equity or listed debt price risk as it does not hold any investments in listed entities.

53.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is operating through a network of distributors and other distribution partners based at different locations. The Company is exposed to this risk for various financial instruments, for example loans granted, receivables from customers, deposits placed etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at end of each reporting period, as summarised below:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Classes of financial assets-carrying amounts:		
Investments (non-current)	13,543.17	13,522.39
Loans (current and non-current)	5,238.04	2,784.26
Trade receivables	1,502.42	1,320.73
Cash and cash equivalents	473.89	241.47
Bank balances other than mention above	0.98	0.88
Other financial assets (current and non-current)	5,199.97	3,267.51
	25,958.47	**21,137.24**

The Company continuously monitors receivables and defaults of customers and other counterparties, and incorporates this information into its credit risk controls. Appropriate security deposits are kept against the supplies to customers and balances are reconciled at regular intervals. The Company's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty. Trade receivables consist of a large number of customers of various scales and in different geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables. In case the receivables are not recovered even after regular follow up, measures are taken to stop further supplies to the concerned customer. The expected credit loss is based on the five years historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Movement in expected credit loss allowance on trade receivables

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Balance at the beginning of the year	254.44	223.82
Loss allowance measured at lifetime expected credit loss	34.59	30.62
Balance at the end of the year	**289.03**	**254.44**

The credit risk for cash and cash equivalents, bank deposits including interest accrued thereon and Government grant receivables is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and State Government bodies. The credit risk for loans advanced to subsidiary companies including interest accrued thereon is also considered negligible since operations of these entities are regularly monitored by the Company and these companies have shown considerable growth.

In respect of financial guarantees provided by the Company, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of each reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

53.3 Liquidity risk analysis

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and considering the maturity profiles of financial assets and other financial liabilities as well as forecast of operational cash inflows and outflows. Liquidity needs are monitored in various time bands, on a day-to-day basis, a week-to-week basis and a month-to-month basis. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the Company's ability to avail further credit facilities subject to creation of requisite charge on its assets. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

As at 31 December 2022, the Company's non-derivative financial liabilities have contractual undiscounted maturities as summarised below:

(₹ in million)

31 December 2022	Carrying value	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	34,718.50	18,214.84	16,651.22	-
Lease liabilities (current and non-current)	1,231.06	216.89	950.26	997.69
Trade payables	5,757.93	5,757.93	-	-
Other financial liabilities (current)	4,943.36	4,943.36	-	-
Total	**46,650.85**	**29,133.02**	**17,601.48**	**997.69**

(₹ in million)

31 December 2021	Carrying value	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	30,781.55	13,657.29	16,818.05	528.57
Lease liabilities (current and non-current)	162.46	83.58	48.30	459.81
Trade payables	4,634.64	4,634.64	-	-
Other financial liabilities (current)	3,289.14	3,289.14	-	-
Total	**38,867.79**	**21,664.65**	**16,866.35**	**988.38**

As at 31 December 2022, the contractual cash flows (excluding interest thereon) of the Company's derivative financial instruments are as follows:

(₹ in million)

31 December 2022	1 to 12 months	1 to 5 years
Cross currency interest rate swap	-	-

This compares to the contractual cash flows (excluding interest thereon) of the Company's derivative financial instruments in the previous year as follows:

(₹ in million)

31 December 2021	1 to 12 months	1 to 5 years
Cross currency interest rate swap	911.78	-

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

54. Fair value measurements

Financial instruments by categories

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

Particulars	Notes	31 December 2022		31 December 2021	
		FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets					
(i) Non-current financial assets					
(a) Investment (non-current)	6	0.01	13,543.17	0.01	13,522.39
(b) Loans	7	-	5,238.04	-	2,594.40
(c) Other	8	-	442.45	-	385.78
(ii) Current financial assets					
(a) Trade receivables	11	-	1,502.42	-	1,320.73
(b) Cash and cash equivalents	12	-	473.89	-	241.47
(c) Bank balances other than (b) above	13	-	0.98	-	0.88
(d) Loans	14	-	-	-	189.86
(e) Other	15	-	4,757.52	-	2,881.73
Total		**0.01**	**25,958.47**	**0.01**	**21,137.24**
Financial liabilities					
(i) Non-current borrowings (excluding those disclosed under FVTPL category above)	19A	-	16,532.58	-	17,124.41
(ii) Non-current lease liabilities	19C	-	1,117.39	-	87.52
(iii) Current financial liabilities				-	
(a) Borrowings	19B	-	18,185.92	-	14,568.92
(b) Lease liabilities	19D	-	113.67	-	74.94
(c) Trade payables	23	-	5,757.93	-	4,634.64
(d) Other	24	-	4,943.36	25.58	3,263.56
Total		**-**	**46,650.85**	**25.58**	**39,753.99**

Valuation technique to determine fair value

Cash and cash equivalents, other bank balances, trade receivables, loans, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the long term borrowings, loans and other deferred payments are determined by using discounted cash flow method using the appropriate discount rate. The discount rate is determined using other similar instruments incorporating the risk associated.

- The Company executed derivative financial instruments such as cross currency interest rate swap being valued using valuation techniques, which employs use of market observable inputs. The Company uses mark to market valuation provided by bank for its valuation.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

Fair value hierarchy

The financial assets measured at fair value are grouped into the fair value hierarchy as on 31 December 2022 and 31 December 2021 as follows: (also refer note 3.1)

(₹ in million)

31 December 2022	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2022	**0.01**	-	-	0.01

(₹ in million)

31 December 2022	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
(a) Liability for foreign currency derivative contract	31 December 2022	**-**	-	-	-

There have been no transfers of financial assets and financial liabilities between the levels during the year 2022

(₹ in million)

31 December 2021	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2021	**0.01**	-	-	0.01

(₹ in million)

31 December 2021	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
(a) Liability for foreign currency derivative contract	31 December 2021	**25.58**	-	25.58	-

55. Details of hedged and unhedged exposure in foreign currency denominated monetary items

A. Exposure in foreign currency - hedged

The Company has executed derivative financial instruments in earlier years such as cross currency interest rate swap contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

Outstanding foreign currency exposure hedged (excluding interest thereon):

(in million)

Particulars	Period	Foreign currency		Hedged currency	
ECB Loan	31 December 2022	SGD	-	USD	-
	31 December 2021	SGD	16.56	USD	12.50

B. Exposure in foreign currency - unhedged

Outstanding foreign currency exposure not being hedged against adverse currency fluctuation:

(in million)

Particulars	Period	Foreign currency		Local currency	
Trade receivable	31 December 2022	USD	3.50	INR	290.07
	31 December 2021	USD	1.16	INR	86.02
Loan given	31 December 2022	USD	63.27	INR	5,238.04
	31 December 2021	USD	37.47	INR	2,784.26
Loan taken (ECB loan)	31 December 2022	USD	-	INR	-
	31 December 2021	USD	12.50	INR	911.78
Other receivables	31 December 2022	USD	4.76	INR	393.75
	31 December 2021	USD	2.78	INR	206.24
Other payables	31 December 2022	SGD	-	INR	-
	31 December 2021	SGD	0.03	INR	1.86
Trade payables	31 December 2022	USD	8.26	INR	683.91
	31 December 2021	USD	5.88	INR	436.98
	31 December 2022	GBP	-	INR	-
	31 December 2021	GBP	0.00*	INR	0.16
	31 December 2022	EURO	0.06	INR	5.41
	31 December 2021	EURO	0.02	INR	1.28
	31 December 2022	AUD	0.03	INR	1.66
	31 December 2021	AUD	-	INR	-
	31 December 2022	AED	0.02	INR	0.46
	31 December 2021	AED	-	INR	-
Payable for capital expenditure	31 December 2022	USD	3.15	INR	260.38
	31 December 2021	USD	2.08	INR	154.24
	31 December 2022	GBP	-	INR	-
	31 December 2021	GBP	0.00*	INR	0.24
	31 December 2022	EURO	6.32	INR	556.95
	31 December 2021	EURO	0.70	INR	59.26

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

56. Financial ratios

Ratio	Measurement unit	Numerator	Denominator	As at 31 December 2022 Ratio	As at 31 December 2021 Ratio	Change	Reason for variance if more than 25%
Current ratio	Times	Current assets	Current liabilities (inclusive of current maturities of long-term debts)	0.75	0.72	3.84%	Not applicable
Debt-equity ratio	Times	Total debt [Non-current borrowings + Current borrowings+Lease liabilities]	Total equity	0.65	0.72	-10.03%	Not applicable
Debt service coverage ratio	Times	Earnings available for debt service [Profit/(loss) after tax + Depreciation and amortisation + impairment + finance cost + profit on sale of property, plant and equipment, investment + other non cash adjustments]	Debt service (interest and lease payments + principal repayments)	0.97	0.66	47.65%	Refer note below i
Return on equity ratio	Percentage	Net profit after tax	Average shareholder's equity [(opening shareholder's equity + closing shareholder's equity)/2]	25.62%	11.64%	120.09%	Refer note below i
Inventory turnover ratio	Times	Costs of materials consumed + Purchases of stock-in-trade + Changes in inventories of traded goods	Average inventories [(opening inventories + closing inventories) /2]	4.88	4.26	14.51%	Not applicable
Trade receivables turnover ratio	Times	Revenue from operations	Average trade receivables [(opening trade receivables +closing trade receivables)/2]	75.06	43.59	72.19%	Refer note below ii
Trade payables turnover ratio	Times	Purchases + other expenses (excluding non cash expenses)	Average trade payables [(opening trade payables + closing trade payables)/2]	12.00	10.37	15.68%	Not applicable
Net capital turnover ratio	Times	Revenue from operations	Working capital [current assets - current liabilities inclusive of current maturities of long-term debts]	(12.98)	(9.71)	33.66%	Refer note below ii and iii

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

Ratio	Measurement unit	Numerator	Denominator	As at 31 December 2022	As at 31 December 2021	Change	Reason for variance if more than 25%
				Ratio	Ratio		
Net profit ratio	Percentage	Net profit after tax	Revenue from operations	11.99%	7.42%	61.53%	Refer note below i
Return on capital employed	Percentage	Earnings before interest and taxes	Capital employed = Tangible net worth* + total debt** + deferred tax liabilities	19.49%	10.61%	83.66%	Refer note below i
Return on investment (ROI)	Percentage	Earnings before interest and tax	Total assets	16.61%	9.23%	80.00%	Refer note below i

Note:

i. Increased in earnings during the current year compared to previous year, previous year earnings impacted due to COVID-19 pandemic in seasonal months.

ii. Increased in revenue from operations during the current year compared to previous year, previous year revenue impacted due to COVID-19 pandemic in seasonal months.

iii. Decreased primarily due to increase in inventory, other assets and current borrowings.

*Tangible net worth- equity share capital + other equity

**Total debt- non-current and current borrowings + non-current and current lease liabilities

57. Additional regulatory information not disclosed elsewhere in the financial information

a) The Company does not have any Benami property and no proceedings have been initiated or pending against the Company for holding any Benami property, under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the rules made thereunder.

b) The Company does not have any transactions with struck off companies under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956, except for the parties mentioned below:

Name of the struck off company	Nature of transactions with struck off company	Balance outstanding as at 31 December 2022	Relationship with the struck off company	Balance outstanding as at 31 December 2021	Relationship with the struck off company
Ace Polypet Private Limited	Sale of goods	(0.00)*	No relationship	(0.00)*	No relationship
Apex Elevators Private Limited	Purchases	-	No relationship	0.26	No relationship
C A Trade Links Pvt Ltd	Security deposit received	(1.08)	No relationship	(1.08)	No relationship
C A Trade Links Pvt Ltd	Sale of goods	-	No relationship	0.99	No relationship
Ngen Auto Private Limited	Purchases	0.00*	No relationship	0.00*	No relationship
NTS Engineering Private Limited	Purchases	-	No relationship	(0.04)	No relationship

Name of the struck off company	Nature of transactions with struck off company	Balance outstanding as at 31 December 2022	Relationship with the struck off company	Balance outstanding as at 31 December 2021	Relationship with the struck off company
J K Cement Pvt Ltd	Purchases	0.00*	No relationship	0.00 *	No relationship
Fundoo Holidays Private Limited	Purchases	-	No relationship	-	No relationship
Honshu Buildcon Private Limited	Purchases	-	No relationship	-	No relationship
Piccadily Holiday Resorts Limited	Sale of goods	-	No relationship	-	No relationship

*Rounded off to Nil.

c) The Company does not have any charges which is yet to be registered with ROC beyond the statutory period. The Company had obtained loans from banks in earlier years which have been fully repaid. However pending NOCs from banks, the satisfaction of charges is yet to be registered with ROC in some of the cases.

d) The Company has not traded or invested in Crypto currency or Virtual Currency during the current and previous financial year.

e) The Company has not advanced or provided loan to or invested funds in any entity(ies) including foreign entities (Intermediaries) or to any other person(s), with the understanding that the Intermediary shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

f) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

g) The Company has not undertaken any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

h) The Company has not been declared a 'Wilful Defaulter' by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

i) The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

j) The borrowings obtained by the company from banks have been applied for the purposes for which such loans were taken.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

k) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the company.

l) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

m) The Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.

58. The amounts of previous reported period have been regrouped/reclassified pursuant to changes notified in Schedule-III wherever considered necessary in order to comply with financial reporting requirements.

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached.

For and on behalf of the Board of Directors of
Varun Beverages Limited

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

For **O P Bagla & Co LLP**
Chartered Accountants
Firm Registration No.: 000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No.: 94155

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Rajesh Chawla
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F-5746

Place : Gurugram
Dated : 06 February 2023

VARUN BEVERAGES

www.varunpepsi.com

Healthy. Steady. Go.

Varun Beverages Limited

Annual Report 2020

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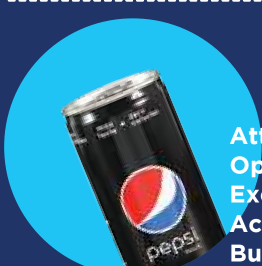

Attaining Operational Excellence. Accomplishing Business Efficacy.

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Message to Our Shareholders

pg# 14

Inculcating Agility. Integrating Sustainability.

pg# 23

Satiating our consumers' refreshment needs through our Well-loved Beverages and Iconic Brands

Disclaimer: Images in this annual report are for illustration purpose only.

Read or download the report at **www.varunpepsi.com**

Forward-Looking Statements

This report may contain some statements on the Company's business or financials which may be construed as forward-looking based on the management's plans and assumptions. The actual results may be materially different from these forward-looking statements, although we believe we have been cautious.

Serving...

~1.35

Billion Customers

~2
Million Retail Outlets

37
Production Facilities

425
Million Cases* Sold

10,000+
People Employed

* A unit case is equal to 5.678 liters of beverage divided in 24 bottles of ~237 ml each.

Healthy.
Steady.
Go.

We offer **Healthy.**

We have been **Steady.**

We are set to **Go.**

We offer Healthy.

COVID-19 pandemic continues to rapidly evolve, and our No. 1 priority is the health and safety of our employees and our customers. With access to global best practices through PepsiCo, we have industry-leading action plans, standards and policies in place to prevent and limit the spread of COVID-19. We remain committed to serve our customers in a way that protects their health and safety.

We have been Steady.

We have been steady with our performance, having delivered consistent growth over the years, despite challenges. Our balance sheet remains robust and debt ratios at comfortable level. We have also set the highest standards of corporate governance. We are led by a dynamic management team, well-aligned to the interest of our customers, partners, employees and other stakeholders.

We are set to Go.

We remain well-positioned to capture the new growth opportunities and deliver continuous growth and value creation. With a spring in our step, we are set to Go.

Strengthened by our robust business model, spreading geographic presence and diversifying our portfolio

Serving ~1/6th of the World's Population

We are engaged in

Manufacturing, selling and distribution of PepsiCo's beverages in pre-defined territories in India

We are the world's

Second-largest international franchisee (outside United States) of carbonated soft drinks and non-carbonated beverages sold by PepsiCo India. We currently serve ~1/6th of the world's population

We serve our consumers by

Constantly satiating their evolving preferences and altering market conditions through 37 state-of-the-art production facilities

Our operations span across

27 States and 7 Union Territories in India, and 5 other countries across the world

On a global level, we have franchise rights for the territories of

India, Sri Lanka, Nepal, Morocco, Zambia and Zimbabwe

Our presence

2
Continents

6
Countries

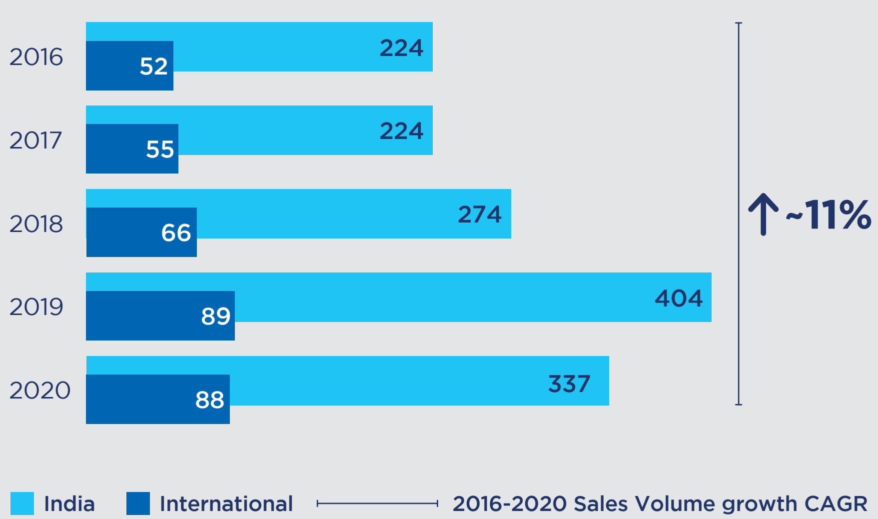
27
Indian States

7
Indian Union Territories

~2 Million
Retail Outlets

~1.35 Billion
Population Coverage

Total Sales Volume (Million Cases)



WE ARE **EVOLVING**

as a company by constantly striving to identify new opportunities and emerging trends

WE ARE **ENERGIZING**

our strategies and are making investments to expand capacities and broaden our portfolio for future growth. We are also energizing our business for growth and success in the long term

WE ARE **ENGAGING**

in our work to advance our agenda of becoming stronger and better. A strong demand revival in our product category is enabling us deliver a robust operational and financial performance, going forward

Progress Never Stops at Varun Beverages

During our near two and a half decade journey, we have emerged as a virtual pan-India PepsiCo franchisee and consolidated our position in India's soft drinks industry, deriving scale benefits. Strengthened by our business model, we are continually spreading our geographic presence across India and overseas, while expanding our portfolio.

1991

Bottling and Trademark Licensing Agreement with PepsiCo through a Group Company

1995

Incorporated Varun Beverages Limited as a Public Limited Company

1996

Commenced operations in Jaipur

1998

PepsiCo acquired 26% stake in Devyani Beverages Limited*

*(*Merged with VBL in 2004)*

1999

Started operations in Alwar, Jodhpur and Kosi

2011 & 2012

Investment by Standard Chartered PE in Varun Beverages (International) Limited (VBIL)*

PepsiCo sold 26% stake in VBL to VBIL*

*(*Merged with VBL in 2012)*

2012

Sub-territories of Goa, three districts of Maharashtra and North-East India were consolidated, subsequent to merger of a group company

Also, three companies having the territories of Nepal, Sri Lanka and Morocco became subsidiaries

2013

Acquired the Delhi sub-territory (remaining parts)

2014 & 2015

Capital infusion of ₹ 4,500 million by Promoter Group

2015

Received investment from AION Investment

Acquired PepsiCo's India sub-territories in parts of Uttar Pradesh, Uttarakhand, Himachal Pradesh, parts of Haryana, Punjab and the Union Territory of Chandigarh

2016

Acquired 60% shareholding in Varun Beverages (Zambia) Limited

Public listing on NSE and BSE

2017

Acquired PepsiCo's India sub-territories across the states of Madhya Pradesh (certain parts) and Odisha

Acquired the incremental 30% shareholding in Varun Beverages (Zambia) Limited

2018

Acquired PepsiCo's India sub-territories in the state of Jharkhand (with production facilities), Chhattisgarh and Bihar

Acquired sales and distribution rights of Tropicana, Gatorade and Quaker Oats Milk

Set up a Greenfield production facility in Nepal and Zimbabwe

2019

Acquired PepsiCo India's previously franchised territories of parts of Maharashtra (14 districts), parts of Karnataka (13 districts) and parts of Madhya Pradesh (3 districts)

Acquired PepsiCo India's sub-territories across seven States – Gujarat, parts of Maharashtra, parts of Karnataka, Kerala, Tamil Nadu, Telangana and parts of Andhra Pradesh and five union territories of Daman & Diu, Dadra and Nagar Haveli, Puducherry (except Yanam), Andaman & Nicobar Islands and Lakshadweep

Driving Agility.
Delivering Increased Footprint.

Our diversified spread in India (27 States and 7 Union Territories) and 5 other developing nations in South Asia and Africa, and the strategy of acquiring new territories has resulted in state-of-the-art distribution and supply chain network. We endeavor to further extend presence in sub-territories and strengthen integrated operations across regions and newly-acquired territories.

Strengthening infrastructure

90+
depots

1,500+
primary distributors

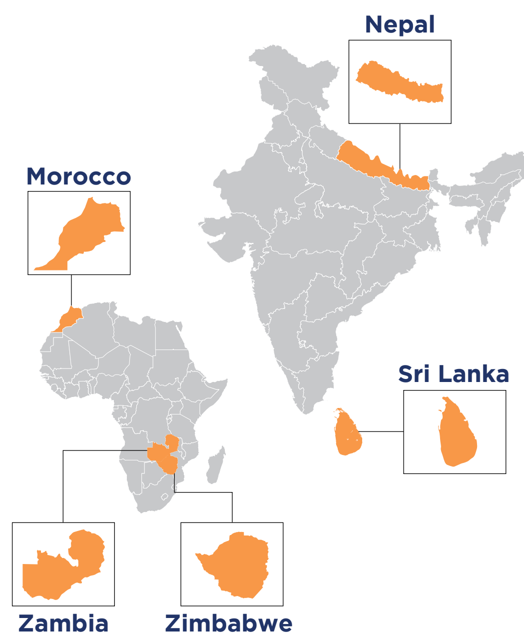
2,500+
owned vehicles

A well-entrenched distribution network INDIA

VBL India Sub-Territories

1 Punjab
2 Himachal Pradesh
3 Uttarakhand
4 Delhi
5 Haryana
6 Rajasthan
7 Arunachal Pradesh
8 Assam
9 Meghalaya
10 Manipur
11 Mizoram
12 Nagaland
13 Tripura
14 Uttar Pradesh
15 West Bengal
16 Maharashtra
17 Goa
18 Chandigarh
19 Madhya Pradesh
20 Odisha
21 Chhattisgarh
22 Jharkhand
23 Bihar
24 Sikkim
25 Gujarat
26 Karnataka
27 Kerala
28 Tamil Nadu
29 Telangana
30 Daman & Diu
31 Dadra and Nagar Haveli
32 Puducherry (except Yanam)
33 Andaman & Nicobar Islands
34 Lakshadweep

VBL International Territories

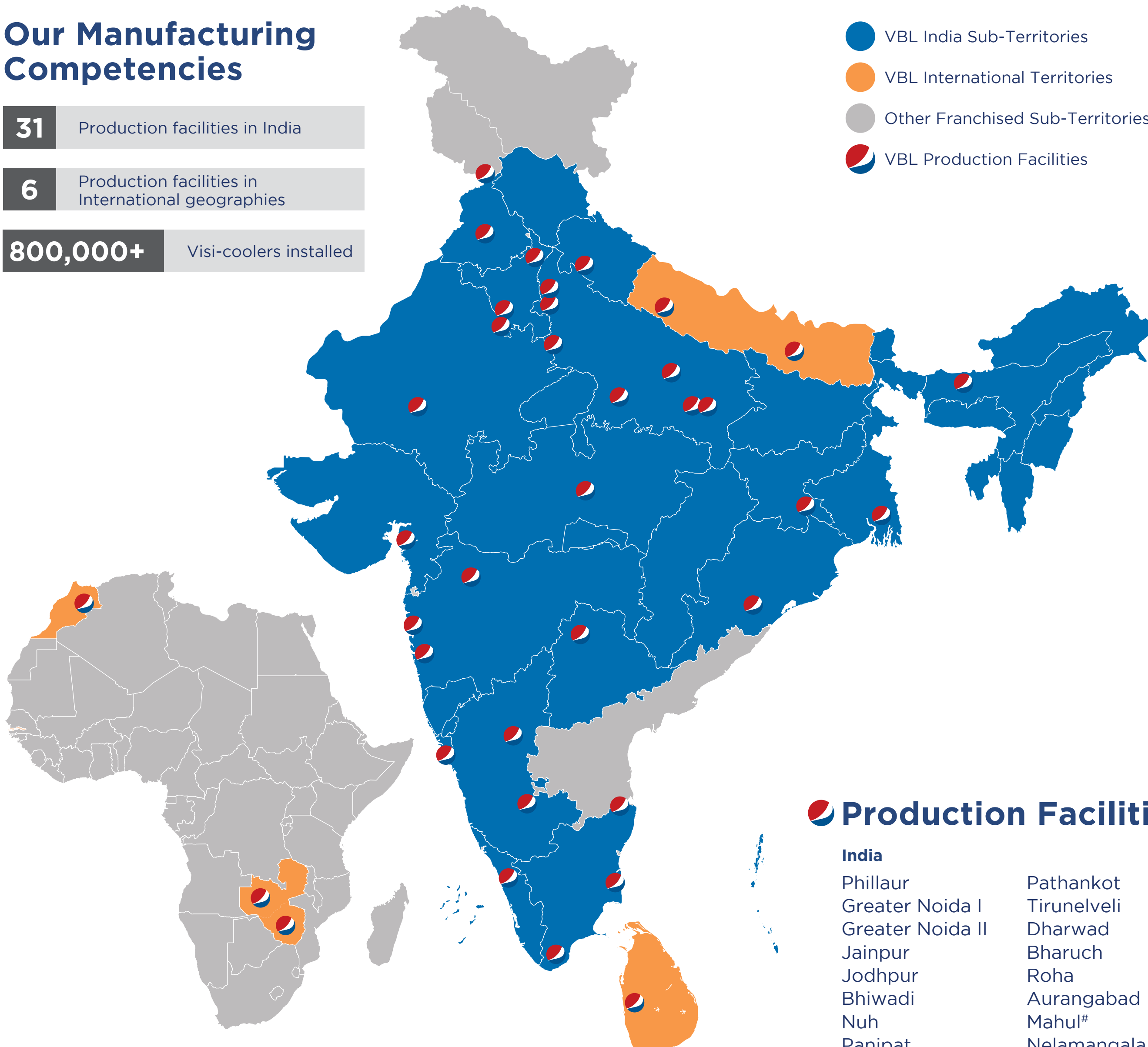


Other Franchised Sub-Territories

35 Ladakh
36 Jammu & Kashmir
37 Andhra Pradesh

Our Manufacturing Competencies

31	Production facilities in India
6	Production facilities in International geographies
800,000+	Visi-coolers installed



Map not to scale

Production Facilities

India

Phillaur
Greater Noida I
Greater Noida II
Jainpur
Jodhpur
Bhiwadi
Nuh
Panipat
Bazpur
Sathariya
Sathariya II
Kosi
Hardoi
Mandideep
Jamshedpur
Cuttack
Kolkata
Guwahati Unit I & II
Goa
Pathankot
Tirunelveli
Dharwad
Bharuch
Roha
Aurangabad
Mahul#
Nelamangala
Palakkad
Mamandur
Sangareddy
Sri City

International

Nepal I
Nepal II
Sri Lanka
Morocco
Zambia
Zimbabwe

#For land & building, company has short-term leasehold rights

Contributing Higher to PepsiCo India's Beverage Sales Volume

2017	~45%
2018	~51%
2019	80%+
2020	85%+

Attaining Operational Excellence. Accomplishing Business Efficacy.

We are creating long-term value through different facets of our business. Our strong execution capabilities, efficiency of our operations and operating leverage lead us to acquire greater scale and productivity.

MANUFACTURING

Our Competitive Edge

Solid infrastructure

How we create and sustain value

Our 37 state-of-the-art production facilities help us manufacture high quality beverages

DISTRIBUTION AND WAREHOUSING

Our Competitive Edge

Robust supply chain management

How we create and sustain value

Our extensive supply chain network of 90+ owned depots, 2,500+ owned vehicles and 1,500+ primary distributors assist in deeper market penetration

CUSTOMER MANAGEMENT

Our Competitive Edge

Demand delivery

How we create and sustain value

We have 800,000+ visi-coolers installed across stores which helps our consumers take note of and enjoy our beverages. In addition to brand development and consumer marketing undertaken by PepsiCo, we also undertake local level promotion and in-store activation

IN-MARKET EXECUTION

Our Competitive Edge

Market share gains

How we create and sustain value

Our experienced region-specific sales team and a strong marketing team assists us in ensuring category and volume growth. With their support, we successfully reach out to every 6^{th} person across the world

COST EFFICIENCIES

Our Competitive Edge

Margin expansion

How we create and sustain value

We leverage our expanding operations to earn the benefit of economies of scale. We also gain the advantage of our production and logistics efficiency. Backward integration at some of our production facilities has accorded us the benefit of cost optimization in production

CASH MANAGEMENT

Our Competitive Edge

RoE expansion/Future growth

How we create and sustain value

We practice disciplined capex investment for RoE expansion. Besides, we undertake initiatives to achieve better working capital efficiency

Evolving. Energizing. Engaging.

Serving **PepsiCo's** Beverages for nearly **three decades**

We are PepsiCo's second-largest global franchise (outside United States) and have had a strategic association with PepsiCo since 1991. We are a trusted business partner to PepsiCo and possess the rights to manufacture, distribute and sell carbonated soft drinks, fruit juice-based drinks, packaged drinking water, sports and energy drink.

Nurturing a 3-decade relationship with PepsiCo

01

Win-win partnership

We combine our expertise in manufacturing, distribution and market dynamics to increase sales volume and strengthen their brand equity. In return, PepsiCo grants additional territories and product licenses

02

Satiating PepsiCo's demand

Growing penetration on the back of a strong distribution network, diversifying product portfolio, greater visi-cooler penetration in rural/and semi-rural areas

03

Straddling across the value chain

Through PepsiCo's beverages, manufacturing, selling and distributing

04

Gaining market share in new territories

Newer geographies (South and West India) expected to provide consistent volume growth due to improved distribution and supply-chain network

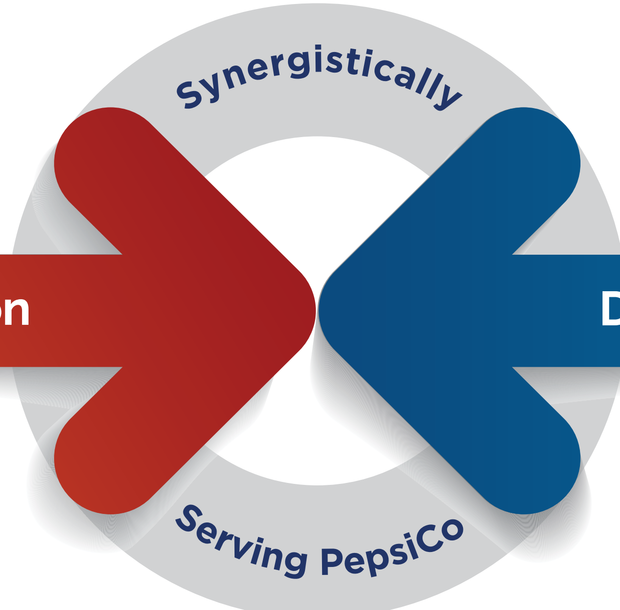
05

Well-placed to deliver continued growth, operationally and strategically

Creating sustainable value by satisfying evolving consumer preferences, demonstrating business agility and delivering long-term growth sustainability

PepsiCo

Demand Creation



- Trademarks
- Formulation through Concentrate
- Product and packaging innovation through investment in R&D
- Consumer Pull Management (ATL) – Brand development

VBL

Demand Delivery

- Production facilities
- Sales & Distribution – GTM and Logistics
- In-Outlet Management – Visi-Coolers
- Consumer Push Management (BTL) – Market Share Gains

Our vast operational experience, varied and rich track record, widespread integrated distribution network and in-depth market knowledge lends significant value to distribution and sale of PepsiCo products in India. We have all the building blocks in place – strong infrastructure, supply chain and margin profile.

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

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.

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,

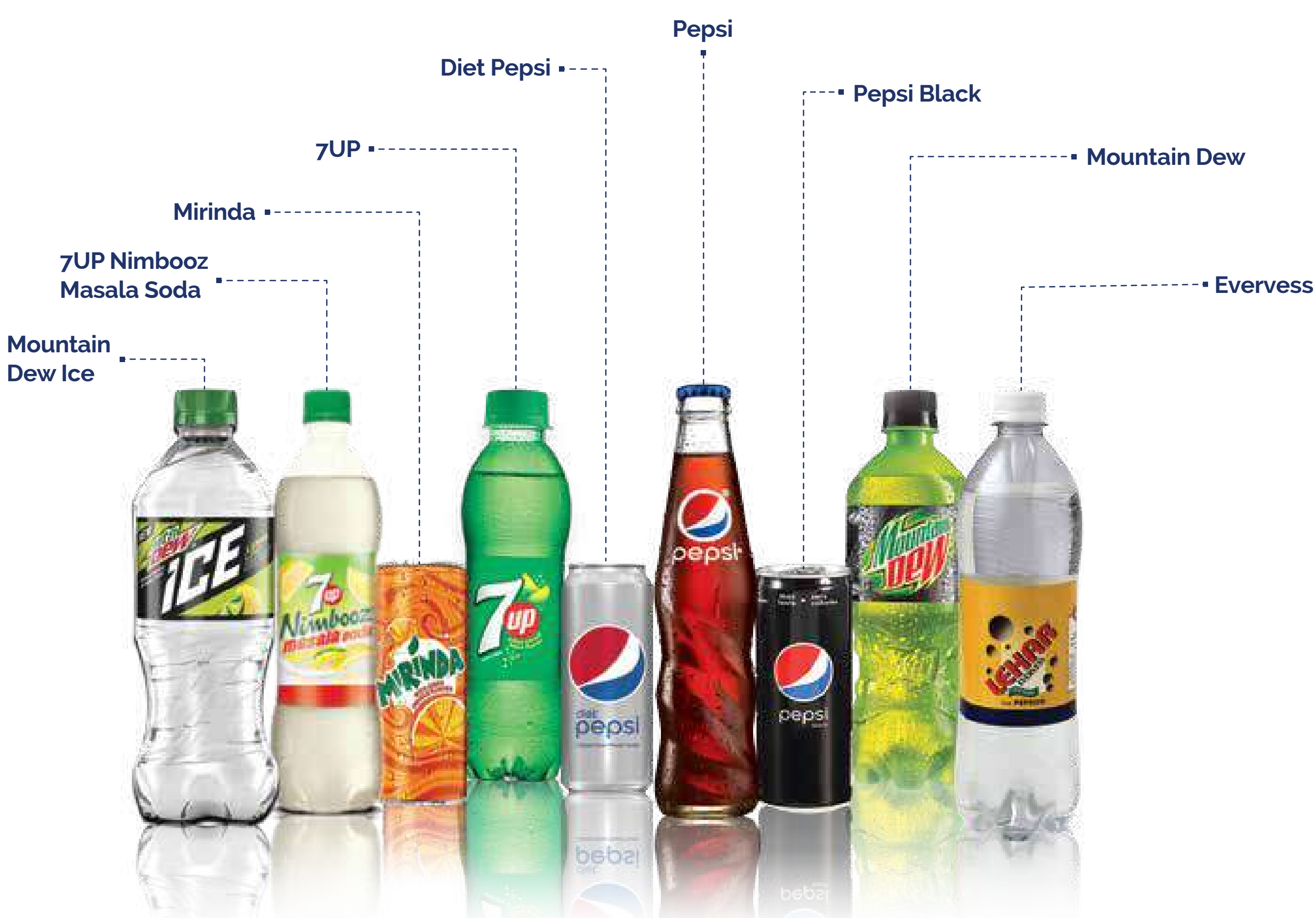
Ravi Jaipuria

Chairman

Our Well-Formulated Portfolio

We have a strong and diversified product portfolio which includes carbonated soft drinks, non-carbonated juice-based drinks, packaged bottled water and value-added dairy beverages. Our improving product mix and introduction of new products is aimed towards reducing concentration risk and helping us diversify our portfolio.

Carbonated Soft Drinks Portfolio



Other Nutritious Portfolio

Fruit Pulp/ Juice-based Drinks

Tropicana
(100%, Delight and Essentials)

Tropicana Slice

7UP Nimbooz

Ambient Temperature Value-added Dairy Beverages

Mango Shake

Cold Coffee

Belgian Choco Shake

Energy Drink

Sting

Sports Drink

Gatorade

Ice Tea

Lipton Ice Tea

Packaged Drinking Water

Aquafina & Aquavess

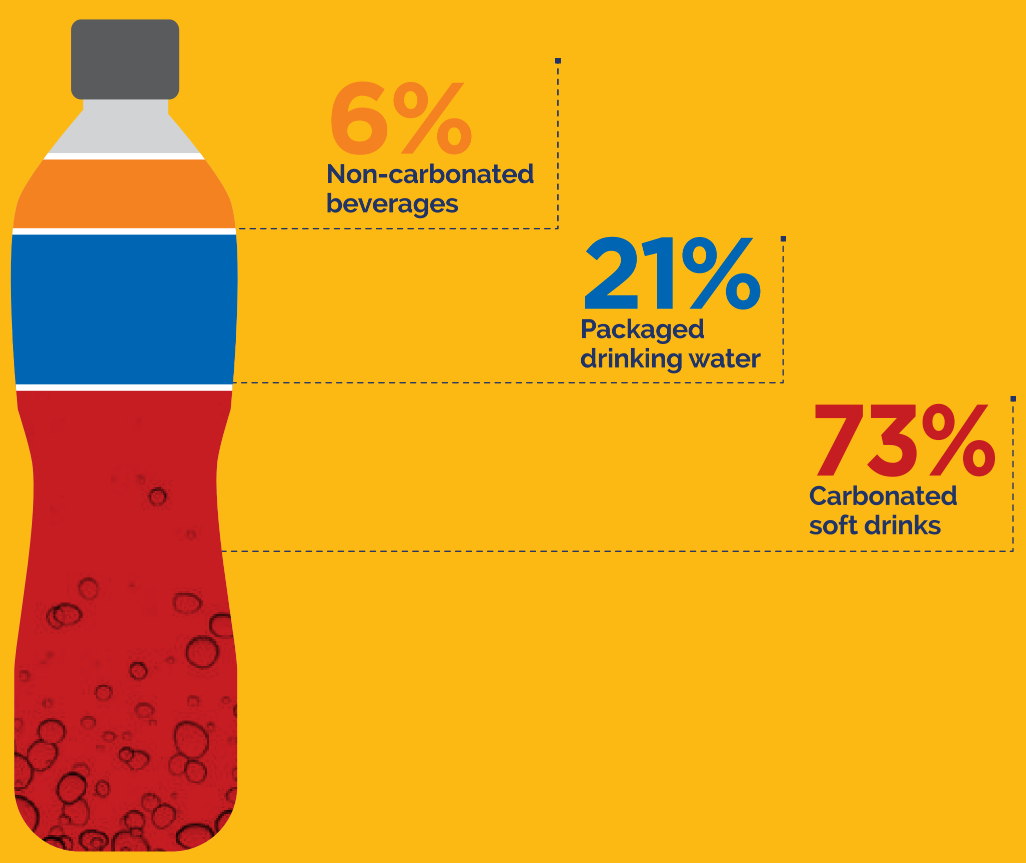
Cheers to Good Health

State-of-the-art production facilities with backward integration, strategic locations of manufacturing plants across India and an expanding distribution network are steering us towards improved margins over the years. Our international markets have also started delivering with improvement in margins and profitability during the year.

Financial highlights, 2020

6.8%	2.51x	0.84x
Net Worth Growth	Net Debt to EBITDA	Net Debt to Equity

Segment-wise sales volumes

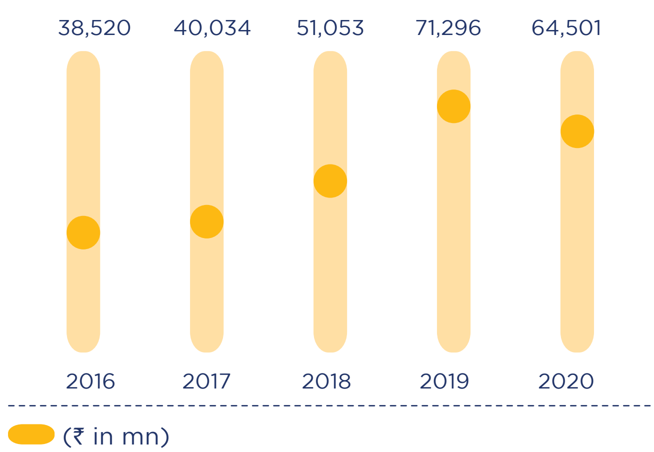


We are Healthier. Fitter. Stronger.

Our strategy of adding new territories (domestic and international) and simultaneously building capacity around it is leading us towards gradual revenue growth. Revenue has grown by a CAGR of 13.8% over the last five years (since 2016), while Profit has grown by an astounding 24.0% CAGR.

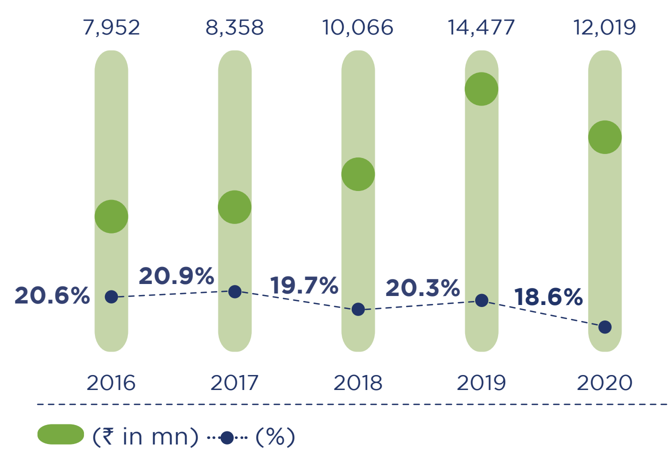
Net Revenue from Operations

(₹ in mn) CAGR 2016-20 - 13.8%



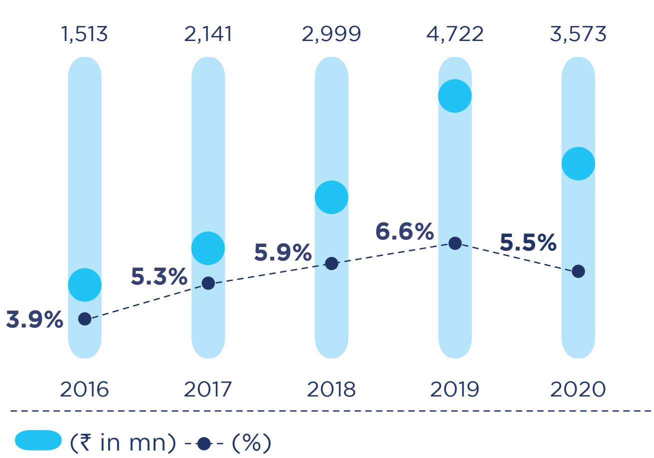
EBITDA and EBITDA Margin

(₹ in mn) CAGR 2016-20 - 10.9%



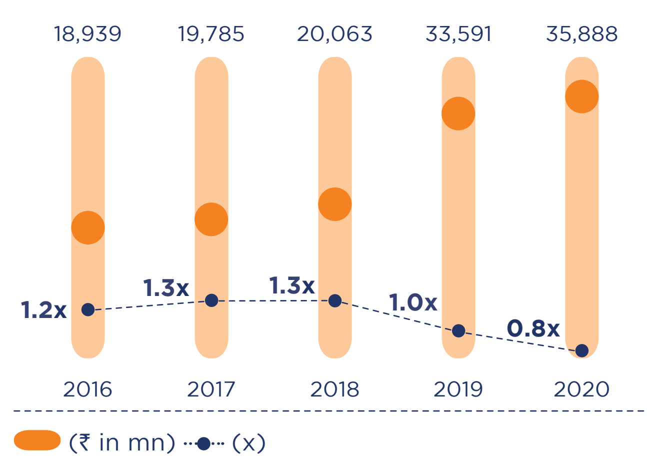
PAT and PAT Margin

(₹ in mn) CAGR 2016-20 - 24.0%



Net Worth and Net Debt-Equity Ratio

(₹ in mn) CAGR 2016-20 - 17.3%



Note: *2017 onward, financials are as per Ind AS and previous year numbers are as per IGAAP.*

Board of Directors

Ravi Jaipuria
Promoter & Chairman

He is the promoter of the Company and has over three decades of experience in conceptualizing, executing, developing and expanding food, beverages and dairy business in South Asia and Africa. He has completed higher secondary education from Delhi Public School, Mathura Road, New Delhi. He has an established reputation as an entrepreneur and business leader and is the only Indian Company's Promoter to receive PepsiCo's award for International Bottler of the Year, awarded in 1997. He was also awarded the 'Distinguished Entrepreneurship Award' at the PHD Chamber Annual Awards for Excellence 2018.

Varun Jaipuria
Whole-time Director

He attended Millfield School, Somerset, England and holds a bachelor's degree in international business from the Regent's University, London. He has 12 years of experience in the soft drinks industry and has also completed a program for leadership development at the Harvard Business School. He has been with the Company since 2009 and has been responsible for the development of Company's new business initiatives that includes implementation of sales automation tools.

Raj Gandhi
Whole-time Director

He holds a bachelor's degree in commerce from the University of Delhi and is a member of the Institute of Chartered Accountants of India. He has 28 years of experience with the Group out of total experience of 40 years and has been instrumental in strategizing diversification, expansion, mergers and acquisitions, capex funding and institutional relationship. He also has rich experience in the field of finance, strategy, governance, legal, mergers and acquisitions.

Kapil Agarwal
Whole-time Director and CEO

He holds a bachelor's degree in commerce from the University of Lucknow and has attended the post-graduation diploma course in business management from the Institute of Management Technology, Ghaziabad. He has been associated with the Company since incorporation and currently heads the operations and management. He has 29 years of experience with the Group in sales and marketing.

Rajinder Jeet Singh Bagga
Whole-time Director

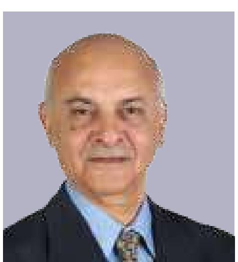
He holds a master's degree in mechanical engineering from the Indian Institute of Technology, Kanpur. He has been associated with the Company since 1996 and is currently heading technical operations since 2003. He has an experience of 24 years with the Company in managing technical operations and execution of projects. Prior to this, he was associated with Eveready Industries India Limited for approximately 10 years and was last working in the capacity of their production manager.

Dr. Naresh Trehan
Independent Director

He holds a bachelor's degree in Medicine and Surgery from the University of Lucknow and has been certified as a renowned Cardiothoracic Surgeon by the American Board of Thoracic Surgery. He has trained and practiced at New York University Medical Center at Manhattan USA from July 1, 1971 to June 30, 1975 and is an honorary fellow at the Royal Australasian College of Surgeons. He has received many prestigious awards, including the Padma Bhushan Award, presented by the Government of India.

Dr. Ravi Gupta
Independent Director

He holds a bachelor's degree and a master's degree in commerce from the University of Delhi. He also holds a bachelor's degree in law and a doctorate in philosophy for his thesis on 'Country Risk Analysis in Investment Financing Decision Making' from the University of Delhi. Till recently, he was employed as an Associate Professor in the commerce department of Shri Ram College of Commerce, University of Delhi.



Pradeep Sardana
Independent Director

He holds a bachelor's degree in mechanical engineering from the Indian Institute of Technology, Delhi. He has 50 years of experience (41 years in service and 9 years in consultancy). He is presently the CEO of PM Consulting, a consultancy firm in the field of food, beverages, FMCG and other industries. Previously worked at senior management level with renowned companies including Polyplex Hydro Group, PepsiCo, Hindustan Lever Limited and Union Carbide and has successfully handled diverse assignments.

Rashmi Dhariwal
Independent Director

She holds a bachelor's degree in Arts from the University of Delhi and is a practicing advocate at the Calcutta High Court since 1978. She is also the chairperson of a non-profit organization called Prayatn which provides education to underprivileged children. She has also worked in several leading firms in India including Khaitan & Co, Calcutta and Delhi, Mulla & Mulla, Mumbai and also in the Philippines.

Sita Khosla
Independent Director

She holds a bachelor's degree in law from the University of Delhi and is enrolled with the Bar Council of Delhi since 1987. She practices in the areas of corporate, contract and commercial laws since 1992. She has been involved in providing advice on a wide range of issues from company formation, corporate governance and regulatory compliance to mergers and acquisitions, corporate restructuring, joint ventures, foreign investments, exchange control regulations and securities laws.

Winning in Style

Key awards bagged since inception

Mr. Ravi Jaipuria, *the only Indian to have received PepsiCo's International Bottler of the Year Award in 1997.*

2016

VBL India – FOBO Unit of the Year

Varun Beverages Lanka (Private) Limited – FOBO Country of the Year

2017

Varun Beverages (Nepal) Private Limited – Best Unit of the Year

Varun Beverages Lanka (Private) Limited – Donald M Kendall Award by PepsiCo for Small Developed Markets

VBL Sonarpur Plant – Best Plant of the Year

VBL Sonarpur Plant – CII Award for Food Safety

2018

National Best Employer Award by ET Now, in collaboration with World HRD Congress

Distinguished Entrepreneurship Award in the PHD Annual Awards for Excellence 2018 to Mr. Ravi Jaipuria

2019

Varun Beverages Limited – Bottler of the Year 2019 by PepsiCo in South Asia Region

Varun Beverages Limited – Winner of Best FMCG Corporate Governance India 2019 awarded by Capital Finance International London (UK)

Varun Beverages Limited – Global Best Employer Award Brands 2020 (Best HR Strategy in line with business) presented by ET Now/National Best Employer Brands Award for 2019, presented by Employer Branding Institute India (second successive year)

2020

Winner of Best FMCG Corporate Governance India 2020 awarded by Capital Finance International

Winner of Bottler of the Year, 2019 by PepsiCo in AMESA sector (Africa, Middle East and South Asia) received in 2020

Inculcating Agility. Integrating Sustainability.

At Varun Beverages, sustainability implies that we do things efficiently and responsibly in terms of the environment, people and the economy, with an aim of having a net positive impact on the planet. With a focus on energy and water efficiency, we have set out on the path towards sustainable development, implementing this agenda for the full benefit of today's generations and that of the future.

Sustainability-related Initiatives

PET Recycling

The Company consumed ~66,000 MT PET for its finished products CY2020. These high-quality food grade virgin PET chips can be easily recycled to make products catering to diverse industries and being put to different end-uses.

It engaged GEM Enviro Management Pvt. Ltd. for phased implementation of 100% recycling of used PET bottles from end-users. GEM is a Delhi-based Central Pollution Control Board recognised PRO company.

43,700+ MT

PET waste recycled in CY2020

~66%

Consumption of PET Resin

Key activities undertaken

Collection and recycling of packaging waste	Promotion of recycled green products made out of recycling of waste material such as used PET bottles, such as T-shirts and bags

Water Footprint Assurance

To procure details on footprint assurance, we engaged with TUV India Pvt. Ltd., which helped us verify our water mass balance. We also undertook several other initiatives towards water conservation and water recharge.

Key water conservation initiatives

- Rainwater harvesting
- Adoption, development and maintenance of ponds
- Waste water management for optimal water consumption

Scope of audit

31 Manufacturing Plants

3.68 MN KL vs 4.12 MN KL

Water consumption in 2020 against 2019

108 vs 103

Ponds adopted in 2020 against 2019

29,000+ vs 26,500+

Trees planted in 2020 against 2019

Corporate Information

(As at December 31, 2020)

Board of Directors

Category	Name of Director
Non-Executive Chairman	Mr. Ravi Jaipuria
Executive/Whole-time Directors	Mr. Varun Jaipuria Mr. Raj Gandhi Mr. Kapil Agarwal Mr. Rajinder Jeet Singh Bagga
Non-Executive, Independent Directors	Dr. Naresh Trehan Dr. Ravi Gupta Mr. Pradeep Sardana Ms. Rashmi Dhariwal Ms. Sita Khosla

Chief Executive Officer
Mr. Kapil Agarwal

Chief Financial Officer
Mr. Vikas Bhatia

Chief Risk Officer & Group Company Secretary
Mr. Ravi Batra

Joint Statutory Auditors
M/s. Walker Chandiok & Co. LLP
Chartered Accountants,
New Delhi

M/s. APAS & Co.
Chartered Accountants,
New Delhi

Corporate Office
RJ Corp House, Plot No. 31,
Institutional Area, Sector - 44,
Gurugram - 122 002

Registered Office
F-2/7, Okhla Industrial Area, Phase-I
New Delhi - 110 020

Registrar and Transfer Agent
KFin Technologies Private Limited
(Formerly Karvy Fintech Private Limited)
Selenium Tower B, Plot No. 31 and 32,
Gachibowli Financial District, Nanakramguda,
Hyderabad - 500 032
Tel: +91 40 6716 2222 | **Fax:** +91 40 2343 1551
Email: einward.ris@kfintech.com | **Website:** www.kfintech.com
SEBI Registration No. INR000000221

Bankers
Axis Bank Limited
DBS Bank Limited
HDFC Bank Limited
ICICI Bank Limited
IDFC Bank Limited
IndusInd Bank Limited
JPMorgan Chase Bank N.A.
Kotak Mahindra Bank Limited
RBL Bank Limited
The Federal Bank Limited
Yes Bank Limited

Board's Report

Dear Members,

Your Directors have pleasure in presenting the 26th (Twenty Sixth) Annual Report on the business and operations of your Company along with the Audited Financial Statements for the Financial Year ended December 31, 2020.

Financial Performance

The financial performance of your Company for the Financial Year ended December 31, 2020 is summarized below:

(₹ in million)

Particulars	Standalone		Consolidated	
	Financial Year ended December 31, 2020	Financial Year ended December 31, 2019	Financial Year ended December 31, 2020	Financial Year ended December 31, 2019
Total Revenue	49,484.43	57,136.71	65,927.63	72,909.86
Total Expenses	46,792.34	50,793.80	61,637.29	65,990.75
Profit before tax after exceptional items	2,026.80	6,342.91	3,625.05	6,962.72
Less: Tax Expenses	(237.49)	1,857.44	52.34	2,240.67
Profit after tax	2,264.29	4,485.47	3,289.95*	4,689.75*
Balance brought forward from last year	8,619.78	4,972.54	5,560.11	1,720.41
Balance carried over to Balance Sheet	10,074.42	8,619.78	8,042.43	5,560.11
General Reserve	444.26	444.26	444.26	444.26
Other Reserves	26,712.10	26,720.24	23,866.43	24,392.96
Reserves & Surplus carried to Balance Sheet	37,230.78	35,784.28	32,353.12	30,397.33

**After adjustment on account of non-controlling interest and/or share profit of associate Companies.*

Consolidated Financial Statements

The Consolidated Financial Statements of your Company for the Financial Year 2020 are prepared in compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), Indian Accounting Standards ('Ind AS') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['SEBI (LODR) Regulations'] which shall also be provided to the Members in their forthcoming Annual General Meeting ('AGM').

State of the Company's Affairs

Your Company has presence in 27 States and 7 Union Territories in India and 5 other countries across the world (viz. Nepal, Sri Lanka, Morocco, Zambia & Zimbabwe). Further, Company is having more than 2,500 owned vehicles, more than 1,500 primary distributors and more than 90 depots. Company is creating long term value through different facets of its business. Our strong execution capabilities, efficiency in operations and operating leverage lead us to acquire greater scale and productivity.

Deposits

Your Company has not accepted any deposits during the year under review, falling within the ambit of Section 73 of the Act and the Companies (Acceptance of Deposits) Rules, 2014.

Transfer to General Reserve

During the year under review, your Company has not transferred any amount to General Reserve.

Change in the Nature of Business, if any

During the year under review, there was no change in the nature of business of the Company.

Dividend Distribution Policy

The Board of Directors of the Company in their meeting held on August 9, 2017 approved and adopted a Policy on Distribution of Dividend to comply with Regulation 43A of SEBI (LODR) Regulations and the same is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2019/03/Dividend-Distribution-Policy.pdf

Dividend

During the year under review, the Board of Directors in their meeting held on August 4, 2020 declared an interim dividend of ₹ 2.50 per Equity Share (face value of ₹ 10/- per Equity Share) to the eligible equity shareholders of the Company. The Board of Directors do not recommend any final dividend for the Financial Year 2020.

Your Company has transferred the unpaid or unclaimed interim dividend to the Unclaimed Dividend Account – Varun Beverages Limited and the details of unpaid and unclaimed dividend amount lying in the said Accounts (maintained with HDFC Bank Limited for the dividend declared in 2017, Yes Bank Limited for the dividend declared in 2018, IndusInd Bank Limited for the dividend declared in 2019 and Axis Bank Limited for the dividend declared in 2020) are uploaded on website of the Company at https://varunpepsi.com/corporate-governance/.

Acquisition Guidelines

Your Company applies stringent strategic and financial criteria to any potential acquisition or partnership and to enhance transparency, the Board of Directors of the Company in their meeting held on August 9, 2017 approved and adopted Acquisition Guidelines for Company's M&A activities for viable acquisitions and the same is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2017/08/VBL-Guidelines-for-Acquisition-in-India.pdf

Share Capital

The Authorized Share Capital of the Company is ₹ 10,000,000,000/- (Rupees Ten Thousand Million only) divided into 500,000,000 (Five Hundred Million) Equity Shares of ₹ 10/- (Rupees Ten only) each and 50,000,000 (Fifty Million) Preference Shares of ₹ 100/- (Rupees Hundred only) each and the Issued, Subscribed and Paid-up Share Capital of the Company is ₹ 2,886,887,200/- (Rupees Two Billion Eight Hundred Eighty Six Million Eight Hundred Eighty Seven Thousand and Two Hundred only).

During the year under review, there was no change in the Authorized, Issued, Subscribed and Paid-up Share Capital of the Company.

Employee Stock Option Schemes

Your Company has two Employee Stock Option Schemes viz. Varun Beverages Limited Employee Stock Option Scheme 2013 ('ESOP Scheme 2013') and Varun Beverages Limited Employee Stock Option Scheme 2016 ('ESOP Scheme 2016'). During the year under review, there was no change in the said scheme(s).

Your Company has received a certificate from the Statutory Auditors of the Company that ESOP Scheme 2016 has been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and the resolution(s) passed by the Members of the Company. The certificate will be uploaded on website viz. https://varunpepsi.com/ for inspection by Members of the Company.

Relevant disclosures pursuant to Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 are attached to this report as **Annexure – A.**

Credit Rating

During the year under review, your Company's credit ratings by CRISIL is as below:

Long Term Rating	CRISIL AA/Stable (Re-affirmed)
Short Term Rating	CRISIL A1+ (Re-affirmed)

Related Party Transactions

To comply with the provisions of Section 188 of the Act and Rules made thereunder read with Regulation 23 of SEBI (LODR) Regulations, your Company took necessary prior approval of the Audit, Risk Management and Ethics Committee before entering into related party transactions. All contracts / arrangements / transactions entered into by the Company during the Financial Year 2020 with related parties, as defined under the Act and SEBI (LODR) Regulations were in the ordinary course of business and on arm's length basis.

During the year under review, your Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the Policy of the Company for Related Party Transactions.

None of the transactions with any of the related parties were in conflict with the interest of the Company rather, these were synchronized and synergized with the Company's operations. Attention of Members is drawn to the disclosure of transactions with the related parties set out in Note No. 44 of the Standalone Financial Statements, forming part of the Annual Report.

Your Company has framed a Policy on Related Party Transactions in accordance with the Act and SEBI (LODR) Regulations. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and related parties. The policy is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2016/09/Policy-On-Related-Party-Transactions.pdf

Since all transactions which were entered into during the Financial Year 2020 were on arm's length basis and in the ordinary course of business and there was no material related party transaction entered by the Company during the Financial Year 2020 as per Policy on Related Party Transactions, hence no detail is required to be provided in Form AOC-2 prescribed under Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees or Investments covered under the provisions of Section 186 of the Act are given in the Notes to the Standalone Financial Statements.

Subsidiaries, Associates and Joint Ventures

Your Company has following subsidiaries as on December 31, 2020:

- Varun Beverages (Nepal) Private Limited;
- Varun Beverages Lanka (Private) Limited;
  - Ole Springs Bottlers (Private) Limited (step-down subsidiary);
- Varun Beverages Morocco SA;
- Varun Beverages (Zambia) Limited;
- Varun Beverages (Zimbabwe) (Private) Limited; and
- Lunarmech Technologies Private Limited.

Pursuant to the approval of Hon'ble National Company Law Tribunal, Special Bench, New Delhi, Angelica Technologies Private Limited ("Angelica") was merged with Lunarmech Technologies Private Limited ("Lunarmech"), accordingly your Company is now directly holding 55.04% of the Equity Share Capital of Lunarmech. Lunarmech is now a direct subsidiary of VBL instead of Angelica, which stands dissolved without winding up w.e.f. July 7, 2020.

Further, Varun Beverages (Botswana) (Proprietary) Limited had been dissolved w.e.f. March 11, 2020 and accordingly, ceased to be step-down subsidiary of the Company.

As on December 31, 2020, there was no associate/joint venture of the Company as defined under the provisions of the Act.

To comply with the provisions of Section 129 of the Act, a separate statement containing salient features of Financial Statements of Subsidiaries of your Company (including their performance and financial position) in prescribed Form AOC-1 forms part of Consolidated Financial Statements and therefore not repeated here to avoid duplication. Further, contribution of subsidiary to the overall performance of your Company is outlined in Note No. 60 of the Consolidated Financial Statements.

Financial Statements of the aforesaid subsidiary companies are kept open for inspection by the Members at the Registered Office of your Company on all days except Saturday, Sunday and Public Holidays up to the date of AGM i.e. April 7, 2021 between 11:00 a.m. to 5:00 p.m. as required under Section 136 of the Act. Any Member desirous of obtaining a copy of the said Financial Statements may write to the Company at its Registered Office or Corporate Office. The Financial Statements including the Consolidated Financial Statements and all other documents required to be attached with this Report have been uploaded on website of the Company at https://varunpepsi.com/annual-reports.

To comply with the provisions of Regulation 16(c) of SEBI (LODR) Regulations, the Board of Directors of the Company have approved and adopted a Policy for determining Material Subsidiary. Further, Varun Beverages (Zimbabwe) Private Limited has become a material subsidiary of the Company w.e.f. February 16, 2021. Policy on Material Subsidiary is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2021/02/1doc.pdf

Directors and Key Managerial Personnel

Directors

During the year under review, in terms of Regulation 17(1A) of SEBI (LODR) Regulations, the Board of Directors, on the recommendation of Nomination and Remuneration Committee and subject to the approval of Members of the Company, accorded its approval to continue and hold office of Non-executive Independent Director of the Company by Dr. Naresh Trehan (DIN: 00012148). Further, Dr. Naresh Trehan has affirmed that he is not debarred from holding the office of Independent Director by virtue of any SEBI order or any other such Authority.

To comply with the provisions of Section 152 of the Act and in terms of the Articles of Association of the Company, Mr. Ravi Jaipuria (DIN: 00003668), Non-executive Chairman and Mr. Raj Gandhi (DIN: 00003649), Whole-time Director are liable to retire by rotation at the ensuing AGM and being eligible, seeks re-appointment. The Board of Directors, on the recommendation of Nomination and Remuneration Committee, recommended their re-appointment.

Further, at the 25th AGM of the Company held on June 26, 2020, Mr. Varun Jaipuria (DIN: 02465412) and Mr. Raj Gandhi (DIN: 00003649) were re-appointed as Whole-time Directors of the Company for a period of up to 5 (Five) years w.e.f. November 1, 2019 and Mr. Rajinder Jeet Singh Bagga (DIN: 08440479) was appointed as Whole-time Director of the Company for a period of up to 5 (Five) years w.e.f. May 2, 2019.

Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and SEBI (LODR) Regulations.

Brief resume and other details of the Director(s) being appointed/re-appointed at the ensuing AGM as stipulated under Secretarial Standard-2 issued by the Institute of Company Secretaries of India and Regulation 36 of the SEBI (LODR) Regulations, is separately disclosed in the Notice of the ensuing AGM.

Key Managerial Personnel

Mr. Kapil Agarwal, Whole-time Director and Chief Executive Officer, Mr. Vikas Bhatia, Chief Financial Officer and Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary, continued to be the Key Managerial Personnel of your Company in accordance with the provisions of Section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Board Evaluation

To comply with the provisions of Section 134(3)(p) of the Act and Rules made thereunder and Regulation 17(10) of SEBI (LODR) Regulations, the Board has carried out the annual performance evaluation of the Directors individually including the Independent Directors (wherein the concerned Director being evaluated did not participate), Board as a whole and following Committees of the Board of Directors:

i) Audit, Risk Management and Ethics Committee;

ii) Nomination and Remuneration Committee;

iii) Stakeholders' Relationship Committee; and

iv) Corporate Social Responsibility Committee.

The manner in which the annual performance evaluation has been carried out is explained in the Corporate Governance Report which forms part of this report. Board is responsible to monitor and review the evaluation framework.

Further, to comply with Regulation 25(4) of SEBI (LODR) Regulations, Independent Directors also evaluated the performance of Non-Independent Directors, Chairman and Board as a whole at a separate meeting of Independent Directors.

Board and Committees of the Board

The number of meetings of the Board and various Committees of the Board including composition are set out in the Corporate Governance Report which forms part of this report. The intervening gap between the meetings was within the period prescribed under the provisions of Section 173 of the Act and SEBI (LODR) Regulations.

Remuneration Policy

To comply with the provisions of Section 178 of the Act and Rules made thereunder and Regulation 19 of SEBI (LODR) Regulations, the Company's Remuneration Policy for Directors, Key Managerial Personnel (KMP), Senior Management and other Employees of the Company is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2020/03/Remuneration-Policy.pdf. The Policy includes, inter-alia, the criteria for appointment and remuneration of Directors, KMPs, Senior Management Personnel and other employees of the Company.

Remuneration of Directors, Key Managerial Personnel and Particulars of Employees

The information required to be disclosed in the Board's Report pursuant to Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached to this report as **Annexure – B**.

Statutory Auditors

Members of the Company in their 22nd AGM held on April 17, 2017 appointed M/s. APAS & Co., Chartered Accountants (Firm Registration Number 000340C) as Joint Statutory Auditors of the Company to hold office for a period of up to 5 (five) years i.e. till the conclusion of 27th AGM of the Company to be held in the Financial Year 2022.

Further, Members in their 23rd AGM held on April 17, 2018 appointed M/s. Walker Chandiok & Co. LLP, Chartered Accountants (Firm Registration Number 001076N/N500013) as Joint Statutory Auditors of the Company to hold office for a period of up to 5 (Five) years i.e. till the conclusion of 28th AGM of the Company to be held in the Financial Year 2023.

The Statutory Auditors' Report for the Financial Year 2020 does not contain any qualification, reservation or adverse remark. The Statutory Auditors have not reported any frauds under Section 143(12) of the Act.

Cost Audit

In terms of Section 148 of the Act and the Companies (Cost Records and Audit) Rules, 2014, Cost Audit is not applicable to the Company for the Financial Year ended 2020.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

To comply with the provisions of Section 134 of the Act and Rules made thereunder, your Company has complied with the provisions relating to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Company is conducting training programs periodically to educate its employees so that the provisions of above-mentioned Act are complied in true spirit.

During the year under review, no complaint was filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and no complaint was pending at the beginning and end of Financial Year 2020.

Vigil Mechanism / Whistle Blower Policy

Pursuant to the provisions of Section 177 of the Act and Regulation 22 of SEBI (LODR) Regulations, the Company has adopted a Vigil Mechanism / Whistle Blower Policy to provide a platform to the Directors and Employees of the Company to raise concerns regarding any irregularity, misconduct or unethical matters / dealings within the Company. The same is detailed in the Corporate Governance Report which forms part of this report.

Secretarial Auditors

The Board of Directors on the recommendation of the Audit, Risk Management and Ethics Committee, has appointed M/s. Sanjay Grover & Associates, Company Secretaries to conduct Secretarial Audit of your Company. The Secretarial Audit Report for the Financial Year 2020 is attached to this report as **Annexure - C**.

Risk Management

Pursuant to the provisions of Regulation 21(5) of SEBI (LODR) Regulations, the top 500 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year shall constitute a Risk Management Committee. The Audit Risk Management and Ethics Committee of the Board of Directors inter-alia monitors and reviews the risk management plan and such other functions as assigned from time to time.

Your Company has a robust Risk Management Policy which identifies and evaluates business risks and opportunities. The Company recognize that these risks need to be managed and mitigated to protect the interest of the stakeholders and to achieve business objectives. The risk management framework is aimed at effectively mitigating the Company's various business and operational risks, through strategic actions.

Internal Financial Controls

Your Company has in place adequate Internal Financial Controls. The report on Internal Financial Controls issued by M/s. Walker Chandiok & Co. LLP, Chartered Accountants and M/s. APAS & Co., Chartered Accountants, the Joint Statutory Auditors of the Company is annexed to the Audit Report on the Financial Statements of the Company and does not contain any reportable weakness of the Company.

Corporate Social Responsibility (CSR)

Your Company has a Corporate Social Responsibility Policy which is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2016/09/Corporate-Social-Responsibility-Policy.pdf

Annual Report on CSR activities for the Financial Year 2020 as required under Sections 134 and 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 is attached to this report as **Annexure - D**.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) read with Section 134(5) of the Act, the Directors state that:

(a) in the preparation of the annual accounts for the Financial Year ended December 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at December 31, 2020 and of the profits of the Company for the period ended on that date;

(c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

(d) the annual accounts have been prepared on a going concern basis;

(e) proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Other Information

Management Discussion & Analysis Report

Management Discussion & Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of SEBI (LODR) Regulations, forms part of the Annual Report.

Business Responsibility Report

Business Responsibility Report for the year under review, as stipulated under Regulation 34(2)(f) of SEBI (LODR) Regulations, forms part of the Annual Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) read with Rule 8 of the Companies (Accounts) Rules, 2014 is attached to this report as **Annexure - E**.

Corporate Governance Report

Your Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by Securities and Exchange Board of India. The report on Corporate Governance as stipulated under the SEBI (LODR) Regulations is attached to this report as **Annexure - F**. The certificate from M/s. Sanjay Grover & Associates, Company Secretaries confirming compliance with the conditions of corporate governance is also attached to the Corporate Governance Report.

Awards

Your Company has been awarded with the following:

(a) Winner of Best FMCG Corporate Governance India 2020 awarded by Capital Finance International.

(b) Winner of Bottler of the Year, 2019 by PepsiCo in AMESA Sector (Africa, Middle East and South Asia) received in 2020.

Listing

The Equity Shares of the Company are listed on the National Stock Exchange of India Limited and BSE Limited. Both these stock exchanges have nation-wide trading terminals. Annual listing fee for the Financial Year 2020-21 has been paid to the National Stock Exchange of India Limited and BSE Limited.

Extract of the Annual Return

Extract of the Annual Return in Form No. MGT – 9 in accordance with the provisions of Section 92 of the Act read with the Companies (Management and Administration) Rules, 2014, is attached to this report as **Annexure - G**.

Annual Return of the Company for the Financial Year 2019 is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2021/03/AnnualReturnFY2019.pdf

Research and Development

During the year under review, no Research & Development was carried out.

Cautionary Statement

Statements in the Board's Report and the Management Discussion & Analysis Report describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable laws and regulations. Actual results may differ from those expressed in the statements.

General

Your Directors confirm that no disclosure or reporting is required in respect of the following items as there was no transaction on these items during the year under review:

1. Issue of equity shares with differential voting rights as to dividend, voting or otherwise.

2. The Whole-time Directors of the Company does not receive any remuneration or commission from any of its subsidiaries.

3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

4. Issue of Sweat Equity Shares.

The Company is in regular compliance of the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India.

No material changes and commitments have occurred after the closure of the Financial Year 2020 till the date of this Report, which would affect the financial position of your Company.

Acknowledgement

Your Company's organizational culture upholds professionalism, integrity and continuous improvement across all functions, as well as efficient utilization of the Company's resources for sustainable and profitable growth.

Your Directors wish to place on record their appreciation for the sincere services rendered by employees of the Company at all levels. Your Directors also wish to place on record their appreciation for the valuable co-operation and support received from various Government Authorities, Banks / Financial Institutions and other stakeholders such as members, customers and suppliers, among others. Your Directors also commend the continuing commitment and dedication of employees at all levels, which has been vital for the Company's success. Your Directors look forward to their continued support in future.

For and on behalf of the Board of Directors
For **Varun Beverages Limited**

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 16, 2021
Place: Gurugram

Annexure – A

Disclosure pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as at December 31, 2020

The Company has two Employee Stock Option Schemes viz. Employee Stock Option Scheme - 2013 (ESOS-2013) and Employee Stock Option Scheme - 2016 (ESOS-2016). All the relevant details of these schemes are provided below and are also available on website of the Company at www.varunpepsi.com.

A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time

Please refer Note No. 50 of Notes to the Standalone Financial Statements forming part of the Annual Report.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the Regulations in accordance with 'Indian Accounting Standard (Ind AS) - 33 - Earnings Per Share' or any other relevant accounting standards as prescribed from time to time:

	ESOS - 2013	ESOS - 2016
Fully diluted EPS pursuant to issue of Equity Shares on exercise of options calculated in accordance with Ind AS-33 'Earnings Per Share'	₹ 7.84 on a standalone basis	Not Applicable

C. Details Relating to ESOS – 2013

Sl. No.	Particulars	Details
(i)	(a) Date of shareholders' approval	May 13, 2013
	(b) Total number of options approved / granted	26,75,400
	(c) Vesting requirements	25% - On the date of Grant of options (First Vesting); 25% - On the 1st day of January in the calendar year succeeding the calendar year of First Vest (Second Vesting); 25% - On the 1st day of January in the calendar year succeeding the calendar year of Second Vest (Third Vesting); and 25% - On the 1st day of January in the calendar year succeeding the calendar year of Third Vest (Fourth Vesting). All the options granted under this scheme have been vested on or before January, 2016
	(d) Exercise price or pricing formula	₹ 149.51 per equity share
	(e) Maximum term of options granted	5 years for exercising the options from the date of vesting
	(f) Source of shares (primary, secondary or combination)	Primary

<table>
<tr><th>Sl. No.</th><th>Particulars</th><th colspan="4">Details</th></tr>
<tr><td></td><td>(g) Variation in terms of options</td><td colspan="4">Under the erstwhile ESOS-2013, the vesting was to occur at the time of filing of the Red Herring Prospectus by the Company for the purpose of IPO and the exercise period was to commence only after the IPO. The vesting period got amended by the Board of Directors on December 1, 2015 in such a way that the 1^{st}, 2^{nd} and 3^{rd} vesting occurred on December 1, 2015 and the restriction on exercise of the option after IPO was removed. Thereafter, the ESOS - 2013 was amended on November 2, 2016 removing the restriction to exercise the Options in full in respect of the shares vested on a Vesting Date.

During the year under review, there was no variation in terms of options.</td></tr>
<tr><td>(ii)</td><td>Method used to account for ESOS - 2013</td><td colspan="4">Fair value</td></tr>
<tr><td>(iii)</td><td>Difference between the employee compensation cost using the intrinsic value of stock options and the employee compensation cost that shall have been recognized if it had used the fair value of the options.

The impact of this difference on profits and on EPS of the Company.</td><td colspan="4">During the Financial Year 2020, the Company followed Fair Value accounting of stock options. All the options have been vested & there were no accounting charge to Statement of Profit & Loss for the year</td></tr>
<tr><td>(iv)</td><td colspan="5">Option movement during Financial Year – 2020</td></tr>
<tr><td></td><td>Number of options outstanding at the beginning of the year</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>Number of options granted during the year</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>Number of options forfeited / lapsed during the year</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>Number of options vested during the year</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>Number of options exercised during the year</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>Number of shares arising as a result of exercise of options</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Money realized by exercise of options, if scheme is implemented directly by the Company</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>Loan repaid by the Trust during the year from exercise price received</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Number of options outstanding at the end of the year</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>Number of options exercisable at the end of the year</td><td colspan="4">Nil</td></tr>
<tr><td>(v)</td><td>Weighted-average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock</td><td colspan="4">Please refer Note No. 50 of Notes to the Standalone Financial Statements forming part of the Annual Report.</td></tr>
<tr><td>(vi)</td><td colspan="5">Employee wise details of options granted during the year to:</td></tr>
<tr><td></td><td></td><td>Name</td><td>Designation</td><td>No. of Options granted</td><td>Exercise Price (₹)</td></tr>
<tr><td></td><td>(a) Senior Managerial Personnel / Key Managerial Personnel</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>(b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>(c) identified employees who were granted option during any one year equal to or exceeding 1% of the issued capital of the Company (excluding outstanding warrants and conversions) at the time of grant.</td><td colspan="4">Nil</td></tr>
</table>

Sl. No.	Particulars	Details
(vii)	Description of the method and significant assumptions used during the year to estimate the fair value of options including the following information: (a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model; (b) the method used and the assumptions made to incorporate the effects of expected early exercise; (c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and (d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	Kindly refer Note No. 50 to Standalone Financial Statements forming part of the Annual Report.

D. Details Relating to ESOS – 2016*

Sl. No.	Particulars	Details
(i)	(a) Date of shareholders' approval	April 27, 2016
	(b) Total number of options approved / granted	Nil
	(c) Vesting requirements	Unless otherwise specified in ESOS-2016, the continuation of the Grantee in the services of the Company shall be primary requirement of the Vesting 25% - One year from the date of Grant (First Vesting) 25% - On the 1st day of January in the calendar year succeeding the calendar year of First Vest (Second Vesting) 25% - On the 1st day of January in the calendar year succeeding the calendar year of Second Vest (Third Vesting) 25% - On the 1st day of January in the calendar year succeeding the calendar year of Third Vest (Fourth Vesting)
	(d) Exercise price or pricing formula	Not Applicable
	(e) Maximum term of options granted	Not Applicable
	(f) Source of shares (primary, secondary or combination)	Not Applicable
	(g) Variation in terms of options	Not Applicable
(ii)	Method used to account for ESOS - 2016	Not Applicable
(iii)	Difference between the employee compensation cost using the intrinsic value of stock options and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company	Not Applicable

<table>
<tr><th>Sl. No.</th><th>Particulars</th><th colspan="4">Details</th></tr>
<tr><td>(iv)</td><td colspan="5">Option movement during Financial Year – 2020</td></tr>
<tr><td></td><td>Number of options outstanding at the beginning of the year</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Number of options granted during the year</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Number of options forfeited / lapsed during the year</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Number of options vested during the year</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Number of options exercised during the year</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Number of shares arising as a result of exercise of options</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Money realized by exercise of options, if scheme is implemented directly by the Company</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Loan repaid by the Trust during the year from exercise price received</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Number of options outstanding at the end of the year</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Number of options exercisable at the end of the year</td><td colspan="4">Not Applicable</td></tr>
<tr><td>(v)</td><td>Weighted-average exercise prices and weighted-average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock</td><td colspan="4">Not Applicable</td></tr>
<tr><td>(vi)</td><td colspan="5">Employee wise details of options granted during the year to:</td></tr>
<tr><td></td><td></td><td>Name</td><td>Designation</td><td>No. of Options granted</td><td>Exercise Price (₹)</td></tr>
<tr><td></td><td>(a) Senior Managerial Personnel / Key Managerial Personnel</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>(b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>(c) identified employees who were granted option during any one year equal to or exceeding 1% of the issued capital of the Company (excluding outstanding warrants and conversions) at the time of grant.</td><td colspan="4">Not Applicable</td></tr>
<tr><td>(vii)</td><td>Description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:
(a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;
(b) the method used and the assumptions made to incorporate the effects of expected early exercise;
(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and
(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.</td><td colspan="4">Not Applicable</td></tr>
</table>

**The Company has not granted any stock options under ESOS - 2016 till date.*

For and on behalf of the Board of Directors
For **Varun Beverages Limited**

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 16, 2021
Place: Gurugram

Annexure – B

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) Ratio of the remuneration of each director to the median remuneration of employees of the Company for the Financial Year 2020, the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2020:

(₹ in million)

Sl. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year 2020	% increase in Remuneration in Financial Year 2020	Ratio of Remuneration of Director to Median Remuneration of employees in Financial Year 2020
1.	Mr. Varun Jaipuria, Whole-time Director	43.65	38.79	132.27
2.	Mr. Raj Gandhi, Whole-time Director@	41.56	-14.33	125.94
3.	Mr. Kapil Agarwal, Whole-time Director & Chief Executive Officer	68.31	19.59	207
4.	Mr. Rajinder Jeet Singh Bagga, Whole-time Director	31.55	Not Comparable*	Not Applicable
5.	Mr. Vikas Bhatia, Chief Financial Officer	22.53	Not Comparable^	Not Applicable
6.	Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary	9.13	10.93	27.67

@ *Despite increase in remuneration, there is percentage decrease in remuneration as he decided to forego his performance bonus due to COVID-19 for the Financial Year 2020.*

* *Appointed with effect from May 2, 2019.*

^ *Appointed with effect from August 1, 2019.*

(ii) The number of permanent employees as on December 31, 2020 were 7,808 and the median remuneration was ₹ 0.33 million annually. The median remuneration of employees (excluding above Directors and KMPs) in Financial Year 2020 has increased by 5.86%.

(iii) It is hereby affirmed that the above-mentioned remuneration is in accordance with the Remuneration Policy of the Company which is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2020/03/Remuneration-Policy.pdf.

(iv) The average percentile increase already made in the salaries of employees other than Managerial Personnel was 10.24% and the average percentile increase in the remuneration of Managerial Personnel was 21.00% during the last Financial Year. The higher percentage in the increase of Managerial Personnel was based on growth plans of the Company and individual performance of the Managerial Personnel.

Statement of particulars under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended December 31, 2020 (also includes the details of top ten employees of the Company)

Sl. No.	Name	Designation	Remuneration (₹ in million)	Age	Qualification	Experience in years	Last Employment	Date of Commencement of Employment
1	Mr. Varun Jaipuria	Whole-time Director	43.65	33	Bachelor's degree in International Business from the Regent's University, London	12	-	July 1, 2009
2	Mr. Raj Gandhi	Whole-time Director	41.56	63	FCA	40	Devyani Beverages Limited	November 1, 2004
3	Mr. Kapil Agarwal	Whole-time Director & Chief Executive Officer	68.31	56	PGDM	29	Devyani Beverages Limited	November 1, 2004
4	Mr. Vivek Gupta^	Executive Director	36.98	57	PGDM	33	Lunarmech Technologies Private Limited	April 1, 2015
5	Mr. Rajinder Jeet Singh Bagga	Whole-time Director	31.55	57	M. Tech.	34	Eveready Industries India Limited	December 11, 1995
6	Mr. Vikas Bhatia	Chief Financial Officer	22.53	56	FCA and AICWA	31	Carlsberg Group	January 15, 2019
7	Mr. Kamlesh Kumar Jain^	Executive Director and COO (International)	18.09	58	FCA	31	Devyani Beverages Limited	November 1, 2004
8	Mr. Manmohan Rupal Paul	Chief Operating Officer (Sales)	14.86	47	MBA	24	-	June 3, 1996
9	Mr. Sudin Kumar Gaunker	Chief Operating Officer	14.79	49	B.Com.	21	Goa Bottling Company Limited	June 21, 2000
10	Mr. Bhupinder Singh	Regional Chief Technical Officer	14.40	56	M.Tech	30	ABInbev India Private Limited	May 1, 2015
11	Mr. Eesh Sethi#	MUGM	13.53	58	B.A.	38	Varun Beverages (Nepal) Private Limited	December 1, 2012
12	Mr. Saurabh Agrawal	Chief Strategy Officer	13.17	42	MBA	15	Accenture Solutions	September 18, 2018
13	Mr. Deepak Sharma	MUGM	12.87	48	MBA	24	Hindustan Unilever Limited	December 1, 1999
14	Mr. Pradeep Kumar Goyal	Regional Chief Financial Officer	12.45	48	FCA and ACS	24	ABInbev India Private Limited	March 1, 2015
15	Mr. Kamal Karnatak	Sr. Vice President	12.07	48	MBA	25	Unitech Limited	October 1, 2008
16	Mr. Asheeth Rajiv	MUGM	11.84	42	MBA	18	PepsiCo India Holdings Private Limited	August 1, 2018

Sl. No.	Name	Designation	Remuneration (₹ in million)	Age	Qualification	Experience in years	Last Employment	Date of Commencement of Employment
17	Mr. Suman Kumar	MUGM	11.41	45	MBA	18	Marico Ltd.	June 21, 2018
18	Mr. Manish Muley#	MUGM	11.09	50	MBA	24	PepsiCo India Holdings Private Limited	March 8, 2019
19	Mr. Sanjeev Anand	MUGM	10.86	54	B.A	37	Nitin Home Appliances Limited	December 1, 1999
20	Mr. Vinod Pamecha	Vice President	10.63	47	B.Tech	24	PepsiCo India Holdings Private Limited	June 1, 2019
21	Mr. Vivek Prakash Gupta#	MUGM	9.87	43	MBA	21	SESA Care Private Limited	March 2, 2020
22	Mr. Sugato Palit#	Chief HR Officer	6.39	49	MBA	25	Accumen	March 31, 2017
23	Mr. Sumit Luthra#	MUGM	2.38	44	MBA	21	7up Bottling	October 12, 2020

^ *Not a member of the Board of Directors of the Company.*

\# *Employed for part of the year and in receipt of remuneration exceeding the prescribed limits.*

Notes:

1. Mr. Varun Jaipuria is the son of Mr. Ravi Jaipuria, Non-executive Chairman of the Company and holds 50,663,250 (17.55%) equity shares of the Company. None of the other employees hold by himself or along with his/her spouse and dependent children, 2% or more of equity shares of the Company. Except above, none of the other employee is a relative of any Director of the Company.
2. None of the employee receive remuneration during 2020 in excess of the remuneration of any of the Directors except the details of employees forming part of this annexure.
3. Nature of employment for all these employees are permanent.

For and on behalf of the Board of Directors
For **Varun Beverages Limited**

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 16, 2021
Place: Gurugram

Annexure – C

Secretarial Audit Report

For the Financial Year ended December 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Varun Beverages Limited
(CIN: L74899DL1995PLC069839)
F-2/7, Okhla Industrial Area, Phase-I,
New Delhi-110 020

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Varun Beverages Limited** (the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We report that-

a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

c) We have not verified the correctness and appropriateness of the financial statements of the Company.

d) Wherever required, we have obtained the management representation about the compliances of laws, rules and regulations and happening of events etc.

e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

f) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year started from 1st January, 2020 ended on 31st December, 2020 ("audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st December, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, wherever applicable;

(v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred as "PIT Regulations");

(c) *The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) *The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) *The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred as "SEBI LODR").

*No event took place under these regulations during the audit period.

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, with which the Company has generally complied with.

During the audit period, the Company has complied, with the provisions of the Act, Rules, Regulations and Guidelines to the extent applicable, as mentioned above.

The Company is PepsiCo's second largest global franchise (outside United States) and have a strategic association with PepsiCo since 1991. The Company is a trusted business partner to PepsiCo and possess the rights to manufacture, distribute and sell carbonated soft drinks, fruit juice-based drinks, packaged drinking water and sports and energy drinks. As informed by the Management, Food Safety & Standards Act, 2006, Rules and Regulations made thereunder, are specifically applicable to the Company.

In our opinion and to the best of our information and according to explanations given to us, we believe that the Company is having systems in place to check the compliance of laws specifically applicable to the Company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors that took place during the audit period.

Advance notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

We further report that there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900

Devesh Kumar Vasisht
Partner
CP No.: 13700
FCS No.: F8488
UDIN: F008488B002931089

Date: February 16, 2021
Place: New Delhi

Annexure – D

Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2020

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	Refer Section on Corporate Social Responsibility in Board's Report. Further, overview of projects or programs undertaken during the year under review, is provided in the table at item 5(c) below.
2.	The composition of the CSR Committee	1) Mr. Ravi Jaipuria- Chairman 2) Mr. Varun Jaipuria- Member 3) Mr. Raj Gandhi- Member 4) Dr. Naresh Trehan- Member 5) Ms. Rashmi Dhariwal- Member
3.	Average net profit of the Company for last three Financial Years	₹ 3,752.06 million
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹ 75.04 million
5.	Details of CSR spent during the Financial Year 2020:	
	(a) Total amount to be spent for the Financial Year;	₹ 75.04 million
	(b) Amount unspent, if any;	Nil
	(c) Manner in which the amount spent during the Financial Year	Details given below

(₹ in million)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or program wise**	**Amount spent on the projects or programs Sub-Heads; (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure up to the reporting period**	**Amount spent direct or through implementing agency**
(a)	Promoting education to poor and underprivileged children	Promoting education	Gurugram and Jaipur	20.00	20.00	20.00	Through Implementing Agency- Champa Devi Jaipuria Charitable Trust
(b)	Promoting employment enhancing vocational skills	Promoting vocational skills	Gurugram and Jaipur	10.80	10.80	10.80	Through Implementing Agency- Mala Jaipuria Foundation
(c)	Promoting Healthcare, Education, Environmental Sustainability, Rural Development, etc.	Promoting Healthcare, Education, Environmental Sustainability, Rural Development, etc.	Across India	33.59	33.59	33.59	Through Implementing Agency- RJ Foundation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or program wise**	**Amount spent on the projects or programs Sub-Heads; (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure up to the reporting period**	**Amount spent direct or through implementing agency**
(d)	Promoting Healthcare	Healthcare	Across India	10.00	10.00	10.00	Through Implementing Agency- Medanta Institute of Education and Research
(e)	Eradicating hunger, poverty and malnutrition	Covid-19	Panipat, Karnataka & Pathankot	0.65	0.65	0.65	Direct

6. In case the Company has failed to spend the two percent of the average net profit of last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

   Not applicable.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

   "The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company."

For and on behalf of the Board of Directors
For **Varun Beverages Limited**

Raj Gandhi
Whole-time Director
DIN: 00003649

Ravi Jaipuria
Chairman - CSR Committee
DIN: 00003668

Date: February 16, 2021
Place: Gurugram

Annexure – E

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

(a) Conservation of energy

(i)	Steps taken or impact on conservation of energy	A multi-pronged and sustainable approach is deployed in most of our plants as well as products to infuse the concept of energy conservation. Some of the energy conservation measures adopted across the manufacturing units were: 1. Use of frequency drive in ammonia and air compressor which saves electric energy. 2. Use of frequency drive in boiler for ID and FD fan which saves electric energy. 3. Heat recovery from hot compressed gases and used for heating water. 4. Recovery of treated hot water from three stage syrup transfer PHE. 5. Beverage filling at ambient temperature leading to huge power savings in refrigeration. 6. Replacement of CFL/FTL lamps with LED lamps. 7. Replacement of low efficiency pump with high energy efficient pump. 8. Improving efficiency on critical resources like water and energy by doing water recoveries and optimizing energy consumption. 9. Optimizing the resource consumptions and minimizing wastages by automations and controls.
(ii)	Steps taken by the Company for utilizing alternate sources of energy	The Company has successfully utilized the environment friendly fuels like biomass for steam generation and installed solar panels in the plant for generating clean energy.
(iii)	Capital investment on energy conservation equipments	1. Installation and commissioning of Solar Plant at Nuh and Greater Noida Plants. 2. Air recovery system in Blow Moulding Machine. 3. Filling machines which are capable of filling beverage at ambient temperature with high speed running. 4. Green Oven for Bottle Blowing machine which consumes less energy as compare to the traditional ones. 5. High energy efficient pumps. 6. Steam condensate recovery system in all the units.

(b) Technology absorption

(i)	Efforts made towards technology absorption	The Company has been continuously improving on resource use efficiencies, especially that of common resources such as water, fuel and energy. The Company follows series of environment performance indicators for monitoring natural resources consumption on per case basis and continual improvement is being achieved and sustained.
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution	Over the past ten years, Company has reduced water usage around 10% on per case basis and significant reduction of energy consumption on per case basis. Some of the factories have also received the Green Factory certification from Indian Green Building Council (IGBC), Gold rating. Our Company also achieved significant reduction in weight of closure (from 1880 long height closure to 1881 short height closure) and preforms over years. This is implemented across all units resulting in to saving of resin consumption. Usage of nitrogen in packaged drinking water enables unit to reduce 10% of package weight. Recently, we also started metal cage for preform storage and handling to minimize recycling waste.

(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	There is no imported technology involved in the operation of the Company.
	(a) Details of technology imported	N.A.
	(b) Year of import	N.A.
	(c) Whether the technology been fully absorbed	N.A.
	(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.
(iv)	Expenditure incurred on Research and Development	Due to the nature of its business, the Company need not to initiate specific research and development activities, however Company supports all the pilot projects feasibility and commercialization along with PepsiCo.

(c) Foreign Exchange Earnings & Outgo

(₹ in million)

Sl. No.	Particulars	As at December 31, 2020	As at December 31, 2019
(i)	Earnings in Foreign Currency	682.59	926.33
(ii)	Expenditure in Foreign Currency	2,445.42	4,110.66

For and on behalf of the Board of Directors
For **Varun Beverages Limited**

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 16, 2021
Place: Gurugram

Annexure – F

Corporate Governance Report

To comply with Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['SEBI (LODR) Regulations'], the report containing the details of Corporate Governance of Varun Beverages Limited ('the Company'/ 'VBL') is as follows:

Company's Philosophy on Corporate Governance

Corporate Governance is creation and enhancing long term sustainable value for the stakeholders through ethically driven business process. At VBL, it is imperative that your Company affairs are being managed in a fair and transparent manner.

Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success and we remain committed towards maximizing stakeholders' value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all.

We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving. Our multiple initiatives towards maintaining the highest standards of governance are detailed hereinafter.

The Corporate Governance framework of the Company is based on the following broad practices:

(a) Engaging a diverse and highly professional, experienced and competent Board of Directors, with versatile expertise in industry, finance, management and law.

(b) Deploying well defined governance structures that establishes checks and balances and delegates decision making to appropriate levels in the organization.

(c) Adoption and implementation of fair, transparent and robust systems, processes, policies and procedures.

(d) Making high level of disclosures for dissemination of corporate, financial and operational information to all its stakeholders.

(e) Having strong systems and processes to ensure full and timely compliance with all legal and regulatory requirements and zero tolerance for non-compliance.

Best Corporate Governance practices

VBL maintains the highest standards of Corporate Governance. It is the Company's constant endeavour to adopt the best Corporate Governance practices keeping in view the international codes of Corporate Governance and practices of well-known global companies. Some of the best implemented global governance norms include the following:

- All securities related filings with Stock Exchanges and SEBI are reviewed by the Company's Board of Directors.
- The Company has following Board Committees: Audit, Risk Management and Ethics Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Allotment Committee, QIP Committee and Investment and Borrowing Committee.
- The Company also undergoes Secretarial Audit conducted by an independent firm of Practicing Company Secretaries. The Secretarial Audit Report is placed before the Board and forms part of the Annual Report.
- Observance and adherence of all applicable Laws including Secretarial Standards issued by the Institute of Company Secretaries of India.

Governance Policies

At VBL, we strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive and responsible. We adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Therefore, we have adopted various codes and policies to carry out our duties in an ethical manner. Some of the codes and policies are as follows:

- Code of Conduct for Board of Directors and Senior Management;
- Code of Conduct for Prohibition of Insider Trading;
- Code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information;

- Policy on Related Party Transactions;
- Corporate Social Responsibility Policy;
- Policy for Determination of Material Subsidiary and Governance of Subsidiaries;
- Policy for Determination of Materiality of Events / Information;
- Remuneration Policy for Directors, Key Managerial Personnel, Members of Senior Management and other Employees of the Company;
- Familiarization Programme for Independent Directors;
- Vigil Mechanism/Whistle Blower Policy;
- Policy for Preservation of Documents;
- Policy on Diversity of the Board of Directors;
- Risk Management Policy;
- Dividend Distribution Policy;
- Archival Policy;
- Guidelines for Acquisition in India;
- Environment, Health and Safety Policy;
- Anti-Bribery Policy; and
- Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace.

Board of Directors

As at December 31, 2020, 5 (Five) out of 10 (Ten) Directors on the Board were Independent Directors. At VBL, it is our belief that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board's actions and decisions are aligned with the Company's best interests. The Board critically evaluates the Company's strategic direction, management policies and their effectiveness.

Size and composition of the Board of Directors as at December 31, 2020 is given below:

Category	Name of Directors
Non-executive Chairman	Mr. Ravi Jaipuria*
Executive / Whole-time Directors	Mr. Varun Jaipuria*
	Mr. Raj Gandhi
	Mr. Kapil Agarwal
	Mr. Rajinder Jeet Singh Bagga
Non-executive, Independent Directors	Dr. Naresh Trehan
	Dr. Ravi Gupta
	Mr. Pradeep Sardana
	Ms. Rashmi Dhariwal
	Ms. Sita Khosla

*Mr. Ravi Jaipuria and Mr. Varun Jaipuria are Promoters of the Company.

Inter-se Relationship among Directors

Except Mr. Ravi Jaipuria and Mr. Varun Jaipuria, none of the Director is a relative of other Director(s). Mr. Varun Jaipuria is the son of Mr. Ravi Jaipuria, Non-executive Chairman of the Company.

Core Skills / Expertise / Competencies available with the Board

The Board comprises qualified Members who possess required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees.

The Matrix setting out the Skills, Expertise and Competencies available with the Board in context of business of the Company is as under:

Sl. No.	Name of Director	Leadership /Operations	Strategic Planning	Industry Experience, Technical, Research & Development and Innovation	Global Business	Finance & Legal	Corporate Governance, Compliance & Risk Management
1	Mr. Ravi Jaipuria	√	√	√	√	√	√
2	Mr. Varun Jaipuria	√	√	√	√	√	√
3	Mr. Raj Gandhi	√	√	√	√	√	√
4	Mr. Kapil Agarwal	√	√	√	√	√	√
5	Mr. Rajinder Jeet Singh Bagga	√	√	√	√	√	√
6	Dr. Naresh Trehan	√	√	√	√	√	√
7	Dr. Ravi Gupta	√	√	√	√	√	√
8	Mr. Pradeep Sardana	√	√	√	√	√	√
9	Ms. Rashmi Dhariwal	√	√	√	√	√	√
10	Ms. Sita Khosla	√	√	√	√	√	√

Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field / profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as an Independent Director on the Board. The Committee, inter-alia, considers criteria as prescribed under the Companies Act, 2013 ('the Act') and SEBI (LODR) Regulations viz. positive attributes, area of expertise, number of directorships and memberships held in various committees of other companies by such persons in accordance with the Company's Policy. The Board considers the Committee's recommendation and takes appropriate decision.

A statement in connection with fulfilling the criteria of Independence and directorships as required under the provisions of the Act and SEBI (LODR) Regulations received from each of Independent Directors is disclosed in the Board's Report. Your Company had also issued formal appointment letters to all the Independent Directors in the manner provided under the Act. Terms and Conditions for appointment of Independent Directors are available on website https://varunpepsi.com/wp-content/uploads/2018/05/Terms-and-conditions-of-appointment-of-the-Independent-Directors-Revised-March-19-2018.pdf

In the opinion of the Board, the Independent Directors fulfill the conditions as specified in the Act and SEBI (LODR) Regulations and are Independent of the management.

Independent Directors' Induction and Familiarization

The provision of an appropriate induction programme for new Directors and ongoing training for existing Directors is a major contributor in maintaining the high Corporate Governance standards of the Company. The Whole-time Directors and the Company Secretary are jointly responsible for ensuring such induction and training programmes are provided to the Directors. The management provides such information and training either at the meeting of Board of Directors or otherwise. The details of such familiarization programme for Independent Directors are posted on website of the Company at https://varunpepsi.com/wp-content/uploads/2016/12/Familiarisation-Programme-For-Independent-Directors.pdf

Board Evaluation

The Board of Directors of the Company ensures formation and monitoring of robust evaluation framework of the Individual Directors including Chairman of the Board, Board as a whole and various Committees thereof and carries out the evaluation of the Board, the Committees of the Board and Individual Directors, including the Chairman of the Board on annual basis.

Board Evaluation for the Financial Year ended December 31, 2020 has been completed by the Company internally which included the evaluation of the performance of the Board as a whole, Board Committees and Directors individually and results of the same were shared with the Board.

Internal Audit

As recommended by the Audit, Risk Management and Ethics Committee, the Board of Directors in their meeting held on February 7, 2020 re-appointed M/s O. P. Bagla & Co., LLP, Chartered Accountants as Internal Auditors of the Company for the Financial Year 2020 to conduct internal audit of the Company and their report on findings is submitted to the Audit, Risk Management and Ethics Committee on periodic basis.

Separate Meeting of Independent Directors

To comply with the provisions of Schedule IV of the Act read with Regulation 25 of SEBI (LODR) Regulations, the Independent Directors met once during the Financial Year 2020, without the presence of Non-Independent Directors and members of the management team and inter-alia reviewed:

- The performance of Non-Independent Directors and the Board as a whole;
- The performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-executive Directors; and
- The quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to formal meetings, interactions also took place between the Chairman and Independent Directors.

Board Meetings, Board Committee Meetings and Procedure

The Board is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness and ensures that shareholders' long term interests are being served.

As at the end of the year under review, the Board has 7 (Seven) Committees, namely Audit, Risk Management and Ethics Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Allotment Committee, QIP Committee and Investment and Borrowing Committee.

The Company's internal guidelines for Board/Board Committee meetings facilitate the decision making process at its meetings in an informed and efficient manner.

Board Meetings

The Board meets at regular intervals to discuss and decide on Company / business policies and strategies apart from other regular business matters. The Board/ Committee Meetings are pre-scheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to all Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. The Board is updated on the discussions held at the Committee meetings and the recommendations made by various Committees.

The agenda of the Board/Committee Meetings is set by the Chief Risk Officer & Group Company Secretary in consultation with the Whole-time Director(s) and the Chairman of the Company. The agenda is generally circulated a week prior to the date of the meeting and includes detailed notes on items to be discussed at the meeting to enable the Directors to take an informed decision. However, in case of urgency, the agenda is circulated along with shorter notice as per the provisions of the Secretarial Standard on Meetings of the Board of Directors. Usually meetings of the Board are held at the Corporate Office of the Company at Gurugram.

Board meets at least once in a quarter to review inter-alia the quarterly results, compliances and performance of the Company. Additional meetings are held on a need basis.

The Company also provides facility to the Directors to attend meetings of the Board and its Committees through Video/Tele Conferencing mode.

4 (Four) Board meetings were held during the Financial Year 2020 on February 7, 2020, May 5, 2020, August 4, 2020 and November 3, 2020. The gap between two Board meetings was within the limit prescribed under Section 173(1) of the Act and Regulation 17(2) of the SEBI (LODR) Regulations.

Board Business

The business of the Board inter-alia includes:

- Framing and overseeing progress of the Company's annual plan and operating framework.
- Framing strategies for direction of the Company and for corporate resource allocation.
- Reviewing financial plans of the Company.
- Reviewing the quarterly and annual financial results of the Company.
- Reviewing the Annual Report including Audited Annual Financial Statements for adoption by the Members.
- Reviewing progress of various functions and business of the Company.
- Reviewing the functioning of the Board and its Committees.
- Reviewing the functioning of subsidiary companies.
- Considering / approving the declaration / recommendation of dividend.
- Reviewing and resolving fatal or serious accidents or dangerous occurrences, any material significant effluent or pollution problems or significant labour issues, if any.
- Reviewing the details of significant development in human resources and industrial relations front.
- Reviewing details of foreign exchange exposure and steps taken by the management to limit the risks of adverse exchange rate movement.
- Reviewing compliance with all relevant legislations and regulations and litigation status, including materiality, important show cause, demand, prosecution and penalty notices, if any.
- Advising on corporate restructuring such as merger, acquisition, joint venture or disposals, if any.
- Appointing Directors on the Board and Key Managerial Personnel, if any.
- Reviewing various policies of the Company and monitoring implementation thereof.
- Reviewing details of risk evaluation and internal controls.
- Reviewing reports on progress made on the ongoing projects.
- Monitoring and reviewing board evaluation framework.

Board Support

The Chief Risk Officer & Group Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. He is also responsible for preparation of Agenda in consultation with the Whole-time Director(s) and the Chairman of the Company and convening of Board and Committee Meetings. The Chief Risk Officer & Group Company Secretary attends all the meetings of the Board and its Committees, advises and assures the Board on Compliance and Governance principles.

Recording Minutes of proceedings of Board and Committee meetings

The Chief Risk Officer & Group Company Secretary ensures appropriate recording of minutes of proceedings of each Board and Committee Meeting. The minutes are entered in the Minutes Book within 30 (Thirty) days from the date of conclusion of the meetings as per the Secretarial Standards issued by the Institute of Company Secretaries of India.

Post meeting follow-up mechanism

The guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for decisions taken by the Board and Committees thereof. Important decisions taken at Board/ Committee meetings are communicated promptly to the concerned departments/divisions. Action-taken report (if any) on decisions/minutes of the previous meeting(s) is placed at the succeeding meeting of the Board/ Committees for noting.

Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other Directorships and Chairmanships / Memberships of Committees and Shareholding of each Director in the Company:

Name and DIN	Category & Designation	Attendance in Financial Year 2020		Number of Directorships in other Companies as on December 31, 2020$		Committee Membership and Chairmanship in other Companies# as on December 31, 2020		Shareholding in the Company as on December 31, 2020
		Board Meetings	AGM	Private	Public	Chairmanship	Membership	
Mr. Ravi Jaipuria (00003668)	Promoter (Non-executive Chairman)	4/4	Yes	4	8	Nil	Nil	Nil
Mr. Varun Jaipuria (02465412)	Promoter & Whole-time Director (Executive Director)	4/4	Yes	4	2	Nil	Nil	50,663,250
Mr. Raj Gandhi (00003649)	Whole-time Director (Executive Director)	4/4	Yes	3	7	Nil	3	611,250
Mr. Kapil Agarwal (02079161)	Whole-time Director & Chief Executive Officer (Executive Director)	4/4	Yes	Nil	Nil	Nil	Nil	410,464
Mr. Rajinder Jeet Singh Bagga (08440479)	Whole-time Director (Executive Director)	4/4	Yes	Nil	Nil	Nil	Nil	129,750
Dr. Naresh Trehan (00012148)	Non-executive & Independent Director	4/4	Yes	9	1	Nil	Nil	Nil
Dr. Ravi Gupta (00023487)	Non-executive & Independent Director	4/4	Yes	11	3	Nil	1	Nil
Mr. Pradeep Sardana (00682961)	Non-executive & Independent Director	4/4	Yes	Nil	Nil	Nil	Nil	1,287
Ms. Rashmi Dhariwal (00337814)	Non-executive & Independent Director	4/4	Yes	5	4	1	4	Nil
Ms. Sita Khosla (01001803)	Non-executive & Independent Director	4/4	Yes	Nil	Nil	Nil	Nil	Nil

Includes only Audit Committee and Stakeholders' Relationship Committee in all public limited companies (whether listed or not) and excludes private limited companies, foreign companies and Section 8 companies.

$ Does not include directorship in foreign companies.

Note: Video/Tele-conferencing facility is offered to facilitate Directors to participate in the meetings.

Pursuant to Part C of Schedule V of the SEBI (LODR) Regulations, details of Directorship in other listed entity and category of Directorship as on December 31, 2020, are mentioned below:

Sl. No.	Name of Director	Company	Category of Directorship
1.	Mr. Ravi Jaipuria	Lemon Tree Hotels Limited	Non-executive Director

Committees of the Board

The Board Committees play a vital role in strengthening the Corporate Governance practices. The Board Committees are set up under formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board as a part of good governance practice. The Board supervise the execution of responsibilities by the Committee. Minutes of the proceedings of all the Committee meetings are circulated to the Board to take note of the same. The Board Committees may request special invitees to join the meeting, as appropriate.

As required under Schedule V (Annual Report) of the SEBI (LODR) Regulations, mandatory disclosure(s) related to the Audit, Risk Management and Ethics Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee are as follows:

(i) Audit, Risk Management and Ethics Committee

The terms of reference and composition of the Audit, Risk Management and Ethics Committee satisfy the requirements of Section 177 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulations 18 and 21 of the SEBI (LODR) Regulations.

The brief terms of reference of Audit, Risk Management and Ethics Committee are as under:

- Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible.
- Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company and approval of payment for any other services rendered by the statutory auditors of the Company.
- Reviewing with the Management the quarterly / annual results and annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter-alia, include reviewing changes in the accounting policies and reasons for the same, major accounting entries involving estimates based on exercise of judgement by Management, significant adjustments made in the financial statements.
- Review the Management's Discussion and Analysis of financial condition and results of operations.
- Scrutiny of inter-corporate loans and investments.
- Evaluation of internal financial controls and risk management systems.
- Reviewing the functioning of the whistle blower / vigil mechanism.
- Evaluate and review the risk management plan, the risk management system, including risk policy, risk process (risk identification, assessment, mitigation and monitoring), cyber security processes and risk registers laid down by the Management.

The Audit, Risk Management and Ethics Committee met 4 (Four) times during the Financial Year 2020 on February 7, 2020, May 5, 2020, August 4, 2020 and November 3, 2020.

Composition of the Committee and attendance of the Members at the meetings held during the Financial Year 2020:

Sl. No.	Name	Category	Designation	No. of Meetings Attended
1	Dr. Ravi Gupta	Independent Director	Chairman	4/4
2	Ms. Rashmi Dhariwal	Independent Director	Member	4/4
3	Ms. Sita Khosla	Independent Director	Member	4/4
4	Mr. Raj Gandhi	Executive Director	Member	4/4

Note: Video/Tele-conferencing facility is offered to facilitate Directors to participate in the meetings.

The Chief Risk Officer & Group Company Secretary acts as Secretary to the Committee.

The Chairman of the Audit, Risk Management and Ethics Committee was present at the last AGM held on June 26, 2020.

(ii) Stakeholders' Relationship Committee

The terms of reference and composition of the Stakeholders' Relationship Committee satisfy the requirements of Section 178 of the Act and Regulation 20 of SEBI (LODR) Regulations.

The objective of the Stakeholders' Relationship Committee is to consider and resolve the grievances of security holders of the Company including but not limited to complaints related to transfer of shares, non-receipt of annual report, non-receipt of declared dividends and review of services rendered by the Registrar and Share Transfer Agent.

The Stakeholders' Relationship Committee met 1 (One) time during the Financial Year 2020 on December 31, 2020.

Composition of the Committee and attendance of the Members at the meetings held during the Financial Year 2020:

Sl. No.	Name	Category	Designation	No. of Meeting Attended
1	Ms. Sita Khosla	Independent Director	Chairperson	0/1
2	Ms. Rashmi Dhariwal	Independent Director	Member	1/1
3	Mr. Raj Gandhi	Executive Director	Member	1/1

Note: Video/Tele-conferencing facility is offered to facilitate Directors to participate in the meetings.

The Chief Risk Officer & Group Company Secretary acts as Secretary to the Committee and also designated as a Compliance Officer of the Company.

The Chairperson of the Stakeholders' Relationship Committee was present at the last AGM held on June 26, 2020.

Investor Grievances / Complaints

The details of the Investor Complaints received and resolved during the Financial Year ended December 31, 2020 are as follows:

Opening Balance	No. of complaints received	No. of complaints resolved	No. of complaints not solved to the satisfaction of shareholders	No. of complaints pending
0	38	38	0	0

To enable investors to share their grievance or concern, Company has set up a dedicated e-mail ID complianceofficer@rjcorp.in.

(iii) Nomination and Remuneration Committee

The terms of reference and composition of the Nomination and Remuneration Committee satisfy the requirements of Section 178 of the Act and Regulation 19 of SEBI (LODR) Regulations and SEBI (Share Based Employee Benefits) Regulations, 2014 as amended from time to time.

The brief terms of reference of Nomination and Remuneration Committee are as under:

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees, and for evaluation of the performance of independent directors and the Board of Directors;
- Devising a policy on diversity of the Board of Directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board of Directors their appointment and removal, and carrying out evaluation of every director's performance;
- Determine whether to extend or continue the term of appointment of the independent directors on the basis of the report of performance evaluation of independent directors; and
- Framing suitable policies and systems to ensure that there is no violation by an employee as well as by the Company of any applicable laws in India or overseas, including:
  - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

The Nomination and Remuneration Committee met 2 (Two) times during the Financial Year 2020 on February 7, 2020 and November 3, 2020.

Composition of the Committee and attendance of the Members at the meetings held during the Financial Year 2020:

Sl. No.	Name	Category	Designation	No. of Meetings Attended
1	Ms. Rashmi Dhariwal	Independent Director	Chairperson	2/2
2	Dr. Ravi Gupta	Independent Director	Member	2/2
3	Mr. Ravi Jaipuria	Non-executive Chairman	Member	2/2

Note: Video/Tele-conferencing facility is offered to facilitate Directors to participate in the meetings.

The Chief Risk Officer & Group Company Secretary acts as Secretary to the Committee.

The Chairperson of the Nomination and Remuneration Committee was present at the last AGM held on June 26, 2020.

Performance evaluation criteria for Independent Directors

The Nomination and Remuneration policy of the Company lays down the criteria of appointment and remuneration of Directors/Key Managerial Personnel including criteria for determining qualification, positive attributes, independence of Directors, criteria for performance evaluation of Executive and Non-executive Directors (including Independent Directors) and other matters as prescribed under the provisions of the Act and the SEBI (LODR) Regulations. An indicative list of factors that may be evaluated including but not limited to participation and contribution by a Director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgement.

Remuneration of Directors

Details of remuneration paid to Directors of the Company for the Financial Year ended December 31, 2020, are as follows:

(₹ in million)

Sl. No.	Name	Sitting Fee	Salary	Perquisite	Bonus/Incentive	Total
1	Mr. Varun Jaipuria	-	41.42	0.04	2.23	43.69
2	Mr. Raj Gandhi	-	41.56	0.04	-	41.60
3	Mr. Kapil Agarwal	-	68.31	0.03	-	68.34
4	Mr. Rajinder Jeet Singh Bagga	-	31.55	0.04	-	31.59
5	Dr. Ravi Gupta	1.00	-	-	-	1.00
6	Mr. Pradeep Sardana	0.40	-	-	-	0.40
7	Ms. Rashmi Dhariwal	1.30	-	-	-	1.30
8	Ms. Sita Khosla	0.90	-	-	-	0.90

Since all the stock options have been vested and exercised accordingly during the year under review, no options have been exercised by any Director of the Company under Employee Stock Option Scheme –2013.

The details of specific service contracts, notice period and severance fees etc. are governed by the appointment letter issued to respective Director at the time of his / her appointment.

Criteria of making payments to Non-executive Directors including all pecuniary relationship or transactions of Non-executive Directors

The Independent Directors are not paid any remuneration other than the sitting fee for attending meetings of the Board and the Committees thereof as approved by the Board.

There has been no pecuniary relationship or transactions of the Non-executive Directors vis-à-vis the Company during the year except the sitting fee paid to them as detailed above.

Prohibition of Insider Trading

To comply with the provisions of Regulation 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for Prohibition of Insider Trading and the same is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2020/01/Code-of-Conduct-for-Prohibition-of-Insider-Trading.pdf.

Vigil Mechanism / Whistle Blower Policy

To comply with the provisions of Section 177 of the Act and Regulation 22 of SEBI (LODR) Regulations, the Company has adopted a Vigil Mechanism / Whistle Blower Policy for Directors and Employees of the Company. Under the Vigil Mechanism Policy, the protected disclosures can be made by a victim through an e-mail or a letter to the Chief Risk Officer & Group Company Secretary (Vigilance Officer) or to the Chairperson of the Audit, Risk Management and Ethics Committee.

The Policy provides for adequate safeguards against victimization of Directors and Employees who avail of the vigil mechanism and also provides a direct access to the Vigilance Officer or the Chairperson of the Audit, Risk Management and Ethics Committee, in exceptional cases. No personnel of the Company has been denied access to the Audit, Risk Management and Ethics Committee.

The main objective of this policy is to provide a platform to Directors and Employees to raise concerns regarding any irregularity, misconduct or unethical matters / dealings within the Company which may have a negative bearing on the organization either financially or otherwise.

This policy provides an additional channel to the normal management hierarchy for employees to raise concerns about any breach of the Company's values or instances of violations of the Company's Code of Conduct. Therefore, it is in line with the Company's commitment to open communication and to highlight any such matters which may not be getting addressed in a proper manner. During the year under review, no complaint was received under the Whistle Blower Policy.

Compliance with the Code of Conduct

To comply with the provisions of Regulation 17(5) of SEBI (LODR) Regulations, the Company has adopted "Code of Conduct for Board of Directors and Senior Management" (Code). Code is available on website of the Company at https://varunpepsi.com/wp-content/uploads/2019/03/Code-Of-Conduct-For-Board-Of-Directors-and-Senior-Management-Revised.pdf.

On the basis of declarations received from Board Members and Senior Management Personnel, the Whole-time Director & Chief Executive Officer has given a declaration that the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code during the Financial Year 2020. A copy of such declaration is also attached with this report.

General Body Meetings

Annual General Meeting

The Annual General Meetings ('AGM') of the Company during the preceding three years were held at the following venues, dates and times, wherein the following special resolutions were passed:

AGM	Financial Year	Day, Date & Time	Venue	Brief description of Special Resolutions
25th	2019	Friday, June 26, 2020 at 11:00 a.m.	Registered Office Through Video Conferencing / Other Audio Visual Means facility	• Payment of profit related commission to Non-executive Directors.
24th	2018	Wednesday, April 17, 2019 at 11:00 a.m.	PHD Chamber of Commerce and Industry, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi - 110 016	• Re-appointment of Dr. Naresh Trehan as an Independent Director. • Raising of Capital through Qualified Institutions Placement (QIP).
23rd	2017	Tuesday, April 17, 2018 at 11:00 a.m.	PHD Chamber of Commerce and Industry, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi - 110 016	• Re-appointment of Mr. Pradeep Sardana as an Independent Director. • Ratification of Re-appointment of Ms. Geeta Kapoor as an Independent Director. • Ratification of Re-appointment of Mr. Sanjoy Mukerji as an Independent Director. • Alteration of Memorandum of Association of the Company for aligning the same as per Table - A of the Companies Act, 2013. • Alteration of Articles of Association of the Company for aligning the same as per the provisions of the Companies Act, 2013.

Extra-ordinary General Meeting

Apart from the Annual General Meeting, no other General Meeting was held during the Financial Year 2020.

Postal Ballot

During the year, no special resolution was passed through postal ballot.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require special resolution through postal ballot.

Means of Communication

Information like Quarterly / Half Yearly / Annual Financial Results and press releases on significant developments in the Company that have been made available from time to time have been submitted to the Stock Exchanges to enable them to put on their websites and communicate to their Members. The same is also made available to Institutional Investors or to the Analysts, if any and are also hosted on the Company's website at www.varunpepsi.com.

The Quarterly / Half Yearly / Annual Financial Results are published in English and Hindi language newspapers normally in Business Standard. Moreover, a report on Management Discussion & Analysis as well as Business Responsibility Report also forms part of the Annual Report. The Company is filing all reports / information including Quarterly Financial Results, Shareholding Pattern, and Corporate Governance Report etc., electronically on NSE website viz. www.nseindia.com and on BSE website viz. www.bseindia.com.

General Shareholders Information

A) Annual General Meeting

Date: April 7, 2021 (Wednesday)

Time: 11:00 a.m. (IST)

Venue/Mode: Through Video Conferencing / Other Audio Visual Means facility

B) Financial Year

The Financial Year of the Company starts from January 1 and ends on December 31 every year.

C) Financial Calendar 2021 (tentative)

First Quarter Results	: On or before May 15, 2021
Second Quarter Results	: On or before August 14, 2021
Third Quarter Results	: On or before November 14, 2021
Audited Annual Results for the year ending on December 31, 2021	: On or before March 1, 2022
Annual Book Closure	: March 31, 2021 to April 7, 2021 (both days inclusive)

D) Dividend and its Payment

During the year under review, the Board of Directors in their meeting held on August 4, 2020 declared an interim dividend of ₹ 2.50 per equity share (face value of ₹ 10/- per equity share) to the eligible equity shareholders of the Company.

The Company has transferred the unpaid or unclaimed Interim Dividend to the Unclaimed Dividend Account – Varun Beverages Limited and the details of unpaid and unclaimed dividend amount lying in the said Accounts (maintained with HDFC Bank Limited for the dividend declared in 2017, Yes Bank Limited for the dividend declared in 2018, IndusInd Bank Limited for the dividend declared in 2019 and Axis Bank Limited for the dividend declared in 2020) are uploaded on website of the Company at https://varunpepsi.com/corporate-governance/.

E) Listing of Shares on Stock Exchanges and Stock Code

Sl. No.	Name and Address of the Stock Exchange	Stock code
1	National Stock Exchange of India Limited, Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	VBL
2	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	540180

Annual listing fee for the Financial Year 2020- 21 has been paid to the National Stock Exchange of India Limited and BSE Limited.

F) Listing of Debt Instruments on Stock Exchanges and Codes: N.A.

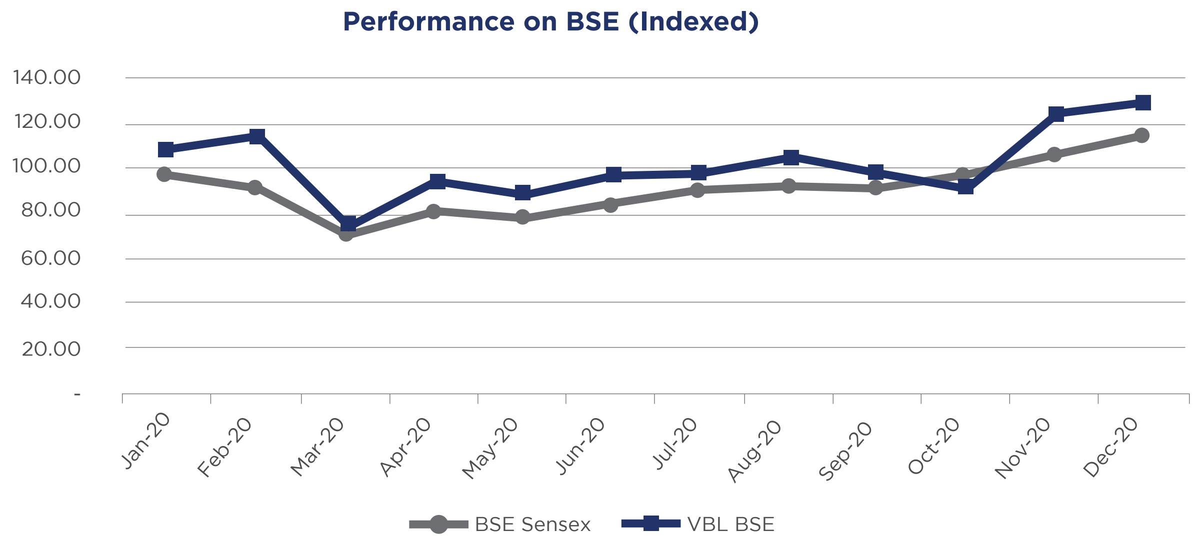
G) Market Price Data for the period from January 1, 2020 to December 31, 2020

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
Jan-20	869.95	685.50	439,260	870.00	684.75	4,669,038
Feb-20	863.05	750.00	1,345,029	862.95	750.25	5,956,211
Mar-20	832.75	485.05	429,767	832.95	482.20	5,921,444
Apr-20	687.40	502.05	191,134	688.00	500.00	4,324,106
May-20	690.85	571.60	331,992	692.00	571.25	5,611,396
Jun-20	738.40	589.10	2,388,654	739.05	586.00	8,573,396
Jul-20	733.00	662.00	261,149	732.00	661.35	6,081,574
Aug-20	797.00	680.55	210,293	796.80	680.00	5,332,146
Sep-20	784.95	662.00	927,963	778.00	665.75	4,345,564
Oct-20	735.00	645.20	226,219	710.00	646.35	6,532,083
Nov-20	924.30	656.40	647,330	924.00	654.90	9,553,038
Dec-20	999.10	823.30	327,681	999.75	821.85	8,395,920

Performance in comparison to broad - based indices

Performance on BSE

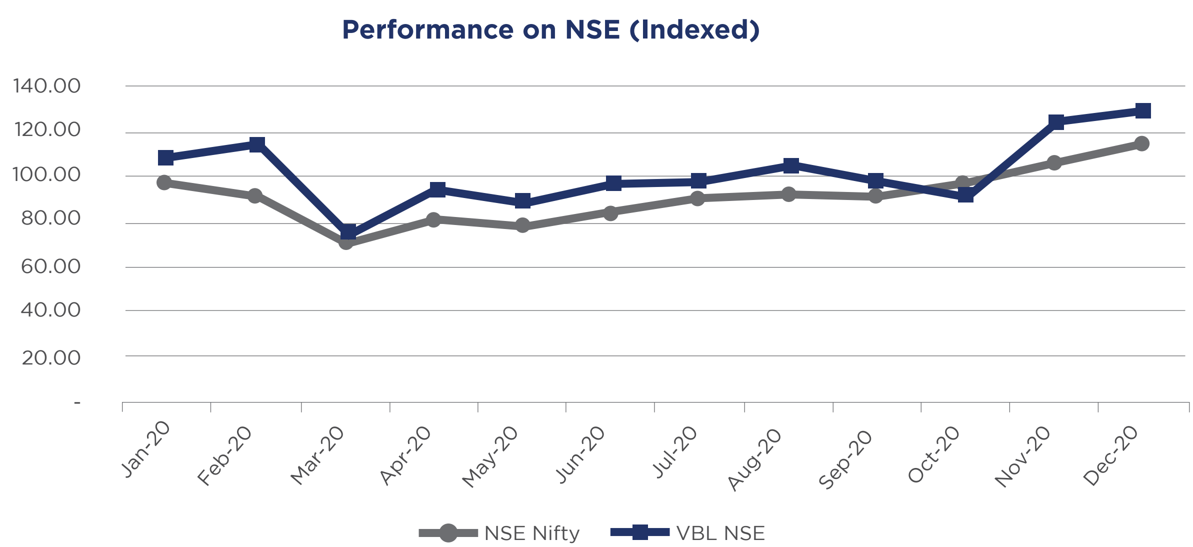
Comparison of share price of VBL with BSE Sensex.



	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	Jul'20	Aug'20	Sep'20	Oct'20	Nov'20	Dec'20
VBL BSE	109.09	113.95	74.94	94.80	89.31	96.43	99.94	103.98	98.71	92.48	123.35	129.31
BSE Sensex	98.71	92.83	71.43	81.73	78.60	84.64	91.16	93.64	92.28	96.03	107.02	115.75

Performance on NSE

Comparison of share price of VBL with NSE Nifty.



	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	Jul'20	Aug'20	Sep'20	Oct'20	Nov'20	Dec'20
VBL NSE	108.26	114.75	74.72	94.49	89.14	96.10	99.93	103.87	98.55	92.42	122.97	129.28
NSE Nifty	98.30	92.06	70.66	81.03	78.73	84.66	91.00	93.58	92.43	95.68	106.58	114.90

H) Registrar and Share Transfer Agent

All the work relating to the shares held in physical form as well as the shares held in the electronic (demat) form is being done at one single point through SEBI Registered Category 1 Registrar and Share Transfer Agent (RTA), whose details are given below:

KFin Technologies Private Limited
(formerly Karvy Fintech Private Limited)
Selenium Tower B,
Plot No. 31 and 32, Gachibowli
Financial District, Nanakramguda, Hyderabad 500 032
Tel: +91 40 6716 2222
Fax: +91 40 23431551
Email: einward.ris@kfintech.com
Website: www.kfintech.com
SEBI Registration No. INR000000221

I) Share Transfer System

As on December 31, 2020 - 288,688,429 (Two Hundred Eighty-Eight Million Six Hundred Eighty-Eight Thousand Four Hundred Twenty-Nine) equity shares of the Company were in dematerialized form and 291 (Two Hundred Ninety One) equity shares were held in physical form.

Transfer of Equity Shares in dematerialized form are done through depositories with no involvement of the Company. In terms of SEBI (LODR) regulations, effective from 1st April, 2019, securities of listed companies can be transferred in dematerialized form except where the claim is lodged for transmission or transposition of shares. Company obtains a half-yearly certificate from a Company Secretary in Practice as required under Regulation 40(9) of SEBI (LODR) Regulations and file copy of the said certificate with the Stock Exchanges.

Accordingly, to avail benefits of dematerialization, Members are advised to dematerialize the shares held by them in physical form.

J) Distribution of Shareholding (as on December 31, 2020)

(Nominal Value ₹ 10 per share)

Shareholding	No. of Shareholders	Percentage	Amount (₹)	Percentage
1 – 5000	46,730	93.60	29,619,980	1.03
5001 – 10000	1,258	2.52	8,724,910	0.30
10001 - 20000	749	1.50	11,091,810	0.38
20001 - 30000	314	0.63	7,697,780	0.27
30001 - 40000	140	0.28	4,883,060	0.17
40001 - 50000	109	0.22	4,872,090	0.17
50001 - 100000	211	0.42	14,569,320	0.50
100001 & Above	414	0.83	2,805,428,250	97.18
Total	**49,925**	**100.00**	**2,886,887,200**	**100.00**

K) Categories of Shareholders (as on December 31, 2020)

Sl. No.	Description	Total No. of Equity Shares	Percentage
1	Alternative Investment Fund	1,052,225	0.36
2	Body Corporates	6,772,624	2.35
3	Clearing Members	124,501	0.04
4	Directors (Other than Promoter Director)	1,152,751	0.40
5	Employees	428,853	0.15
6	Foreign Institutional Investors	202,062	0.07

Sl. No.	Description	Total No. of Equity Shares	Percentage
7	Foreign Nationals	6,000	0.00
8	Foreign Portfolio - Corporates	42,487,803	14.72
9	Foreign Portfolio Investors	16,361,507	5.67
10	HUF	220,458	0.08
11	Insurance Companies	116,762	0.04
12	Mutual Funds	15,754,896	5.46
13	NBFC	2,800	0.00
14	Non Resident Indians	617,146	0.21
15	Non Resident Indian Non Repatriable	467,404	0.16
16	Promoter and Promoter Group	191,691,041	66.40
17	Resident Individuals	9,783,876	3.39
18	Qualified Institutional Buyer	1,444,611	0.50
19	Trusts	1,400	0.00
	Total	**288,688,720**	**100.00**

L) Dematerialization of Shares and Liquidity

As on December 31, 2020, 99.99% of the total equity shares were held in dematerialized form. The Company's shares are actively traded on the stock exchanges.

The Company does not have any GDR's/ADR's/ Warrants or any Convertible instruments having any impact on equity.

M) Commodity price risk or foreign exchange risk and hedging risk

The details for the same have been provided in the Notes to Financial Statements of the Company for the Financial Year 2020.

N) Credit Rating

During the year under review, your Company's credit rating by CRISIL is as below:

Long Term Rating	CRISIL AA/Stable (Re-affirmed)
Short Term Rating	CRISIL A1+ (Re-affirmed)

O) Plant locations

The Plant locations have been provided at page no. 9 of the Annual Report.

P) Reconciliation of Share Capital Audit

The Reconciliation of Share Capital Audit is conducted by a Company Secretary in practice to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited ('Depositories') and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with Depositories) and that the requests for dematerialization of shares are processed by the Registrar and Share Transfer Agent within statutory period and uploaded with the concerned depositories.

Q) Equity Shares in the Suspense Account

The Company does not have any shares in the demat suspense account or unclaimed suspense account as on December 31, 2020.

R) Compliances under SEBI (LODR) Regulations

The Company is regularly complying with the SEBI (LODR) Regulations as stipulated therein. Information, certificates and returns as required under the provisions of SEBI (LODR) Regulations are sent to the stock exchanges within the prescribed time.

S) CEO and CFO Certification

To comply with Regulation 17(8) of SEBI (LODR) Regulations, the Whole-time Director & Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company have given Compliance Certificate stating therein matters prescribed under Part B of Schedule II of the said Regulations which forms part of this Corporate Governance Report.

To comply with Regulation 33(2)(a) of SEBI (LODR) Regulations, while placing the Quarterly Financial Results before the Board of Directors, the CEO and CFO certifies that the Financial Results do not contain any false or misleading statement or figures or do not omit any material fact which may make the statements or figures contained therein misleading.

T) Certificate from Company Secretary in Practice regarding Non-disqualification of Directors

None of the Directors on the Board of the Company have been debarred or disqualified from appointment or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority, as stipulated under Regulation 34 of the SEBI (LODR) Regulations and certificate in this respect received from an Independent Firm of Practising Company Secretaries is annexed.

U) Fees paid to the Statutory Auditors

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to Statutory Auditors of the Company and their other associated firms during the Financial Year ended December 31, 2020, is as follows:

(₹ in Million)

Particulars	M/s. Walker Chandiok & Co. LLP	M/s. APAS & Co.
Audit Fee	6.80	4.93
Other Services	0.00	1.53
Reimbursement of expenses	0.50	0.02
Total	**7.30**	**6.48**

V) Information on deviation from Accounting Standards, if any

No deviations from Indian Accounting Standards (Ind AS) in preparation of annual accounts for the Financial Year 2020.

W) Investor Correspondence

Mr. Ravi Batra

Chief Risk Officer & Group Company Secretary

Plot No. 31, Institutional Area, Sector - 44,

Gurugram 122 002 (Haryana)

Tel: +91 124 4643100

Email: ravi.batra@rjcorp.in

X) Disclosure of Compliance with Corporate Governance requirements specified in Regulation 17 to 27 and Regulation 46 of SEBI (LODR) Regulations

The Company has complied with the applicable provisions of SEBI (LODR) Regulations including Regulation 17 to 27 and Regulation 46 of SEBI (LODR) Regulations.

The Company submits a quarterly compliance report on Corporate Governance signed by Compliance Officer to the Stock Exchange(s) within 15 (Fifteen) days from the close of every quarter. Such quarterly compliance reports on Corporate Governance are also posted on website of the Company.

Compliance of the conditions of Corporate Governance have also been audited by an Independent Firm of Practising Company Secretaries.

After being satisfied of the above compliances, they have issued a compliance certificate in this respect. The said certificate is annexed with this report and the same will be forwarded to the Stock Exchanges along with the Annual Report of the Company.

DISCLOSURES

(i) The Company has not entered into any materially significant related party transactions which have potential conflict with the interests of the Company at large. The Board of Directors had approved a Policy on Related Party Transactions and the same is uploaded at https://varunpepsi.com/wp-content/uploads/2016/09/Policy-On-Related-Party-Transactions.pdf

(ii) The Company has complied with the requirements of Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets and there was no instances of non-compliance during the last three years except that during the last Financial Year 2019, composition of Board was not compliant of Regulation 17 of SEBI (LODR) Regulations from May 2, 2019 to July 31, 2019 as half of the directors were not Independent Directors and in this respect penalty as imposed by the National Stock Exchange of India Limited and BSE Limited was deposited by the Company. Presently, the Company is compliant of all the applicable provisions of SEBI (LODR) Regulations.

(iii) Policy for Determination of Material Subsidiary and Governance of Subsidiaries can be accessed at https://varunpepsi.com/wp-content/uploads/2021/02/1doc.pdf

(iv) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 forms part of the Board's Report.

Green Initiative

Pursuant to Sections 101 and 136 of the Act read with the Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014, the Company can send Notice of Annual General Meeting, Financial Statements and other communication in electronic form. Your Company is sending the Annual Report including the Notice of Annual General Meeting, Audited Financial Statements, Board's Report along with their annexure etc. for the Financial Year 2020 in electronic mode to the shareholders who have registered their e-mail address with the Company and/or their respective Depository Participants (DPs).

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in demat form can register their e-mail addresses with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with the Company / RTA, by sending a letter, duly signed by the first/sole holder quoting details of Folio Number.

For and on behalf of the Board of Directors
For **Varun Beverages Limited**

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 16, 2021
Place: Gurugram

CODE OF CONDUCT

This is to certify that the Company has laid down a Code of Conduct (the Code) for all Board Members and Senior Management Personnel of the Company and a copy of the Code is put on the website of the Company viz. www.varunpepsi.com.

It is further confirmed that all the Directors and Senior Management have affirmed their compliance with the Code for the Financial Year ended December 31, 2020.

Kapil Agarwal
Whole-time Director & Chief Executive Officer
DIN: 02079161

Date: February 16, 2021
Place: Gurugram

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION UNDER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Board of Directors,
Varun Beverages Limited

We, Kapil Agarwal, Whole-time Director & Chief Executive Officer and Vikas Bhatia, Chief Financial Officer of Varun Beverages Limited, pursuant to the requirement of Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and to the best of our knowledge and belief, hereby certify that:-

A) We have reviewed Financial Statements and the Cash Flow Statement for the Financial Year ended December 31, 2020 and that to the best of our knowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year ended December 31, 2020 which are fraudulent, illegal or violative of the Company's Code of Conduct.

C) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and that we have disclosed to the Auditors and the Audit, Risk Management and Ethics Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D) We have indicated to the Auditors and the Audit, Risk Management and Ethics Committee:

   (i) significant changes in internal control over financial reporting during the Financial Year ended December 31, 2020;

   (ii) significant changes in accounting policies during the said Financial Year and that the same have been disclosed in the notes to the Financial Statements; and

   (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Kapil Agarwal
Whole-time Director &
Chief Executive Officer
DIN: 02079161

Vikas Bhatia
Chief Financial Officer

Date: February 16, 2021
Place: Gurugram

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Varun Beverages Limited
F-2/7, Okhla Industrial Area, Phase I
New Delhi- 110 020

1. That Varun Beverages Limited (CIN: L74899DL1995PLC069839) is having its registered office at F-2/7, Okhla Industrial Area, Phase-I, New Delhi-110020 (hereinafter referred as "the Company"). The equity shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited.

2. We have examined the relevant disclosures received from the Directors, registers, records, forms and returns maintained by the Company and produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. In our opinion and to the best of our information and according to the verifications and examination of the disclosures under section 184/189, 170, 164, 149 of the Companies Act, 2013 ("the Act") provided by the Company and DIN status at MCA portal (www.mca.gov.in), as considered necessary and explanations furnished to us by the Company and its officers, we certify that none of the below named Directors on the Board of the Company as on December 31, 2020 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority:

Sl. No.	Name of Director	Director Identification Number (DIN)	Date of Appointment in Company
1	Mr. Ravi Jaipuria	00003668	16/06/1995
2	Mr. Varun Jaipuria	02465412	01/01/2009
3	Mr. Raj Gandhi	00003649	21/10/2004
4	Mr. Kapil Agarwal	02079161	01/01/2012
5	Mr. Rajinder Jeet Singh Bagga	08440479	02/05/2019
6	Dr. Naresh Trehan	00012148	01/12/2015
7	Dr. Ravi Gupta	00023487	19/03/2018
8	Mr. Pradeep Sardana	00682961	28/03/2016
9	Ms. Rashmi Dhariwal	00337814	19/03/2018
10	Ms. Sita Khosla	01001803	16/02/2018

4. Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

5. This certificate is based on the information and records available up to this date and we have no responsibility to update this certificate for the events and circumstances occurring after the date of the certificate.

For **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900

Devesh Kumar Vasisht
Partner
CP No.: 13700
FCS No. F8488
UDIN.: F008488B002931023

Date: February 16, 2021
Place: New Delhi

CORPORATE GOVERNANCE CERTIFICATE

To
The Members
Varun Beverages Limited
F-2/7, Okhla Industrial Area, Phase I
New Delhi- 110 020

We have examined the compliance of conditions of Corporate Governance by **Varun Beverages Limited** ("the Company"), for the financial year ended December 31, 2020 as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900

Devesh Kumar Vasisht
Partner
CP No.: 13700
UDIN: F008488B002931067

Date: February 16, 2021
Place: New Delhi

Annexure – G

Form No. MGT-9

Extract of Annual Return

As on the Financial Year ended on December 31, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other Details

(i) **Corporate Identity Number** - L74899DL1995PLC069839

(ii) **Registration Date** - 16.06.1995

(iii) **Name of the Company** - Varun Beverages Limited

(iv) **Category/Sub-Category of the Company** - Public Company / Limited by Shares

(v) **Address of the Registered Office and Contact Details** - F-2/7, Okhla Industrial Area, Phase – I, New Delhi – 110 020; Tel: +91 11 41706720; E-mail: complianceofficer@rjcorp.in

(vi) **Whether Listed Company** - Yes. Equity shares are listed on the National Stock Exchange of India Limited and the BSE Limited

(vii) **Name, Address and Contact Details of Registrar and Transfer Agent** - KFin Technologies Private Limited (formerly Karvy Fintech Private Limited), Selenium Tower B, Plot No. 31 and 32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500 032; Tel: +91 40 6716 2222; Fax: +91 40 2343 1551; Email: einward.ris@kfintech.com; Website: www.kfintech.com

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Manufacturing of Beverages	1104	98.14%

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Varun Beverages (Nepal) Private Limited Sinamangal - 32, Koteshwar, Kathmandu, Nepal	NA	Subsidiary	100.00	2(87)
2.	Varun Beverages Morocco SA Z. I. Bouskoura, 27182, B.P.408, Casablanca, Morocco	NA	Subsidiary	100.00	2(87)
3.	Varun Beverages Lanka (Private) Limited No. 140, Low Level Road, Embulgama, Ranala, Sri Lanka	NA	Subsidiary	100.00	2(87)
4.	Ole Springs Bottlers (Private) Limited* No. 140, Low Level Road, Embulgama, Ranala, Sri Lanka	NA	Subsidiary	99.99	2(87)
5.	Varun Beverages (Zambia) Limited Plot number 37426, Mungwi Road, P.O. Box 30007, Lusaka, Zambia	NA	Subsidiary	90.00	2(87)
6.	Varun Beverages (Zimbabwe) (Private) Limited 1824, Corner Simon Mazorodze & St. George's, Ardbennie, Harare, Zimbabwe	NA	Subsidiary	85.00	2(87)
7.	Lunarmech Technologies Private Limited Flat No. 3089, Pocket -C3, Vasant Kunj, New Delhi -110070	U72900DL2009PTC190619	Subsidiary	55.04	2(87)

**Subsidiary of Varun Beverages Lanka (Private) Limited*

IV. Shareholding Pattern (Equity Share Capital Break up as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter & Promoter Group									
(1) Indian									
(a) Individual / HUF	116,502,724	0	116,502,724	40.36	111,757,524	0	111,757,524	38.71	(1.65)
(b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(c) State Govt(s).	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bodies Corporate	81,033,517	0	81,033,517	28.07	79,933,517	0	79,933,517	27.69	(0.38)
(e) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
(f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A)(1):-	**197,536,241**	**0**	**197,536,241**	**68.43**	**191,691,041**	**0**	**191,691,041**	**66.40**	**(2.03)**
(2) Foreign									
(a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A)(2):-	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	**197,536,241**	**0**	**197,536,241**	**68.43**	**191,691,041**	**0**	**191,691,041**	**66.40**	**(2.03)**
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	17,228,654	0	17,228,654	5.97	15,754,896	0	15,754,896	5.46	(0.51)
(b) Banks/FI	17,030	0	17,030	0.01	0	0	0	0.00	(0.01)
(c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(d) State Govt(s).	0	0	0	0.00	0	0	0	0.00	0.00
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f) Insurance Companies	0	0	0	0.00	116,762	0	116,762	0.04	0.04
(g) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify) - (i) Foreign Portfolio Investorss	55,868,365	0	55,868,365	19.35	59,051,372	0	59,051,372	20.46	1.11
ii) Alternate Investment Fund	974,229	0	974,229	0.34	1,052,225	0	1,052,225	0.36	0.02
Sub-total (B)(1):-	**74,088,278**	**0**	**74,088,278**	**25.67**	**75,975,255**	**0**	**75,975,255**	**26.32**	**0.65**
(2) Non- Institutions									
(a) Bodies Corporate									
i) Indian	2,747,718	0	2,747,718	0.95	6,772,624	0	6,772,624	2.35	1.40
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	7,489,734	291	7,490,025	2.59	6,416,511	291	6,416,802	2.22	(0.37)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	4,870,067	0	4,870,067	1.69	4,954,678	0	4,954,678	1.72	0.03
(c) Others (specify)									
i) Trusts	1,375	0	1,375	0.00	1,400	0	1,400	0.00	0.00
ii) NRIs	644,788	0	644,788	0.22	617,146	0	617,146	0.21	(0.01)
iii) NRIs (Non-Repatriation)	521,213	0	521,213	0.18	467,404	0	467,404	0.16	(0.02)
iv) Clearing Members	100,334	0	100,334	0.04	124,501	0	124,501	0.04	0.00
v) HUF	302,280	0	302,280	0.10	220,458	0	220,458	0.08	(0.02)
vi) Foreign Bodies	0	0	0	0.00	0	0	0	0.00	0.00
vii) NBFC	0	0	0	0.00	2,800	0	2,800	0.00	0.00
viii) Qualified Institutional Buyers	386,401	0	386,401	0.13	1,444,611	0	1,444,611	0.50	0.37
Sub-total (B)(2):-	**17,063,910**	**291**	**17,064,201**	**5.90**	**21,022,133**	**291**	**21,022,424**	**7.28**	**1.38**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**91,152,188**	**291**	**91,152,479**	**31.57**	**96,997,388**	**291**	**96,997,679**	**33.60**	**2.03**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**288,688,429**	**291**	**288,688,720**	**100.00**	**288,688,429**	**291**	**288,688,720**	**100.00**	**0.00**

(ii) Shareholding of Promoter & Promoter Group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
Promoters								
1.	Ravi Kant Jaipuria & Sons (HUF)	57,481,805	19.91	0.00	53,881,805	18.66	0.00	(1.25)
2.	Varun Jaipuria	50,663,250	17.55	0.00	50,663,250	17.55	0.00	0.00
3.	RJ Corp Limited	81,033,517	28.07	0.00	79,933,517	27.69	0.00	(0.38)
Promoter Group								
4.	Devyani Jaipuria	8,102,647	2.81	0.00	7,002,647	2.43	0.00	(0.38)
5.	Dhara Jaipuria	3,022	0.00	0.00	3,022	0.00	0.00	0.00
6.	Vivek Gupta	252,000	0.09	0.09	206,800	0.07	0.00	(0.02)
	Total	**197,536,241**	**68.43**	**0.09**	**191,691,041**	**66.40**	**0.00**	**(2.03)**

(iii) Change in Promoter and Promoter Group's Shareholding

SI. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**Ravi Kant Jaipuria & Sons (HUF)**				
	At the beginning of the year	57,481,805	19.91		
	Increase / (Decrease) in Shareholding during the year				
	09/06/2020 (Transfer)	(2,100,000)	(0.73)	55,381,805	19.18
	26/06/2020 (Transfer)	(1,500,000)	(0.52)	53,881,805	18.66
	At the end of the year			**53,881,805**	**18.66**
2.	**Dhara Jaipuria**				
	At the beginning of the year	3,022	0.00		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**3,022**	**0.00**
3.	**Varun Jaipuria**				
	At the beginning of the year	50,663,250	17.55		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**50,663,250**	**17.55**
4.	**Devani Jaipuria**				
	At the beginning of the year	8,102,647	2.81		
	Increase / Decrease in Shareholding during the year				
	26/06/2020 (Transfer)	(1,100,000)	(0.38)	7,002,647	2.43
	At the end of the year			**7,002,647**	**2.43**
5.	**RJ Corp Limited**				
	At the beginning of the year	81,033,517	28.07		
	Increase / Decrease in Shareholding during the year				
	24/02/2020 (Transfer)	(1,100,000)	(0.38)	79,933,517	27.69
	At the end of the year			**79,933,517**	**27.69**
6.	**Vivek Gupta**				
	At the beginning of the year	252,000	0.09		
	Increase / Decrease in Shareholding during the year				
	13/03/2020 (Transfer)	(8,521)	(0.01)	243,479	0.08
	17/03/2020 (Transfer)	(200)	(0.00)	243,279	0.08
	20/03/2020 (Transfer)	(5,212)	(0.00)	238,067	0.08
	08/06/2020 (Transfer)	(12,512)	(0.00)	225,555	0.08
	09/06/2020 (Transfer)	(2,881)	(0.00)	222,674	0.08
	12/06/2020 (Transfer)	(11,000)	(0.01)	211,674	0.07
	15/06/2020 (Transfer)	(4,874)	(0.00)	206,800	0.07
	At the end of the year			**206,800**	**0.07**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1. GOVERNMENT PENSION FUND GLOBAL				
At the beginning of the year	5,791,650	2.01		
Increase / Decrease in Shareholding during the year				
12/06/2020 (Transfer)	1,993,330	0.69	7,784,980	2.70
19/06/2020 (Transfer)	6,670	0.00	7,791,650	2.70
10/07/2020 (Transfer)	500,000	0.17	8,291,650	2.87
At the end of the year			**8,291,650**	**2.87**
2. NIPPON LIFE INDIA TRUSTEE LTD- A/C NIPPON INDIA MULTI ASSET FUND				
At the beginning of the year	6,352,607	2.20		
Increase / Decrease in Shareholding during the year				
03/01/2020 (Transfer)	690	0.00	6,353,297	2.20
10/01/2020 (Transfer)	60	0.00	6,353,357	2.20
17/01/2020 (Transfer)	1,173	0.00	6,354,530	2.20
24/01/2020 (Transfer)	897	0.00	6,355,427	2.20
24/01/2020 (Transfer)	(71,691)	(0.02)	6,283,736	2.18
31/01/2020 (Transfer)	(759)	(0.00)	6,282,977	2.18
07/02/2020 (Transfer)	1,186	0.00	6,284,163	2.18
14/02/2020 (Transfer)	161	0.00	6,284,324	2.18
21/02/2020 (Transfer)	(6,358)	(0.00)	6,277,966	2.17
28/02/2020 (Transfer)	326,000	0.11	6,603,966	2.29
28/02/2020 (Transfer)	(99)	(0.00)	6,603,867	2.29
06/03/2020 (Transfer)	115,889	0.04	6,719,756	2.33
13/03/2020 (Transfer)	378,551	0.13	7,098,307	2.46
20/03/2020 (Transfer)	71,074	0.02	7,169,381	2.48
20/03/2020 (Transfer)	(2,302)	(0.00)	7,167,079	2.48
27/03/2020 (Transfer)	288,701	0.10	7,455,780	2.58
27/03/2020 (Transfer)	(161)	(0.00)	7,455,619	2.58
31/03/2020 (Transfer)	1,219	0.00	7,456,838	2.58
03/04/2020 (Transfer)	200	0.00	7,457,038	2.58
10/04/2020 (Transfer)	84,603	0.03	7,541,641	2.61
17/04/2020 (Transfer)	800	0.00	7,542,441	2.61
17/04/2020 (Transfer)	(20)	(0.00)	7,542,421	2.61
24/04/2020 (Transfer)	46	0.00	7,542,467	2.61
01/05/2020 (Transfer)	(644)	(0.00)	7,541,823	2.61
08/05/2020 (Transfer)	56	0.00	7,541,879	2.61
15/05/2020 (Transfer)	2,769	0.00	7,544,648	2.61
22/05/2020 (Transfer)	391	0.00	7,545,039	2.61
29/05/2020 (Transfer)	184	0.00	7,545,223	2.61
05/06/2020 (Transfer)	150,000	0.05	7,695,223	2.67
05/06/2020 (Transfer)	(414)	(0.00)	7,694,809	2.67
12/06/2020 (Transfer)	100,046	0.03	7,794,855	2.70

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
19/06/2020 (Transfer)	(30,207)	(0.01)	7,764,648	2.69
26/06/2020 (Transfer)	(966)	(0.00)	7,763,682	2.69
30/06/2020 (Transfer)	(5,106)	(0.00)	7,758,576	2.69
03/07/2020 (Transfer)	121	0.00	7,758,697	2.69
10/07/2020 (Transfer)	(325,809)	(0.11)	7,432,888	2.57
17/07/2020 (Transfer)	(100,828)	(0.03)	7,332,060	2.54
24/07/2020 (Transfer)	(33)	(0.00)	7,332,027	2.54
31/07/2020 (Transfer)	65,810	0.02	7,397,837	2.56
31/07/2020 (Transfer)	(552)	(0.00)	7,397,285	2.56
07/08/2020 (Transfer)	(8,316)	(0.00)	7,388,969	2.56
14/08/2020 (Transfer)	29,400	0.01	7,418,369	2.57
14/08/2020 (Transfer)	(23)	(0.00)	7,418,346	2.57
21/08/2020 (Transfer)	(1,586)	(0.00)	7,416,760	2.57
28/08/2020 (Transfer)	83,032	0.03	7,499,792	2.60
28/08/2020 (Transfer)	(50,368)	(0.02)	7,449,424	2.58
04/09/2020 (Transfer)	7,089	0.00	7,456,513	2.58
11/09/2020 (Transfer)	25,000	0.01	7,481,513	2.59
11/09/2020 (Transfer)	(438)	(0.00)	7,481,075	2.59
18/09/2020 (Transfer)	85,802	0.03	7,566,877	2.62
25/09/2020 (Transfer)	805	0.00	7,567,682	2.62
30/09/2020 (Transfer)	612	0.00	7,568,294	2.62
02/10/2020 (Transfer)	(391)	(0.00)	7,567,903	2.62
09/10/2020 (Transfer)	30,000	0.01	7,597,903	2.63
09/10/2020 (Transfer)	(782)	(0.00)	7,597,121	2.63
16/10/2020 (Transfer)	40,322	0.01	7,637,443	2.65
23/10/2020 (Transfer)	137	0.00	7,637,580	2.65
30/10/2020 (Transfer)	460	0.00	7,638,040	2.65
06/11/2020 (Transfer)	179	0.00	7,638,219	2.65
13/11/2020 (Transfer)	(299)	(0.00)	7,637,920	2.65
27/11/2020 (Transfer)	32	0.00	7,637,952	2.65
04/12/2020 (Transfer)	69	0.00	7,638,021	2.65
04/12/2020 (Transfer)	(230,859)	(0.08)	7,407,162	2.57
11/12/2020 (Transfer)	(81,622)	(0.03)	7,325,540	2.54
18/12/2020 (Transfer)	(45,000)	(0.02)	7,280,540	2.52
25/12/2020 (Transfer)	92	0.00	7,280,632	2.52
25/12/2020 (Transfer)	(47,265)	(0.02)	7,233,367	2.51
At the end of the year			**7,233,367**	**2.51**
3. STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL				
At the beginning of the year	5,307,654	1.84		
Increase / Decrease in Shareholding during the year				
17/01/2020 (Transfer)	(9,874)	0.00	5,297,780	1.84
24/01/2020 (Transfer)	(4,610)	0.00	5,293,170	1.83
07/02/2020 (Transfer)	(14,038)	0.00	5,279,132	1.83
14/02/2020 (Transfer)	(83,929)	(0.03)	5,195,203	1.80

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
21/02/2020 (Transfer)	(14,868)	(0.01)	5,180,335	1.79
28/02/2020 (Transfer)	(183,891)	(0.06)	4,996,444	1.73
06/03/2020 (Transfer)	(91,024)	(0.03)	4,905,420	1.70
20/03/2020 (Transfer)	(26,043)	(0.01)	4,879,377	1.69
25/09/2020 (Transfer)	91,078	0.03	4,970,455	1.72
30/09/2020 (Transfer)	41,286	0.01	5,011,741	1.74
02/10/2020 (Transfer)	9,602	0.00	5,021,343	1.74
09/10/2020 (Transfer)	109,872	0.04	5,131,215	1.78
16/10/2020 (Transfer)	18,162	0.01	5,149,377	1.78
30/10/2020 (Transfer)	280,000	0.10	5,429,377	1.88
06/11/2020 (Transfer)	198,000	0.07	5,627,377	1.95
13/11/2020 (Transfer)	132,000	0.05	5,759,377	2.00
20/11/2020 (Transfer)	270,000	0.09	6,029,377	2.09
11/12/2020 (Transfer)	189,000	0.07	6,218,377	2.15
18/12/2020 (Transfer)	91,000	0.03	6,309,377	2.19
At the end of the year			**6,309,377**	**2.19**
4. NORDEA 1 - ASIAN STARS EQUITY FUND				
At the beginning of the year	3,082,198	1.07		
Increase / Decrease in Shareholding during the year				
07/02/2020 (Transfer)	39,480	0.01	3,121,678	1.08
20/03/2020 (Transfer)	(41,715)	(0.01)	3,079,963	1.07
27/03/2020 (Transfer)	(164,472)	(0.06)	2,915,491	1.01
01/05/2020 (Transfer)	6,780	0.00	2,922,271	1.01
01/05/2020 (Transfer)	(23,499)	(0.01)	2,898,772	1.00
08/05/2020 (Transfer)	(194,175)	(0.07)	2,704,597	0.94
22/05/2020 (Transfer)	(15,276)	(0.01)	2,689,321	0.93
29/05/2020 (Transfer)	(60,959)	(0.02)	2,628,362	0.91
05/06/2020 (Transfer)	60,959	0.02	2,689,321	0.93
10/07/2020 (Transfer)	7,322	0.00	2,696,643	0.93
17/07/2020 (Transfer)	6,290	0.00	2,702,933	0.94
31/07/2020 (Transfer)	10,701	0.00	2,713,634	0.94
04/09/2020 (Transfer)	49,821	0.02	2,763,455	0.96
11/09/2020(Transfer)	118,000	0.04	2,881,455	1.00
18/09/2020 (Transfer)	201,927	0.07	3,083,382	1.07
25/09/2020 (Transfer)	(11,913)	0.00	3,071,469	1.06
16/10/2020 (Transfer)	325,751	0.11	3,397,220	1.18
23/10/2020 (Transfer)	212,347	0.07	3,609,567	1.25
13/11/2020 (Transfer)	1,430,988	0.50	5,040,555	1.75
11/12/2020 (Transfer)	66,000	0.02	5,106,555	1.77
18/12/2020 (Transfer)	269,150	0.09	5,375,705	1.86
25/12/2020 (Transfer)	9,117	0.00	5,384,822	1.87
At the end of the year			**5,384,822**	**1.87**

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5. SUNDARAM MUTUAL FUND A/C SUNDARAM BLUE CHIP FUND				
At the beginning of the year	5,503,952	1.91		
Increase / Decrease in Shareholding during the year				
03/01/2020 (Transfer)	(21,362)	(0.01)	5,482,590	1.90
10/01/2020 (Transfer)	(22,742)	(0.01)	5,459,848	1.89
24/01/2020 (Transfer)	(45,964)	(0.02)	5,413,884	1.88
31/01/2020 (Transfer)	(16,349)	(0.01)	5,397,535	1.87
07/02/2020 (Transfer)	(6,882)	0.00	5,390,653	1.87
14/02/2020 (Transfer)	(75,804)	(0.03)	5,314,849	1.84
28/02/2020 (Transfer)	5,572	0.00	5,320,421	1.84
06/03/2020 (Transfer)	43,961	0.02	5,364,382	1.86
06/03/2020 (Transfer)	(33,076)	(0.01)	5,331,306	1.85
20/03/2020 (Transfer)	36,439	0.01	5,367,745	1.86
20/03/2020 (Transfer)	(20,000)	(0.01)	5,347,745	1.85
10/04/2020 (Transfer)	26,000	0.01	5,373,745	1.86
17/04/2020 (Transfer)	5,000	0.00	5,378,745	1.86
24/04/2020 (Transfer)	(9,536)	0.00	5,369,209	1.86
01/05/2020 (Transfer)	(5,000)	0.00	5,364,209	1.86
29/05/2020 (Transfer)	10,108	0.00	5,374,317	1.86
10/07/2020 (Transfer)	(156,434)	(0.05)	5,217,883	1.81
17/07/2020 (Transfer)	(264,263)	(0.09)	4,953,620	1.72
24/07/2020 (Transfer)	(157,292)	(0.05)	4,796,328	1.66
31/07/2020 (Transfer)	(70,690)	(0.02)	4,725,638	1.64
14/08/2020 (Transfer)	(72,380)	(0.03)	4,653,258	1.61
28/08/2020 (Transfer)	(29,194)	(0.01)	4,624,064	1.60
04/09/2020 (Transfer)	(4,668)	0.00	4,619,396	1.60
11/09/2020 (Transfer)	(64,458)	(0.02)	4,554,938	1.58
02/10/2020 (Transfer)	(849)	0.00	4,554,089	1.58
09/10/2020 (Transfer)	(30,432)	(0.01)	4,523,657	1.57
16/10/2020 (Transfer)	(107,528)	(0.04)	4,416,129	1.53
23/10/2020 (Transfer)	(29,059)	(0.01)	4,387,070	1.52
06/11/2020 (Transfer)	45,652	0.02	4,432,722	1.54
13/11/2020 (Transfer)	17,699	0.01	4,450,421	1.54
13/11/2020 (Transfer)	(27,500)	(0.01)	4,422,921	1.53
20/11/2020 (Transfer)	(7,500)	0.00	4,415,421	1.53
27/11/2020 (Transfer)	(5,000)	0.00	4,410,421	1.53
04/12/2020 (Transfer)	(1,000)	0.00	4,409,421	1.53
11/12/2020 (Transfer)	(84,445)	(0.03)	4,324,976	1.50
18/12/2020 (Transfer)	(31,659)	(0.01)	4,293,317	1.49
25/12/2020 (Transfer)	(30,262)	(0.01)	4,263,055	1.48
31/12/2020 (Transfer)	(25,005)	(0.01)	4,238,050	1.47
At the end of the year			**4,238,050**	**1.47**
6. TATA BALANCED ADVANTAGE FUND				
At the beginning of the year	4,323,827	1.50		
Increase / Decrease in Shareholding during the year				

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
17/01/2020 (Transfer)	150,000	0.05	4,473,827	1.55
17/01/2020 (Transfer)	(150,000)	(0.05)	4,323,827	1.50
31/01/2020 (Transfer)	(52,011)	(0.02)	4,271,816	1.48
21/02/2020 (Transfer)	(145,000)	(0.05)	4,126,816	1.43
28/02/2020 (Transfer)	(21,500)	(0.01)	4,105,316	1.42
20/03/2020 (Transfer)	(1,588,258)	(0.55)	2,517,058	0.87
28/08/2020 (Transfer)	(14,000)	0.00	2,503,058	0.87
09/10/2020 (Transfer)	200,000	0.07	2,703,058	0.94
13/11/2020 (Transfer)	20,000	0.01	2,723,058	0.94
11/12/2020 (Transfer)	(70,641)	(0.02)	2,652,417	0.92
18/12/2020 (Transfer)	(150,000)	(0.05)	2,502,417	0.87
25/12/2020 (Transfer)	10,000	0.00	2,512,417	0.87
At the end of the year			**2,512,417**	**0.87**
7. SMALLCAP WORLD FUND, INC				
At the beginning of the year	9,289,129	3.22		
Increase / Decrease in Shareholding during the year				
03/01/2020 (Transfer)	(12,462)	(0.00)	9,276,667	3.21
10/01/2020 (Transfer)	(73,168)	(0.03)	9,203,499	3.19
17/01/2020 (Transfer)	(229,225)	(0.08)	8,974,274	3.11
24/01/2020 (Transfer)	(46,342)	(0.02)	8,927,932	3.09
07/02/2020 (Transfer)	188,875	0.07	9,116,807	3.16
28/02/2020 (Transfer)	135,400	0.05	9,252,207	3.20
06/03/2020 (Transfer)	(227,541)	(0.08)	9,024,666	3.13
13/03/2020 (Transfer)	(272,459)	(0.09)	8,752,207	3.03
27/03/2020 (Transfer)	50,128	0.02	8,802,335	3.05
31/03/2020 (Transfer)	161,096	0.06	8,963,431	3.10
15/05/2020 (Transfer)	168,310	0.06	9,131,741	3.16
22/05/2020 (Transfer)	95,579	0.03	9,227,320	3.20
10/07/2020 (Transfer)	218,065	0.08	9,445,385	3.27
18/09/2020 (Transfer)	(354,183)	(0.12)	9,091,202	3.15
25/09/2020 (Transfer)	(54,736)	(0.02)	9,036,466	3.13
30/09/2020 (Transfer)	(1,047,337)	(0.36)	7,989,129	2.77
02/10/2020 (Transfer)	(61,639)	(0.02)	7,927,490	2.75
09/10/2020 (Transfer)	(165,706)	(0.06)	7,761,784	2.69
16/10/2020 (Transfer)	(1,244,758)	(0.43)	6,517,026	2.26
23/10/2020 (Transfer)	(786,290)	(0.27)	5,730,736	1.99
30/10/2020 (Transfer)	(235,000)	(0.08)	5,495,736	1.90
06/11/2020 (Transfer)	(2,362,842)	(0.82)	3,132,894	1.09
20/11/2020 (Transfer)	(156,200)	(0.05)	2,976,694	1.03
27/11/2020 (Transfer)	(131,985)	(0.05)	2,844,709	0.99
04/12/2020 (Transfer)	(507,631)	(0.18)	2,337,078	0.81
18/12/2020 (Transfer)	(161,530)	(0.06)	2,175,548	0.75
At the end of the year			**2,175,548**	**0.75**

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
8. AMERICAN FUNDS DEVELOPING WORLD GROWTH AND INCOME FUND				
At the beginning of the year	2,128,768	0.74		
Increase / Decrease in Shareholding during the year				
17/01/2020 (Transfer)	280,156	0.10	2,408,924	0.83
26/06/2020 (Transfer)	(155,057)	(0.05)	2,253,867	0.78
30/06/2020 (Transfer)	(107,866)	(0.04)	2,146,001	0.74
21/08/2020 (Transfer)	(115,851)	(0.04)	2,030,150	0.70
At the end of the year			**2,030,150**	**0.70**
9. CAISSE DE DEPOT ET PLACEMENT DU QUEBEC-ENAM ASSET				
At the beginning of the year	1,000,000	0.35		
Increase / Decrease in Shareholding during the year				
21/08/2020 (Transfer)	250,000	0.09	1,250,000	0.43
20/11/2020 (Transfer)	500,000	0.18	1,750,000	0.61
At the end of the year			**1,750,000**	**0.61**
10. KIFS TRADE CAPITAL PRIVATE LIMITED				
At the beginning of the year	0	0.00		
Increase / Decrease in Shareholding during the year				
04/09/2020 (Transfer)	114,500	0.04	114,500	0.04
30/09/2020 (Transfer)	500,000	0.17	614,500	0.21
02/10/2020 (Transfer)	110,500	0.04	725,000	0.25
16/10/2020 (Transfer)	(610,500)	(0.21)	114,500	0.04
23/10/2020 (Transfer)	(114,500)	(0.04)	0	0.00
30/10/2020 (Transfer)	875,000	0.30	875,000	0.30
13/11/2020 (Transfer)	700,000	0.25	1,575,000	0.55
At the end of the year			**1,575,000**	**0.55**

Notes:

(a) List of top 10 shareholders were taken as on 31.12.2020. The increase / (decrease) in shareholding as stated above is based on details of benefical ownership furnished by the depository.

(b) Figures under () denotes sale while other denotes purchase.

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**Mr. Ravi Jaipuria, Non-executive Chairman**				
	At the beginning of the year	Nil	Nil		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**Nil**	**Nil**
2.	**Mr. Varun Jaipuria, Whole-time Director**				
	At the beginning of the year	50,663,250	17.55		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**50,663,250**	**17.55**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3.	**Mr. Raj Gandhi, Whole-time Director**				
	At the beginning of the year	611,250	0.21		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**611,250**	**0.21**
4.	**Mr. Kapil Agarwal, Whole-time Director & Chief Executive Officer**				
	At the beginning of the year	410,464	0.14		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**410,464**	**0.14**
5.	**Mr. Rajinder Jeet Singh Bagga, Whole-time Director**				
	At the beginning of the year	129,750	0.04		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**129,750**	**0.04**
6.	**Dr. Naresh Trehan, Independent Director**				
	At the beginning of the year	Nil	Nil		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**Nil**	**Nil**
7.	**Dr. Ravi Gupta, Independent Director**				
	At the beginning of the year	Nil	Nil		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**Nil**	**Nil**
8.	**Mr. Pradeep Sardana, Independent Director**				
	At the beginning of the year	1,287	0.00		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**1,287**	**0.00**
9.	**Ms. Rashmi Dhariwal, Independent Director**				
	At the beginning of the year	Nil	Nil		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**Nil**	**Nil**
10.	**Ms. Sita Khosla, Independent Director**				
	At the beginning of the year	Nil	Nil		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**Nil**	**Nil**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
11.	**Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary**				
	At the beginning of the year	Nil	Nil		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**Nil**	**Nil**
12.	**Mr. Vikas Bhatia, Chief Financial Officer**				
	At the beginning of the year	8,800	0.00		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**8,800**	**0.00**

Note: *Figures under () denotes sale while other denotes purchase.*

V. Indebtedness

Indebtedness of the Company including interest outstanding /accrued but not due for payment

(₹ in million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	30,008.37	2,000.00	-	**32,008.37**
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	127.61	-	-	127.61
Total (i+ii+iii)	**30,135.98**	**2,000.00**	-	**32,135.98**
Change in Indebtedness during the financial year				
• Addition	13,238.54	1,000.00	-	14,238.54
• Reduction	(13,957.14)	(2,000.00)	-	(15,957.14)
• Others*	136.44	-	-	136.44
Net Change	**(582.16)**	**(1,000.00)**	**-**	**(1,582.16)**
Indebtedness at the end of the financial year				
(i) Principal Amount	29,471.13	1,000.00	-	30,471.13
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	82.69	-	-	82.69
Total (i+ii+iii)	**29,553.82**	**1,000.00**	**-**	**30,553.82**

**Includes impact of fair value changes and exchange fluctuation.*

Note: *Working capital facilities are taken on net basis.*

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in million)

Sl. No.	Particulars of Remuneration	Mr. Varun Jaipuria, Whole-time Director	Mr. Raj Gandhi, Whole-time Director	Mr. Kapil Agarwal, Whole-time Director & Chief Executive Officer	Mr. Rajinder Jeet Singh Bagga, Whole-time Director	Total Amount
1.	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	43.65	41.56	68.31	31.55	185.07
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	0.04	0.04	0.03	0.04	0.15
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.00	0.00	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00	0.00	0.00
4.	Commission					
	- as % of profit	0.00	0.00	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00	0.00	0.00
5.	Others, please specify	0.00	0.00	0.00	0.00	0.00
	Total (A)	**43.69**	**41.60**	**68.34**	**31.59**	**185.22**
	Ceiling as per the Act	₹ 199.21 Million (being 10% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013)				

Note: *Remuneration of Mr. Varun Jaipuria includes incentive of ₹ 2.23 million during the Financial Year 2020.*

B. Remuneration to other Directors (Non-executive Directors including Independent Directors):

(₹ in million)

Sl. No.	Particulars of Remuneration	Dr. Ravi Gupta	Mr. Pradeep Sardana	Ms. Rashmi Dhariwal	Ms. Sita Khosla	Total Amount
1.	Fee for attending Board/Committee Meetings	1.00	0.40	1.30	0.90	3.60
2.	Commission	0.00	0.00	0.00	0.00	0.00
3.	Others, please specify	0.00	0.00	0.00	0.00	0.00
	Total (B)	**1.00**	**0.40**	**1.30**	**0.90**	**3.60**
	Total Managerial Remuneration (A+B)	**₹ 188.82 Million**				
	Overall Ceiling as per the Act	₹ 219.13 Million (being 11% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013)				

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

(₹ in million)

Sl. No.	Particulars of Remuneration	Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary	Mr. Vikas Bhatia, Chief Financial Officer	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	9.13	22.53	31.66
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission	0.00	0.00	0.00
	- as % of profit	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00
5.	Others, please specify	0.00	0.00	0.00
	Total	**9.13**	**22.53**	**31.66**

VII. Penalties / Punishment / Compounding of offences

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment / Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give details)
A. Company	None				
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment					
Compounding					
C. Other Officers in Default					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors
For **Varun Beverages Limited**

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 16, 2021
Place: Gurugram

Management Discussion & Analysis

Economic Overview & Outlook

Global Economy

In the year 2020, worldwide economies and various industries across the international markets faced an unprecedented situation brought upon by the outbreak of the COVID-19 pandemic. The disruption due to the spread of the COVID-19 virus triggered one of the most pronounced contractions witnessed by global economies in modern times. Lockdowns and border closures across key global markets paralyzed economic activities, halted production processes and stunted business operations in most key markets. Global trade was impacted by a significant margin in the first half of the year. As per IMF estimates, global economy contracted by 3.5% in 2020[1].

Indian Economy

Over the last few years, India has evolved as one of the world's fastest growing major economies. However, the outbreak of the COVID-19 pandemic in March 2020 along with the subsequent actions to contain the spread of the virus, such as stringent lockdown measures and restrictions on logistics across states severely disrupted economic activities. This, in combination with derailed consumer demand and supply chain issues, resulted in a significant slowdown for the economy in the first half of the calendar year 2020. However, staggered unlocking measures from May/June 2020 onwards brought initial signs of normalcy in the domestic markets. In addition, a combination of improving high-frequency macro & micro indicators coupled with healthy crop-cycles, widespread monsoon and rural demand are pointing towards recovery in the Indian economy. The Indian economy is further expected to pick up momentum in the year 2021. As per the IMF, India is likely to bounce back with an 11.5% growth rate in fiscal year 2021, thus re-establishing the position of the fastest growing emerging economy[1].

Soft Drinks Market Overview & Outlook

In the beginning of 2020, the domestic soft drinks market witnessed improved consumption and reported broad-based growth across categories. However, in March 2020, the widening spread of the COVID-19 virus led to significant uncertainty across the domestic and global markets. Lockdown measures and restrictions caused unparalleled disruption across economic and business activities in India, thus impacting overall demand and consumption in markets, especially in the key season of summer. In addition, severe supply chain issues impacted soft drink volumes during the first half of 2020.

The lockdown period also saw significant shift in consumer purchase patterns. Although at-home consumption increased, out-of-home consumption which historically contributes to higher volumes, was notably impacted during the first phase of the lockdown. However, as lockdown restrictions were relaxed gradually, there were notable changes in purchase patterns of consumers from basic necessities to items such as beverages, snacks, processed foods and ice-creams. This resulted in elevated sales for at-home consumption across regions.

Towards the latter half of the year 2020, the country witnessed healthy recovery in demand, particularly in rural and semi-urban areas, which resulted in improved momentum. Going forward, the soft drinks industry in India is expected to report normalized growth across categories. The main segments constituting the soft drinks market in India are carbonates, juices and bottled water. In value terms, carbonates is the largest category.

Key Growth Drivers & Opportunities

The soft drink consumption in India is on a steady growth trajectory. Rising young population, low per capita consumption, improving retail penetration across semi-urban and rural markets, better agro-economics and rising trend of at-home consumption makes it an attractive growth market. The Indian soft drinks industry has a huge potential and there are several key drivers that influence growth in the industry which include:

Demographic Profile: India is a young country with individuals below the age of 30 years accounting for majority of the overall population, which provides the country with a large workforce to support economic growth.

Rising Affordability and Urbanization: With more than 50% of India's population falling under the working age category, there has been a rise in disposable income leading to a substantial change in the spending patterns. Also, the increasing trend of women workforce in India has led to an increase in the disposable income of families, thus resulting in higher household consumption. Given

[1] Source: World Economic Outlook Update - January 2021 (IMF)

the changing population demographics, higher spending capacity of young consumers, rapid urbanization and growing rural consumption are expected to drive consumption of soft drinks in India.

Improving Trend in Consumer Purchase Pattern: Over the years, the country has seen a steady increase in the consumption of carbonated beverages and juices with sale of packaged goods gaining strong traction. Although the per capita consumption in India is relatively low as compared to other global markets, evolving factors such as favorable demographics, growing number of young consumers, rapid urbanization and growing rural consumption are expected to drive consumption of soft drinks in India.

Uptick in Rural Demand & Electrification: Rural sentiment is expected to maintain healthy momentum with good monsoons and better agro-economics, boding well for the overall economic revival. While the urban areas have historically yielded higher volume offtake, there is now a sense of strong demand emanating from rural markets. In addition, 100% electrification of all villages in India along with improving quality of electricity supply will help enhance penetration of cooling infrastructure in these regions, thereby supporting growth of the industry.

Innovative Offerings: A large young population is driving demand for new and innovative flavors in India. In sync with these trends, the industry is continuously focused on expanding its product offerings and launching new and innovative offerings and new packaging solutions.

Location: Majority of the Indian population reside in hot and dry climatic or temperate regions. This is expected to sustainably drive consumption of soft drinks in the foreseeable future.

Business Overview – A Key Player in the Beverage Industry

VBL Presence

Varun Beverages Limited (“VBL” or the “Company”) is a key player in the beverage industry. The Company’s operations span across 6 countries – 3 in the Indian Subcontinent (India, Sri Lanka, Nepal), which contributed ~81% to total revenue, and 3 in Africa (Morocco, Zambia, Zimbabwe), which contributed ~19% of revenue in CY20.

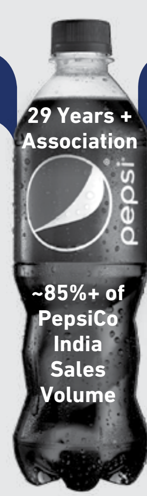
Symbiotic Relationship with PepsiCo

The Company enjoys a strategic, symbiotic and longstanding association with PepsiCo spanning 29 years, since their entry in India, accounting for 85%+ of their sales volumes in India. VBL manufactures, markets and distributes PepsiCo owned products, which include carbonated soft drinks, carbonated juices, juice-based beverages, energy drinks and packaged bottled water, through its vast manufacturing facilities and well-established distribution network. The various PepsiCo brands manufactured and distributed by VBL include Pepsi, Pepsi Black, Diet Pepsi, Pepsi Max, Mirinda Lemon, Mirinda Orange, Mountain Dew, Mountain Dew Ice, Slice Fizzy, Seven-Up, Seven-Up Nimbooz Masala Soda, Teem, Sting, Evervess, Tropicana Slice, Tropicana Juices (100%, Delight and Essentials), Seven-Up Nimbooz, Gatorade, as well as packaged drinking water under the brand Aquafina.

The Company has developed strong sales teams that work closely with PepsiCo to develop and implement local advertising and marketing strategies. Franchise rights have also been given to the Company for various PepsiCo products across 27 States and 7 Union Territories in India as well as international territories of Nepal, Sri Lanka, Morocco, Zambia, and Zimbabwe.

VBL – Demand Delivery

- Production Facilities
- Sales & Distribution - GTM & Logistics
- In-outlet Management - Visi-Coolers
- Consumer Push Management (BTL) - Market Share Gain



PepsiCo – Demand Creation

- Trademarks
- Formulation through Concentrate
- Product & Packaging innovation through investment in R&D
- Consumer Pull Management (ATL) - Brand Development

Business Model

The Company produces and distributes a wide range of carbonated soft drinks ("CSD"), as well as a large selection of non-carbonated beverages ("NCB"), including packaged drinking water. It has a unique business model with end-to-end execution capabilities from manufacturing, distribution and warehousing, customer management and in-market execution, to managing cash flows and future growth. PepsiCo offers brands, concentrates and marketing support to VBL, which then takes complete control over the manufacturing and supply chain processes, driving market share gains, enhancing cost efficiencies and managing capital allocation strategies.

VBL has vast experience in managing the distribution of soft drinks, involving complex logistics and packaging of products. While business operations in each market is similar, each territory and sub-territory presents specific operational challenges, varying from steady electricity supply and refrigeration and cooling equipment, logistics infrastructure as well as the demographic profile and general socio-economic conditions in the relevant market.

The Company boasts of a solid and well-entrenched distribution network covering urban, semi-urban and rural markets, addressing demands of a wide range of consumers. The distribution network is strategically located to maximize market penetration across licensed sub-territories in India, with an increased focus on higher growth markets such as semi-urban and rural sub-territories. The Company's solid production capabilities and distribution network enables it to effectively respond to competitive pressures, market demand and evolving consumer preferences across targeted territories. As of December 31, 2020, the Company has 31 state-of-the-art manufacturing facilities in India and 6 overseas. Further, it has a robust supply chain with 90+ owned depots, 2,500+ owned vehicles, 1,500+ primary distributors. Presently, it has 800,000+ visi-coolers across various markets.

VBL has undertaken a number of strategic initiatives towards improving operational excellence. These include backward integration of its production processes and centralized sourcing of raw materials. The Company has established backward integration facilities for production of preforms, crowns, plastic closures, corrugated boxes, corrugated pads, plastic crates and shrink-wrap films in certain facilities to ensure operational efficiencies and high-quality standards.

With its committed and knowledgeable sales staff, the organization focuses on driving growth and expanding market share across categories through various customer push strategies in licensed territories. It undertakes local level promotion, in-store activations, customer relation management, merchandizing, individual account management and evaluation of high demand region for strategic placement of vending machines and visi-coolers.

Over the years, VBL has expanded its operations in India through the acquisition of additional territories from PepsiCo as well as previously franchised territories.

Key Business Developments – 2020

COVID-19 Impact on Business Operations:

In light of the COVID-19 pandemic and disruptions in the macro-economic environment, the Company outlined the following focus areas during the year to minimize the impact of the macro-environment on its business operations:

Health & Safety:

- One of the key focus areas for the management was undertaking all necessary measures to ensure safety and well-being of its employees, business partners, communities and to safeguard the interests of its customers and distributors to the best possible extent during the unprecedented times.

Manufacturing Facilities:

- As per the relaxations provided by the Government of India for essential services particularly, packaged food and beverages, VBL received the requisite permissions from respective state governments to operate certain production facilities during the lockdown period.
- While these units were operating at a lower utilization level during the lockdown, as of December 31, 2020, all the manufacturing facilities are operating at normal levels.
- The Company continues to undertake all necessary measures to ensure and maintain the highest standards of hygiene and social distancing norms at its plants and corporate office.

Distribution:

- The VBL teams were actively in contact with all its distributors in order to ensure streamlined deliveries and supplies during the lockdown period.
- VBL's business model consisting of owned logistics, supply chain systems and end-to-end infrastructure facilities provided adequate cushion to its business operations despite an industry-wide supply chain disruption in the country.

Debt Obligations:

- Despite the impact of the pandemic, the Company did not avail moratorium for its debt repayments and has been timely servicing all its debt obligations.

Awards & Accolades:

- Winner of bottler of the year, 2019 by PepsiCo in AMESA sector (Africa, Middle East and South Asia) received in 2020.

- Winner of Best FMCG Corporate Governance India 2020 awarded by Capital Finance International.

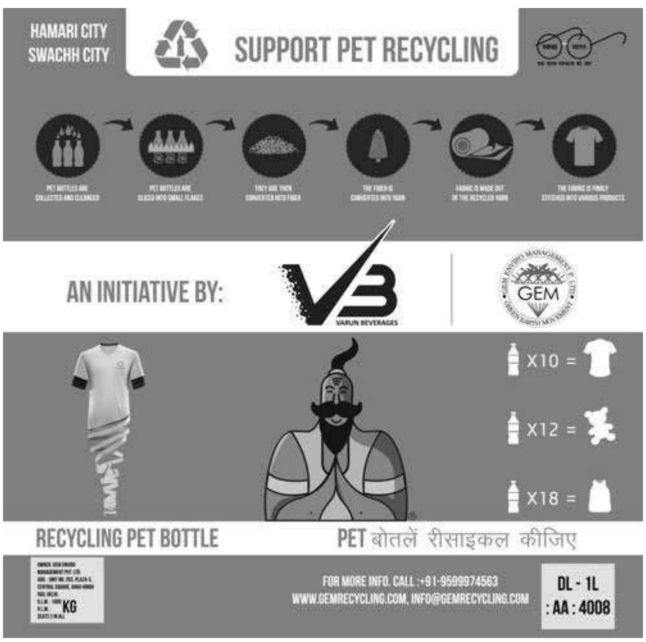
Dividend Payout:

- For CY20, in line with the guidelines of dividend policy, the Board of Directors recommended a dividend of ₹ 2.50/- per share, resulting in cash outflow of ₹ 721.7 million.

  For details on dividend distribution policy, please refer to the Company's website at www.varunpepsi.com.

Sustainability Initiatives

PET Recycling:



- VBL consumed ~ 66,000 MT PET resin as packaging material for its finished product in CY20. These are high quality food grade virgin PET chips which can be easily recycled to make various products for diverse industries and end uses.

- VBL has engaged with GEM Enviro Management Pvt. Ltd. for phased implementation of 100% recycling of used PET bottles through collection from end users by placing dustbins / reverse vending machines, direct collection from Institutions (Hotels, Banquet Halls, Exhibitions, etc.) and spreading awareness through workshops.

- GEM Enviro Management Pvt. Ltd., a Delhi based Central Pollution Control Board recognized PRO (Producer Responsible Organization) company specializes in a) collection and recycling of packaging waste & b) promotion of recycled green products like TShirts, bags etc. made from recycling of waste material such as used PET bottles.

- During the year CY20, 43,700+ MT of PET waste was recycled (~66% of PET resin consumed).

Water Positive Balance:

- VBL engaged TÜV India Pvt. Ltd. for Company's water footprint assurance, wherein, water mass balance and its various initiatives towards water conservation and water recharge were verified.

- About TÜV NORD Group: Founded in the year 1869, TÜV NORD was established as an industrial self-control organization for providing independent, neutral third party services. With a current workforce of over 14,000 employees across 70 countries globally, the TÜV NORD GROUP is one of the world's largest inspection, certification & testing organizations.

- The scope of audit covered 31 manufacturing plants of VBL in India. Key water conservation initiatives included rainwater harvesting, ponds adoption, development & maintenance, waste water management on the principles of reduce, reuse and recycle, for optimal water consumption.

- Lockdown restrictions due to the COVID-19 pandemic resulted in decline in sales volumes and consequently, the water consumption in CY20 is lower than previous year. Hence, the water recharge ratio is higher than usual.

- The key findings from the report, as follows:

Parameter	Jan '20-Dec '20 (Audited)	Jan '19-Dec '19 (Audited)
Water consumption	3.68 mn KL	4.12 mn KL
Water recharge	10.19 mn KL	7.22 mn KL
Water recharge ratios	2.8x	1.8x
No. of ponds adopted	108	103
No. of trees planted	29,000+	26,500+

Financial Summary

Profit & Loss

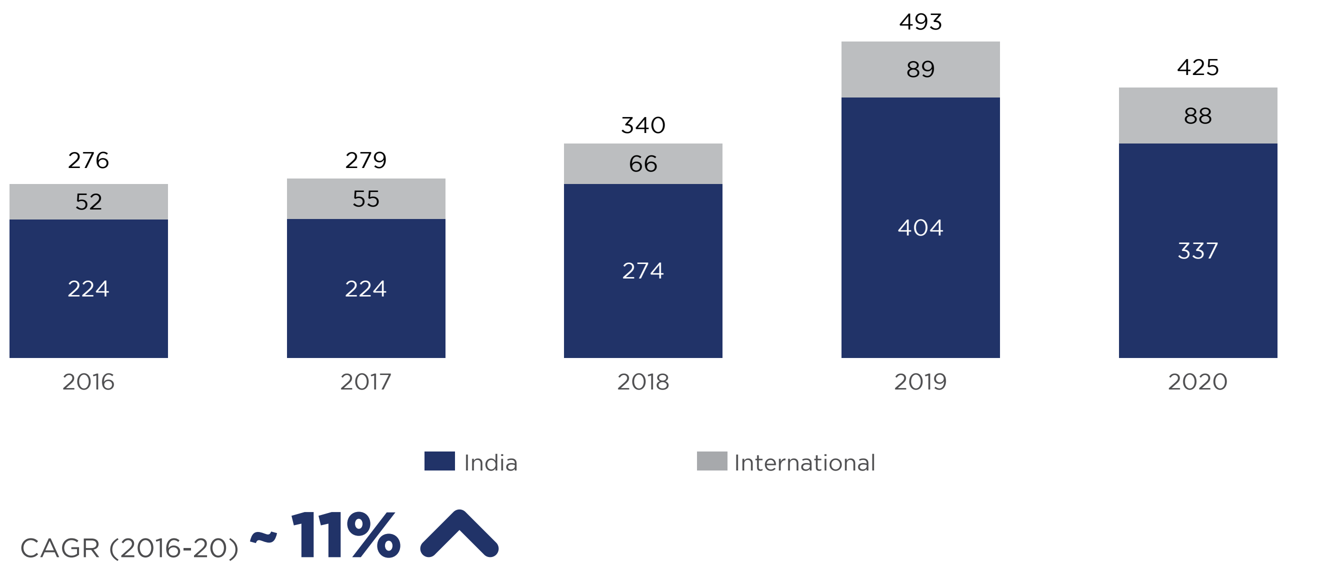
Particulars (₹ million)	CY20	CY19	Y-o-Y (%)
1. Income			
(a) Revenue from operations	65,557.9	72,484.6	-9.6%
(b) Excise Duty	1,056.5	1,188.8	-11.1%
Net Revenues	**64,501.4**	**71,295.8**	**-9.5%**
(c) Other income	369.7	425.3	-13.1%
2. Expenses			
(a) Cost of materials consumed	26,885.1	29,395.6	-8.5%
(b) Purchase of stock-in-trade	925.9	4,237.3	-78.1%
(c) Changes in inventories of FG, WIP and stock-in-trade	(171.6)	(1,438.6)	88.1%
(d) Employee benefits expense	8,897.4	8,108.2	9.7%
(e) Finance costs	2,811.0	3,096.4	-9.2%
(f) Depreciation and amortisation expense	5,287.0	4,886.3	8.2%
(g) Other expenses	15,946.0	16,516.8	-3.5%
Total expenses	**60,580.8**	**64,802.0**	**-6.5%**
EBITDA	**12,018.6**	**14,476.5**	**-17.0%**
3. Profit/(loss) before tax and share of profit in associate (1-2)	4,290.3	6,919.1	-38.0%
4. Share of profit in associate	-	43.6	
5. Exceptional items	665.3	-	
6. Profit (Loss) before tax (3+4-5)	3,625.0	6,962.7	-47.9%
7. Tax expense	52.3	2,240.7	-97.7%
8. Net profit (loss) for the period (6-7)	3,572.7	4,722.0	-24.3%

Balance Sheet

Particulars (₹ million)	31-Dec-20	31-Dec-19
Equity and liabilities		
Equity		
(a) Equity share capital	2,886.9	2,886.9
(b) Other equity	32,353.1	30,397.3
(c) Non-controlling interest	647.9	306.8
Total equity	**35,887.9**	**33,591.0**
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	19,796.2	23,553.8
(ii) Other financial liabilities	244.4	-
(b) Provisions	2,039.1	1,703.4
(c) Deferred tax liabilities (Net)	2,259.4	2,825.1
(d) Other non-current liabilities	7.3	8.2
Total non-current liabilities	**24,346.4**	**28,090.5**
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	7,138.6	4,671.5
(ii) Trade payables	5,113.9	4,776.6
(iii) Other financial liabilities	8,543.5	10,258.1
(b) Other current liabilities	3,182.9	2,044.9
(c) Provisions	331.7	299.8
(d) Current tax liability	38.9	152.0
Total current liabilities	**24,349.5**	**22,202.9**
Total liabilities	**48,695.9**	**50,293.4**
Total equity and liabilities	**84,583.8**	**83,884.4**

Particulars (₹ million)	31-Dec-20	31-Dec-19
Assets		
Non-current assets		
(a) Property, plant and equipment	58,271.9	58,925.0
(b) Capital work-in-progress	668.2	638.2
(c) Goodwill	242.3	242.3
(d) Other intangible assets	5,572.0	5,623.1
(e) Investment in associates	-	-
(f) Financial assets	419.1	454.4
(g) Deferred tax assets (Net)	110.2	128.5
(h) Other non-current assets	1,303.4	1,154.0
Total non-current assets	**66,587.1**	**67,165.5**
Current assets		
(a) Inventories	9,288.0	8,815.1
(b) Financial assets		
(i) Trade receivables	2,417.9	1,725.6
(ii) Cash and cash equivalents	1,045.6	1,379.7
(iii) Other bank balances	854.9	331.1
(iv) Loans	100.2	69.4
(v) Others	1,670.0	2,189.8
(c) Current tax assets (Net)	102.2	10.2
(d) Other current assets	2,517.9	2,198.0
Total current assets	**17,996.7**	**16,718.9**
Total assets	**84,583.8**	**83,884.4**

Sales Volume
Total Sales Volumes (MN Cases*)



**A unit case is equal to 5.678 liters of beverage divided in 24 bottles of ~ 237 ml each*

The Company follows calendar year of reporting. Owing to the seasonality aspect of the soft drinks business, whereby majority of the sales happen in the summer months, it is best to monitor the Company's performance on an annual basis. Revenues and profits follow a bell-curve with significant portion accruing in the April-June quarter.

The Company began the year 2020 on a strong note with healthy demand and robust volume growth across its domestic and international markets. However, the spread of the COVID-19 pandemic in early March 2020, leading to multiple lockdowns, resulted in significant disruption across domestic and international markets. With the period of March to May being a key season for the Company's performance, the disruptions in production levels, supply chain and distribution operations, particularly in the months of April and May negatively impacted both domestic and international business performance.

In addition, with the anticipation of the favorable season of summer, the Company had actively built-up additional stock of inventory in the month of March 2020. 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, VBL got the requisite permissions from respective state governments to operate most of its production facilities during the lockdown period. However, the manufacturing operations were operating at scaled-down levels.

As the country moved to the unlock phase towards the end of May 2020, the Company witnessed a steady revival in demand, which continued to strengthen on a month-on-month basis during the course of the year. In sync with revival in demand, the Company steadily ramped-up manufacturing operations across units to increase production levels and ensure continuity in deliveries and supplies. International territories also saw faster than expected recovery in consumption in the second half of the year.

Overall, revenue stood at ₹ 64,501.4 million as against ₹ 71,295.78 million in 2019. Total sales volumes stood at 425.3 million cases in 2020 as compared to 492.7 million cases in 2019. In the domestic market, sales volume stood at 337.4 million cases as compared to 403.7 million cases in 2019. CSD constituted 72.6%, Juice 6.3% and Packaged Drinking water 21.1% of total sales volumes in 2020.

Realization per case increased to ₹ 151.6 in 2020 from ₹ 144.7 in 2019 due to favorable mix and improvement in realization in the international markets.

On the profitability front, the Company consciously undertook cost-rationalization initiatives during the lockdown period to boost financial strength and drive higher efficiencies. For 2020, EBITDA was ₹ 12,018.6 million. Gross margins stood at 57.1% during 2020, while EBITDA margin was 18.6% in 2020.

Depreciation increased by 8.2% in 2020. Finance cost decreased by 9.2% in 2020. In 2020, PAT stood at ₹ 3,572.7 million as compared to ₹ 4,722.1 million in 2019.

On the balance sheet front, Net debt stood at ₹ 30,158.5 million as on December 31, 2020 as against ₹ 32,461.0 million as on December 31, 2019. Debt to Equity ratio stood at 0.84x as on December 31, 2020. Working capital days have remained stable at ~31 days as on December 31, 2020 due to lower sales volume.

Growth Outlook

- Well-positioned to leverage PepsiCo brand to increase market penetration in licensed territories.
- Consolidating existing distributors and increasing distribution in under-penetrated regions.

- To periodically launch innovative products in select markets in line with changing consumer preferences.
- Focus on non-cola carbonated beverages and NCB's.
- Bottled water provides significant growth opportunity.

- Penetrate newer geographies - to complement existing operations in India.
- Identify strategic consolidation opportunities in South Asia / Africa.

- Contiguous territories/ markets offer better operating leverage and asset utilization - economies of scale.
- Production and logistics optimization.
- Packaging synchronization and innovations.
- Technology use to improve sales and operations processes.

- Repayment of debt through strong cash generation.
- To enable significant interest cost savings.

Over the course of the year 2020, the Company has undertaken maximum efforts to secure its business operations, drive business efficiencies and to ensure well-being of its people. Showcasing a high degree of agility, the VBL team efficiently adapted to unprecedented changes in the operating environment and consumer ordering patterns during the uncertain time of the COVID-19 pandemic. From an operational standpoint, the Company's manufacturing facilities are now operating at near-normal utilization levels. Its well-oiled distribution model consisting of owned-logistics supply chain and end-to-end infrastructure facilities has also kept VBL on a strong footing in the face of challenging times.

The Company is now seeing a steady revival in consumption across markets, especially from rural and semi-urban regions and is confident that the demand environment will only strengthen in the months ahead. In addition, a gradual recovery in the Indian economy should further enable higher recovery in demand and consumption across the domestic market. With the reopening of mass transportation, outdoor facilities, theaters and restaurants, there is an improved consumption trend on a month-to-month basis. The international territories are also seeing healthy recovery, which should gain traction in the near-term. The Company continues to fortify presence across micro territories.

Going forward, the Company aims to continue expanding its product portfolio and distribution reach, focus on increasing volumes, particularly in markets with lower penetration. VBL's comprehensive infrastructure, diversified product portfolio, well-established distribution network, unique business model and seasoned management team continues to hold the Company in a good stead and will enable it to achieve scale and business efficiency in the coming years.

Threats, Risks and Concerns

The risks and opportunities of all corporations are inherent and inseparable elements. Directors and management of the Company take constructive decisions to protect the interests of the stakeholders. The Company has in place a Risk Management Policy which is monitored and reviewed under the guidance of Audit, Risk Management and Ethics Committee. The Committee comprises various departmental heads who meet regularly to identify processes exposed to risks, determine risk mitigation strategies and monitor their implementation.

Risk	Description	Mitigation
1. Demand Risk	A cyclical downturn can lead to a slowdown in the Company's target markets and impact its sales velocity.	Over the years, the Company has demonstrated its ability to drive significant growth in sales volumes by aiming to provide the right brand, the right price, the right product and the right channel. In addition, the business is present in relatively under-penetrated markets with favorable demographics, climatic conditions and the rising population which should witness steady demand growth. Further, its wide range of product portfolio enables it to cater to diverse consumer segments.
2. Business Agreement Risk	The Company relies on strategic relationship and agreements with PepsiCo. Termination of agreements or less favorable renewal terms could adversely affect profitability.	Over the last two and a half decades, the Company has partnered with PepsiCo, consolidating its market relationship with them, increasing the number of approved territories and sub-territories, producing and distributing a wider range of PepsiCo drinks, adding multiple SKUs into the portfolio and expanding distribution network. The proven ability of the Company to substantially strengthen the market share of PepsiCo enables it to be a reliable partner. The business maintains a symbiotic relationship with PepsiCo, working closely as active development partners, investing in joint projects and business planning with a focus on strategic issues. In 2019, bottling appointment and trademark license agreement for India with PepsiCo India was extended till April 30, 2039 from October 2, 2022.
3. Regulatory Risk	Regulations on consumer health and the risk of the Company's products being targeted for discriminatory tax and packaging waste recovery may adversely impact business.	The Company proactively works with PepsiCo, government and regulatory authorities to ensure that the facts are clearly understood and that its products are not singled out unfairly. VBL adheres to the sustainable manufacturing practices and takes very seriously the environmental issues related to packaging and waste recovery. The Company consistently works together with stakeholders to establish sustainability solutions that focus on protecting the environment, including NGOs and the communities in which it operates. PepsiCo's strategy of introducing healthier and zero sugar variant of products also augur well for the Company's future. The Company has undertaken certain sustainability initiatives such as engagement of GEM Enviro Management Pvt. Ltd. for phased implementation of 100% recycling of used PET bottles and TUV India Pvt. Ltd. for Company's water footprint assurance.
4. Business Viability Risk	Inability to integrate the operations of, or leverage potential operating and cost efficiencies from, the newly acquired territories and sub-territories may adversely affect the Company's business and future financial performance.	The clear strategy and financial requirements of VBL ensure that all future acquisitions or collaborations are value-added and in compliance with the acquisition guidelines of the Board. The Company also spends considerable management time and financial resources to ensure the performance of the newly acquired activities, develop local market strategies (including for possible cultural and language barriers), and assimilate business practices to ensure business viability.
5. Consumer Preference Risk	Failure to adapt to changing consumer health trends and address misconceptions about the health effects of soft drink consumption may adversely affect demand.	In order to remain relevant, VBL's sales team works closely with PepsiCo to assess evolving consumer habits and continually concentrate on product innovation and increasing product range. In addition, the new product plan of PepsiCo lays more emphasis on healthy products with zero / limited calorie content and sugar content.
6. Raw Material Risk	An interruption in the supply or significant increase in the price of raw materials or packaging materials may adversely affect the Company's business prospects, results of operations and financial condition.	An integral part of VBL's strategy is to maximize cost efficiencies, focusing on actively reducing the cost of goods sold, minimizing operating expenses efficiently and increasing cash flows. Hence, the business has pursued many programs for this purpose, including backward integration and consolidated sourcing of materials. It also leverages on its scale of operations to achieve better bargaining power with suppliers resulting in better working capital management. The Company is focused on optimally utilizing its assets to help achieve higher operating efficiency and to amortize overheads costs on a wider case. In addition, the Company continues to invest in innovative solutions to boost operational efficiencies and work processes in its activities, ensuring consolidated operational data from production, scheduled sourcing and superior monitoring of the supply of goods from manufacturers to the retail point of sale.

Human Resources

VBL employed 10,000+ full-time employees collectively around the world as of December 31, 2020 (7,500+ in India and 2,500+ in foreign subsidiaries). Along with every other component of its business strategy, the Company acknowledges the need for talent management within the Company and its criticality for its potential development and success. Training workers, growing their skill levels and encouraging sustained employee participation has always been very important for the Company. Through skill-building initiatives and career development programs at all levels and across functions, VBL arranges in-house training. Key employees are also involved in PepsiCo's management and staff growth initiatives as well as at India's leading management institutions.

Risk Management, Audit and Internal Control System

The Company has well-equipped and effective internal control systems in place that match the scale of its sector and the complexity of the market it works in. Such stringent and detailed controls ensure the effective and productive use of resources to the degree that the Company's assets and interests are safeguarded, transactions are approved, registered, and properly reported and checks and balances guarantee reliability and consistency of accounting data. The Audit, Risk Management and Ethics Committee is undertaking a comprehensive system of internal audits and periodic assessments to ensure compliance with best practices. The Company has employed Walker Chandiok & Co. LLP, Chartered Accountants & M/s APAS & Co., Chartered Accountants, the Joint Statutory Auditors of the Company to report on the financial controls of the Company.

Business Responsibility Report

Section A: General information about the Company

Sl. No.	Particulars	Details
1.	Corporate Identity Number (CIN) of the Company	L74899DL1995PLC069839
2.	Name of the Company	Varun Beverages Limited
3.	Registered address	F-2/7, Okhla Industrial Area, Phase – I, New Delhi - 110020
4.	Website	www.varunpepsi.com
5.	E-mail id	complianceofficer@rjcorp.in
6.	Financial Year reported	January 1, 2020 to December 31, 2020
7.	Sector(s) that the Company is engaged in (industrial activity code wise)	ITC Code - 220600 Manufacturing and Distribution of Carbonated, Non-carbonated beverages and packaged drinking water
8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	Pepsi, Mountain Dew and Tropicana Juices
9.	Total number of locations where business activity is undertaken by the Company	
	(i) Number of International Locations (Provide details of major 5)	5 (Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe)
	(ii) Number of National Locations	Presence in 27 states and 7 Union Territories
10.	Markets served by the Company – Local / State / National / International	India, Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe

Section B: Financial details of the Company

Sl. No.	Particulars	Details
1.	Paid-up Capital	₹ 2,886.89 million
2.	Total Turnover	₹ 48,764.51 million
3.	Total profit after taxes	₹ 2,264.29 million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	3.31% of profit after tax of Financial Year 2020
5.	List of activities in which expenditure in 4 above has been incurred	Please refer Annexure – D to the Board's Report

Section C: Other details

Sl. No.	Particulars	Details
1.	Does the Company have any Subsidiary Company/ Companies?	Yes
2.	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3.	Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

Section D: Business Responsibility information

1. Details of Director/Directors responsible for BR

Sl. No.	Particulars	Details	
1.	Details of the Director/Directors responsible for implementation of the BR policy/policies	DIN	02079161
		Name	Mr. Kapil Agarwal
		Designation	Whole-time Director & Chief Executive Officer
2.	Details of the BR head	DIN	08440479
		Name	Mr. Rajinder Jeet Singh Bagga
		Designation	Whole-time Director
		Telephone Number	+91-124-4643100
		E-mail id	rjs.bagga@rjcorp.in

2. Principle wise (as per NVGs) BR Policy/Policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine principles of Business Responsibility. These briefly are as follows:

P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

3. Details of Compliance (Reply in Y/N)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify?#	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online	*	** & ***	* & ****	** & *****	* & ****	***	***	** & *****	***
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

#Policies of the Company are compliant of the applicable laws in India and uploaded on website of the Company at www.varunpepsi.com

*VBL Code of Conduct for Board of Directors and Senior Management at https://varunpepsi.com/wp-content/uploads/2019/03/Code-Of-Conduct-For-Board-Of-Directors-and-Senior-Management-Revised.pdf

**VBL Philosophy at https://varunpepsi.com/philosophy/

***VBL Environment, Health and Safety Policy at https://varunpepsi.com/wp-content/uploads/2019/03/Varun-Beverages-Limited-EHS-POLICY.pdf

****VBL Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace at https://varunpepsi.com/wp-content/uploads/2021/03/Revised_POSH-Policy_-26.02.2021-1.pdf

*****VBL Corporate Social Responsibility Policy at https://varunpepsi.com/wp-content/uploads/2016/09/Corporate-Social-Responsibility-Policy.pdf

4. Governance related to BR

Sl. No.	Particulars	Details
1.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
2.	Does the Company publish a BR or Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes, it is published annually. The same may be accessed at www.varunpepsi.com as part of Annual Report 2020

Section E: Principle-wise performance

Principle 1:

Sl. No.	Particulars	Details
1.	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No	Yes
2.	Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs/Others?	No
3.	How many stakeholder complaints have been received in the past Financial Year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	For details on investor complaints, refer to "Investor Grievances/ Complaints" section of Corporate Governance Report in the Annual Report.

Principle 2:

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:

Varun Beverages Limited (VBL) is in the business of providing high quality food products to consumers such as carbonated, non-carbonated sweetened beverages and packaged drinking water with endeavor to make its business and ecosystem sustainable. The Company tries to embed the principles of sustainability into various stages of product, procurement of raw material, manufacturing of products, transportation of raw materials and supply of finished goods. In order to continuously reduce the Company environmental footprint, the Company is improving efficiencies, especially on critical resources such as water, fuel and energy, optimizing the resource consumption and minimizing wastages, increasing green cover in manufacturing plants and also developing outside establishments. Our company has significantly reduced weight of the closure and preforms over the period of time to contribute towards environment sustainability. Usage of nitrogen in packaged drinking water enables unit to reduce 10% of package weight. The Company has implemented the guidelines provided by international standards such as Environment Management System ISO 14001, OHSAS 18001 and all our units are AIB and FSSC certified which is the world's most advanced food safety management system accepted globally. We have also implemented water consumption optimization measures and water recovery and reuse of the water across all plants.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

(a) **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

The Company follows number of key Environmental Indicators to monitor the efficiency and consumption of natural resources in manufacturing such as water consumption and recycling, fuel consumption, energy consumption, raw materials yield and waste generation. The Company regularly track these consumption patterns of critical nature resources and also ensures improvement is achieved in the KPI's on sustainable ways.

(b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Reduction in Greenhouse Gases emission which is measured in units of carbon dioxide. Number of initiatives have already been implemented across various units. Some of the key improvements done are use of fuels like biomass for steam generation, usage of Solar energy and Optimizing the water requirements at manufacturing plants.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)?** Yes

(a) **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

With a responsible supply chain, the Company has developed a comprehensive and dynamic supply chain model, to engage with its suppliers and transporters on material aspects. Regular capacity building and assessments are carried out for key suppliers. However, currently it is not feasible to measure the same in percentage.

4. **Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work?** Yes

(a) **If yes, what steps have been taken to improve the capacity and capability of local and small vendors?**

The Company has tried to create new paths and provide opportunities to the new startups and small entrepreneurs and establish local vendors by uplifting their skills in effective manner. The Company also strive to provide opportunities in distressed areas and has devised unique models for empowerment of people in such areas. These sort of interventions not only improve the efficiency and enhance productivity but also contribute to substantial employment creation in communities surrounding the workplaces.

5. **Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Yes. The Company is committed towards reduction of environmental footprint of its products, waste and packaging materials. The Company focuses on the 3R's: REDUCE, RECYCLE and RECOVER. Such practices include segregation of different types of waste material so as to regulate the recyclability, anti-litter and recyclable marks on products to remind consumers to dispose in a safe and environment friendly way. The company engaged a NGO who is collecting and recycling of post consumed plastic waste to comply with producers extended responsibility norms. The Company also supports initiatives to recycle materials and has installed small machineries for shredding the waste which helps to minimize the volume and also ease the transportation to the recycling agencies. Majority of the waste generated at plant levels are recyclable i.e. plastic bottles, metal scrap, broken glass, empty bags, cartons etc. One of the major product segment consists of returnable glass bottle which after consumption of its product is returned and reused after taking care of thorough food safety. Recycling of plastic waste is >10%.

Principle 3:

Sl. No.	Particulars	Details
1.	Please indicate the total number of employees	7,808 employees as on December 31, 2020 (only for India)
2.	Please indicate the total number of employees hired on temporary/ contractual/casual basis	8,200 employees as on December 31, 2020
3.	Please indicate the number of permanent women employees	199 employees as on December 31, 2020
4.	Please indicate the number of permanent employees with disabilities	24

Sl. No.	Particulars	Details
5.	Do you have an employee association that is recognized by management	Yes
6.	What percentage of your permanent employees are members of this recognized employee association?	66.41%
7.	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment, discriminatory employment in the last financial year and pending, as on the end of the Financial Year	Nil
8.	What percentage of your employees were given safety & skill upgradation training in the last year?	Safety Training: 98% Skill Upgradation Training: 58%
	(a) Permanent Employees	
	(b) Permanent Women Employees	
	(c) Casual/Temporary/Contractual Employees	
	(d) Employees with Disabilities	

Principle 4:

Sl. No.	Particulars	Details
1.	Has the Company mapped its internal and external stakeholders?	Yes. Details of Shareholders/ Investors, Banks, Employees and Business Partners are available with the Company.
2.	Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders	No
3.	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable, and marginalized stakeholders? If so, provide details thereof, in about 50 words or so	These are covered under the CSR policy of our Company.

Principle 5:

Sl. No.	Particulars	Details
1.	Does the policy of the Company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?	Policy is applicable to the Company.
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	No complaint of any stakeholder was received.

Principle 6:

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/ others.**

   The policy is applicable to VBL and vendors as protection of the environment, health and safety carries very high importance. The Company's EHS policy speaks about the best practices and offers safe and healthy operations for employees, contractors and visitors. Same is displayed in the form of posters and instructions. Having ISO 14001 and OHSAS 18001 certifications at many plants demonstrates VBL's commitment towards reaching the industries best levels for environment sustainability. We also communicate our EHS policies and other requirements to suppliers and customers.

2. **Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, please give hyperlink for webpage etc.**

   Yes. The Company is committed to reach the industry best standards in terms of water usage, fuel and energy consumption as well as other environmental parameters. We also encourage and use clean energy to ensure less dependence on fossil fuel by implementing solar panels etc. The performance progress is documented at plant and Corporate level which is reviewed at regular intervals. For hyperlink, please refer Section D of BRR.

3. **Does the Company identify and assess potential environmental risks?**

   Yes. Identification of potential environment risk is part of our Environment management system- ISO 14001 which is implemented in most of our plants to assess impact on environment. All the potential environment risk are mitigated by adapting effective control measures.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   Yes. The Company has undertaken initiatives to reduce Carbon footprint through reduction in the amount of Greenhouse Gases emissions. Some of the key renewable energy projects contributing to GHG savings include installation and commissioning solar plant at the Company's Nuh and Greater Noida plant and other energy saving projects. Use of fuels like biomass for steam generation at number of plants. The Company files annual and other environment statements reports as per Pollution Control Board requirements.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink for web page etc.**

   Yes. The Company is proactive in adopting new technologies that use cleaner fuels and forms of energy. Having commissioned a solar power at its manufacturing set up at Nuh and Greater Noida and redesigned the power generation units at many locations, to use the Bio Mass instead of the non-renewable natural resources. Manufacturing units also use latest automations, heat recoveries and use modern technologies to be energy and cost efficient. For hyperlink, please refer Section D of BRR.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes. Our most of the Plants have installed online monitoring systems in Effluent Treatment Plant as well as Boiler emissions for all time compliance which is being monitored by CPCB on real time basis. All the hazardous waste goes to PCB approved land fill site on periodic basis.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   Nil

Principle 7:

Sl. No.	Particulars	Details
1.	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with	Yes. The Company is a member of Federation of Indian Chambers of Commerce and Industry, PHD Chamber of Commerce and Industry, PET packaging Association for Clean Environment, The Associated Chambers of Commerce and Industry of India and Action Alliance for Recycling Beverage Cartons.
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	No.

Principle 8:

1. **Does the Company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes, details thereof?**

   Yes. The Company do have various initiatives and programmes for community development and their wellbeing. Some of them are giving scholarship to school children especially for girls, providing reading material and stationery to poor children, providing fund for safe drinking water facility and wash rooms facilities, providing basic food safety and hygiene training and awareness to school children, pond cleaning in different villages, creating awareness for water conservation and prevention of water pollution along with rural and slum area development etc.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   All the community development initiatives were undertaken by in-house team of professionals and often with the help of external agencies/ organizations.

3. **Have you done any impact assessment of your initiative?**

   Yes. Informal feedback is being taken and frequent visits were carried out to establish impact of the initiatives and to re-establish that such initiatives are worth and effective.

4. **What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

   The Company has spent INR 75.04 million towards various development projects under environment protection, cleaning, availability of resources and community safety and wellbeing. The Company has significantly contributed to environment and community development by taking various initiatives like rain water harvesting via ponds development for effective recharging of rain water, creating awareness for water harvesting and water pollution, celebration of Sandi Bird festival, solar lights installation at villages, tree plantations in villages, Nukkad naatak for environment protection, providing clean water facility by installation of hand pumps and water coolers at schools and villages, driving Swachh Bharat Abhiyaan by involving villagers, promoting sports, blood donation and health checkup camps, driving food safety and personal hygiene sessions at schools and institutes, road safety awareness in community, books distribution and drawing competition in schools.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.**

   Yes. The Company ensures the community development initiative through internal tracking mechanisms and field visits. Informal feedbacks are also obtained from the community on such initiatives for example, before cleaning of pond for rain water harvesting, community training and awareness sessions were executed on the topic of water conservation and water pollution prevention, not to dump trash in ponds so that ponds remain cleaned throughout year. It was noted that there was significant reduction in dumping trash in to ponds post training was imparted to villagers.

Principle 9:

Sl. No.	Particulars	Details
1.	What percentage of customer complaints/consumer cases are pending as on the end of financial year	85.91% of consumer complaints are pending before various consumer forums.
2.	Does the company display product information on the product label, over and above what is mandated as per local laws?	Yes. The Company give information relating to storage conditions and consumption days.
3.	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.	There are no cases alleging unfair trade practice, irresponsible advertising and/ or anti-competitive behavior.
4.	Did your company carry out any consumer survey/ consumer satisfaction trends?	No

For and on behalf of the Board of Directors
For **Varun Beverages Limited**

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 16, 2021
Place: Gurugram

Independent Auditor's Report

To the Members of Varun Beverages Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31 December 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of one of the joint auditors, APAS & Co. and other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group as at 31 December 2020, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by one of the joint auditors, APAS & Co. and other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of one of the joint auditors, APAS & Co. and other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of intangible assets including Goodwill (Refer note 3(e) and 3(k) for accounting policies on intangibles assets and note 5 to the consolidated financial statements)	Our audit procedures included, but were not limited, to the following: • Obtained an understanding of the management's process for identification of cash generating unit and impairment indicators for intangible assets, if any and processes performed by the management for their impairment testing;

Key audit matter	How our audit addressed the key audit matter
The Group carries goodwill and franchisee rights as intangible assets having indefinite life amounting to INR 242.30 million and INR 5,386.33 million respectively, that are required to be tested for impairment by the management on an annual basis in accordance with Ind AS 36, Impairment of Assets. The aforesaid assessment of the impairment testing involves significant judgement around the determination of the recoverable amount, being the higher of value in use and fair value less costs of disposal. Recoverable amounts are based on management's view of the future cash flows and prospects of the business, the appropriate discount rates and other industry specific risk factors. The key judgements in determining the recoverable amount of these intangibles relates to the forecast of future cash flows based on strategy using macroeconomic assumptions such as industry growth, inflation and expected growth in market share, capital expenditure and working capital requirements, among others. Changes in the management forecasts or assumptions can impact the assessment of the discounted cash flows and consequently the valuation of such intangible assets. Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the forecasted cash flows used in the impairment evaluation, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, impairment assessment of such intangibles assets was determined as a key audit matter.	• Assessed the process by which management prepared its cash flow forecasts and held discussions with management to understand the assumptions used and estimates made by them for determining such projections; • Tested the design and operating effectiveness of internal controls over such identification and impairment measurement through fair valuation of identified assets; • Assessed the appropriateness of the Group's accounting policies, including those relating to recognition, measurement and impairment of intangibles by comparing with the applicable Ind AS; • Reviewed the valuation report obtained by management from an independent valuer and assessed the professional competence, skills and objectivity for performing the required valuations; • Assessed the appropriateness of the significant assumptions as well as the Group's valuation model with the support of auditor's valuation specialists, who assess the reasonableness of assumptions used and valuation methodology applied relating to discount rate, risk premium, industry growth rate etc. This included a discussion of the expected development of the business and results as well as of the underlying assumptions used with those responsible for the planning process; • Assessed the robustness of financial projections prepared by management by comparing projections for previous financial years with actual results realised and discussed significant deviations, if any, with the management; • Tested mathematical accuracy of the projections and performed a sensitivity analysis for reasonably possible changes in the sales growth, discount rate applied and the long-term growth rate; and • Evaluated the adequacy and appropriateness of disclosures made by the Group in the consolidated financial statements, as required by the applicable provisions of the Act and the Ind AS.

Key audit matter	How our audit addressed the key audit matter
Litigation and claims – provisions and contingent liabilities (Refer note 44 to the consolidated financial statements for the amounts of contingent liabilities) The Group is involved in various direct, indirect tax and other litigations ('litigations') that are pending with different statutory authorities. The management exercises significant judgement for determining the need for and the amount of provisions, for any liabilities, arising from these litigations. This judgement is dependent on a number of significant assumptions and evaluations which involves interpreting the various applicable rules, regulations, practices and considering precedents in the various jurisdictions including the opinions received from various legal counsel. This matter is considered as a key audit matter, in view of the uncertainty regarding the outcome of these litigations, the significance of the amounts involved and the subjectivity involved in management's judgement as to whether the amount should be recognised as a provision or only disclosed as contingent liability in the consolidated financial statements.	Our audit procedures included, but were not limited to, the following: • Assessed the appropriateness of the Group's accounting policies relating to provisions and contingent liabilities by comparing with the applicable accounting standards; • Assessed the Group's process and the underlying controls for identification of the pending litigations and completeness for financial reporting and also for monitoring of significant developments in relation to such pending litigations; • Assessed the management's assumptions and estimates in respect of litigations, including the liabilities or provisions recognised or contingent liabilities disclosed in the consolidated financial statements. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts based on the various legal counsel opinions received by the Group; • Recomputed the arithmetical accuracy of the underlying calculations supporting the provisions recorded from the supporting evidences including the correspondence with various authorities; • Assessed the management's conclusions through understanding relevant judicial precedents in similar cases and the applicable rules and regulations; • Obtained legal opinions and confirmation on completeness from the Group's external legal counsels, where appropriate; • Engaged auditor's experts to gain an understanding of the current status of litigations and changes in the disputes, if any, through discussions with the management and by reading external advice received by the Group, where relevant, to validate management's conclusions; and • Assessed the appropriateness of the Group's description of the accounting policy, disclosures related to litigations and whether these are adequately presented in the consolidated financial statements.

The following key audit matter with respect to the audit opinion on the financial statements of Varun Beverages Zimbabwe (Private) Limited, a subsidiary of the Holding Company, has been reported by the component auditor vide its report dated 22 January 2021 and has been reproduced by us as under:

Key audit matter	How our audit addressed the key audit matter
Hyperinflationary accounting for Varun Beverages Zimbabwe (Private) Limited ("VBZL"), a subsidiary (Refer note 3(j) for accounting policies and note 40 to the consolidated financial statements) During the previous year, the Reserve Bank of Zimbabwe introduced Zimbabwean Dollar ("ZMD/ RTGS Dollar") as the local currency which was adopted by VBZL as its functional currency. Further, the Zimbabwean economy has been classified as hyperinflationary in accordance with the factors and characteristics of a hyperinflationary economy as described in Ind AS 29 'Financial Reporting in Hyper-Inflationary Economies' ("Ind AS 29") with effect from 01 July 2019. Consequently, for the previous year and the year ended 31 December 2020, the management has prepared the financial statements of VBZL, based on the restatement principles of Ind AS 29. In view of the significance of the balances, transactions, the complexity and subjectivity in application of principles of Ind AS 29, the matter has been determined to be a key audit matter.	Our key procedures included, but were not limited, to the following: • Assessed the management's processes for selecting appropriate accounting policies and for implementing Ind AS 29, including their testing for the indicators of a hyperinflationary economy on the Zimbabwean economy and tested the operating effectiveness of controls implemented by management; • Reviewed the computations prepared by management for Ind AS 29, including evaluations of the rationale for the economic indicators included (e.g. the inflation rate, cumulative inflation rate, consumer price indices from various sources) and tested the source of data and key assumptions used; • Compared the assumptions used to select externally available industry, financial and economic data; • Assessed whether the inflation index applied to restate for the effects of hyperinflation is appropriate and based on recognised official indexes; • Performed sensitivity analysis for reasonably possible changes in the key assumptions; • Assessed whether the accounting treatment applied for all the elements of the financial statements are in accordance with the requirements of Ind AS 29; • Reviewed the regulatory pronouncements regarding the country being determined hyperinflation and the pertaining inflation rates and economic indicators prevailing in the country thereon; and • Assessed the appropriateness of the VBZL's description of the accounting policy and adequacy of related disclosures in the separate financial statements of VBZL.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Report on Corporate Governance and Director's Report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding

Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

15. We did not audit the financial statements of nine subsidiaries, whose financial statements reflects total assets of ₹ 18,652.12 million and net assets of ₹ 9,435.44 million as at 31 December 2020, total revenues of ₹ 19,044.80 million and net cash outflows amounting to ₹ 374.64 million for the year ended on that date, as considered in the consolidated financial statements. Out of the above, the financial statements of two subsidiaries included in the consolidated financial statements whose financial statements reflect total assets of ₹ 994.48 million and net assets of ₹610.86 million as at 31 December 2020, total revenues of ₹ 976.35 million and net cash outflows amounting to ₹ 14.32 million for the year ended on that date, as considered in the consolidated financial statements have been audited by one of the joint auditors, APAS & Co. These financial statements have been audited by APAS & Co. and other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of APAS & Co. and other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of APAS & Co. and other auditors.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of APAS & Co., referred to in paragraph 15, on separate financial statements of the subsidiaries we report that the Holding Company and two subsidiary companies covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to seven subsidiary companies, since none of such companies is a public company as defined under section 2(71) of the Act.

17. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of APAS & Co. and other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of APAS & Co. and other auditors;

c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;

e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the report of APAS & Co., the statutory auditors of a subsidiary company covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 December 2020 from being appointed as a director in terms of Section 164(2) of the Act;

f) with respect to the adequacy of the internal financial controls with reference to the consolidated financial statements of the Holding Company and its subsidiary company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II'; and

g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of one of the joint auditors, APAS & Co. and other auditors on separate financial statements as also the other financial information of the subsidiaries:

i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 44 to the consolidated financial statements;

ii. provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts, as detailed in note 26 to the consolidated financial statements;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies covered under the Act, during the year ended 31 December 2020; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.:
001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531
UDIN:
21501531AAAAAP6756
Place: Gurugram
Date: 16 February 2021
L-41
Connaught Place,
New Delhi 110 001

For **APAS & Co.**
Chartered Accountants
Firm's Registration No:
000340C

Sumit Kathuria
Partner
Membership No: 520078
UDIN:
21520078AAAABI6587
Place: Gurugram
Date: 16 February 2021
606, 6^{th} Floor,
PP City Centre, Road No. 44,
Pitampura, New Delhi 110 034

Annexure I

List of entities included in the Group

Holding Company

1. Varun Beverages Limited

Subsidiaries

1. Varun Beverages (Nepal) Private Limited
2. Varun Beverages (Lanka) Private Limited
3. Varun Beverages Morocco SA
4. Ole Spring Bottlers (Private) Limited
5. Varun Beverages (Zambia) Limited
6. Varun Beverages (Zimbabwe) (Private) Limited
7. Varun Beverages (Botswana) (Proprietary) Limited (till 12 May 2020)
8. Angelica Technologies Private Limited (amalgamated with Lunarmech Technologies Private Limited by NCLT order dated 22 May 2020)
9. Lunarmech Technologies Private Limited

Annexure I

Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') as at and for the year ended 31 December 2020, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by one of the joint auditors, APAS & Co. in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are

recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of APAS & Co. on internal financial controls with reference to financial statements of the subsidiary company, the Holding Company and its subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to consolidated financial statements and such controls were operating effectively as at 31 December 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. We did not jointly audit the internal financial controls with reference to consolidated financial statements in so far as it relates to a subsidiary, which is a company covered under the Act, whose financial statements reflect total assets of ₹ 994.48 million and net assets of ₹ 610.86 million as at 31 December 2020, total revenues of ₹ 976.35 million and net cash outflows amounting to ₹ 14.32 million for the year ended on that date. The internal financial controls with reference to financial statements of this subsidiary company in so far as it relates to such subsidiary company have been audited by one of the joint auditors, APAS & Co. whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements for the Holding Company and a subsidiary company, as aforesaid, under section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the report of APAS & Co. Our opinion is not modified in respect of the above matter with respect to our reliance on the work done by and on the report of APAS & Co.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.:
001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531
UDIN:
21501531AAAAAP6756
Place: Gurugram
Date: 16 February 2021
L-41
Connaught Place,
New Delhi 110 001

For **APAS & Co.**
Chartered Accountants
Firm's Registration No:
000340C

Sumit Kathuria
Partner
Membership No: 520078
UDIN:
21520078AAAABI6587
Place: Gurugram
Date: 16 February 2021
606, 6th Floor,
PP City Centre, Road No. 44,
Pitampura, New Delhi 110 034

Consolidated Balance Sheet

As at 31 December 2020

(₹ in million)

	Notes	As at 31 December 2020	As at 31 December 2019
Assets			
Non-current assets			
(a) Property, plant and equipment	4A	58,271.88	58,925.02
(b) Capital work-in-progress	4B	668.15	638.24
(c) Goodwill	5A	242.30	242.30
(d) Other intangible assets	5B	5,572.01	5,623.11
(e) Investment in associate	6	-	-
(f) Financial assets			
(i) Investments	7	0.01	0.01
(ii) Loans	8	417.89	445.48
(iii) Others	9	1.21	8.90
(g) Deferred tax assets (Net)	10	110.18	128.48
(h) Other non-current assets	11	1,303.44	1,153.96
Total non-current assets		**66,587.07**	**67,165.50**
Current assets			
(a) Inventories	12	9,288.04	8,815.13
(b) Financial assets			
(i) Trade receivables	13	2,417.97	1,725.55
(ii) Cash and cash equivalents	14	1,045.58	1,379.68
(iii) Bank balances other than (ii) above	15	854.92	331.09
(iv) Loans	16	100.16	69.37
(v) Others	17	1,670.04	2,189.83
(c) Current tax assets (Net)	18	102.19	10.23
(d) Other current assets	19	2,517.86	2,197.96
Total current assets		**17,996.76**	**16,718.84**
Total assets		**84,583.83**	**83,884.34**
Equity and liabilities			
Equity			
(a) Equity share capital	20	2,886.89	2,886.89
(b) Other equity	21	32,353.12	30,397.33
Equity attributable to owners of the Holding Company		**35,240.01**	**33,284.22**
Non-controlling interest		647.88	306.79
Total equity		**35,887.89**	**33,591.01**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22A	19,796.22	23,553.76
(ii) Other financial liabilities	22B	244.39	-
(b) Provisions	23	2,039.06	1,703.35
(c) Deferred tax liabilities (Net)	10	2,259.43	2,825.07
(d) Other non-current liabilities	24	7.34	8.23
Total non-current liabilities		**24,346.44**	**28,090.41**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22C	7,138.58	4,671.54
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	25	93.70	26.14
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	25	5,020.15	4,750.47
(iii) Other financial liabilities	26	8,543.51	10,258.13
(b) Other current liabilities	27	3,182.92	2,044.85
(c) Provisions	23	331.72	299.79
(d) Current tax liabilities (Net)	28	38.92	152.00
Total current liabilities		**24,349.50**	**22,202.92**
Total liabilities		**48,695.94**	**50,293.33**
Total equity and liabilities		**84,583.83**	**83,884.34**

Significant accounting policies 3

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership No.: 520078

For and on behalf of the Board of Directors of Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

Ravi Batra
Chief Risk Officer and Group Company Secretary
Membership No. F-5746

Place : Gurugram
Dated : 16 February 2021

Consolidated Statement of Profit and Loss

For the year ended 31 December 2020

(₹ in million)

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Income			
Revenue from operations	29	65,557.91	72,484.58
Other income	30	369.72	425.28
Total income		**65,927.63**	**72,909.86**
Expenses			
Cost of materials consumed	31	26,885.09	29,395.56
Excise duty		1,056.49	1,188.80
Purchases of stock-in-trade	32	925.87	4,237.33
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	(171.59)	(1,438.61)
Employee benefits expense	34	8,897.36	8,108.15
Finance costs	35	2,811.04	3,096.42
Depreciation and amortisation expense	36	5,287.02	4,886.28
Other expenses	37	15,946.01	16,516.82
Total expenses		**61,637.29**	**65,990.75**
Profit before share of profit in associate, exceptional items and tax		**4,290.34**	**6,919.11**
Share of profit in associate	6	-	43.61
Profit before exceptional items and tax		**4,290.34**	**6,962.72**
Exceptional items	63	665.29	-
Profit before tax		**3,625.05**	**6,962.72**
Tax expense			
(a) Current tax	28	423.85	1,048.28
(b) Adjustment of tax relating to earlier periods	28	153.69	29.90
(c) Deferred tax (credit)/expense	10	(525.20)	1,162.49
Total tax (credit)/expense		**52.34**	**2,240.67**
Net profit for the year		**3,572.71**	**4,722.05**
Other comprehensive income	38		
(a) Items that will not to be reclassified to Profit or Loss:			
(i) Re-measurement losses on defined benefit plans		(115.38)	(101.41)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		29.53	33.19
(iii) Gain from a bargain purchase	52A	-	344.43
(b) Items that will be reclassified to Profit or Loss:			
(i) Exchange differences arising on translation of foreign operations		(531.02)	416.26
(ii) Income tax relating to items that will be reclassified to Profit or Loss		(7.64)	(96.97)
Total other comprehensive income		**(624.51)**	**595.50**
Total comprehensive income for the year (including non-controlling interest)		**2,948.20**	**5,317.55**
Net profit attributable to:			
(a) Owners of the Company		3,289.95	4,689.75
(b) Non-controlling interest		282.76	32.30
Other comprehensive income attributable to:			
(a) Owners of the Company		(624.57)	595.52
(b) Non-controlling interest		0.06	(0.02)
Total comprehensive income attributable to:			
(a) Owners of the Company		2,665.38	5,285.27
(b) Non-controlling interest		282.82	32.28
Earnings per equity share of face value of ₹ 10 each			
Basic (₹)	42	11.40	16.83
Diluted (₹)	42	11.40	16.83

Significant accounting policies 3

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership No.: 520078

For and on behalf of the Board of Directors of Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

Ravi Batra
Chief Risk Officer and Group Company Secretary
Membership No. F-5746

Place : Gurugram
Dated : 16 February 2021

Consolidated Cash Flow Statement

For the year ended 31 December 2020

(Indirect Method) (₹ in million)

Particulars		Year ended 31 December 2020	Year ended 31 December 2019
A.	**Operating activities**		
	Profit before tax and share of profit in associate	3,625.05	6,919.11
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation on property, plant and equipment	5,231.91	4,826.45
	Amortisation of intangible assets	55.11	59.83
	Exceptional items	665.29	-
	Interest expense at amortised cost	2,729.82	3,031.49
	Interest income at amortised cost	(88.86)	(59.56)
	Dividend income from current investment	-	(0.20)
	Gain on acquisition of control over existing associate (Refer note 52C)	-	(158.11)
	Profit on sale of current investments	-	(1.38)
	Excess provisions written back	-	(151.83)
	Loss/(Gain) on disposal of property, plant and equipment (Net)	14.35	(16.05)
	Bad debts and advances written off	11.94	4.23
	Allowance for expected credit loss	53.09	188.09
	Unrealised foreign exchange fluctuation	(294.20)	486.22
	Operating profit before working capital changes	12,003.50	15,128.29
	Working capital adjustments		
	Increase in inventories	(472.91)	(1,845.53)
	Increase in trade receivables	(757.45)	(322.11)
	Decrease/(Increase) in current and non-current financial assets and other current and non-current assets	244.68	(1,024.96)
	(Decrease)/Increase in current financial liabilities and other current and non-current liabilities and provisions	(122.76)	2,341.41
	Total cash from operations	**10,895.06**	**14,277.10**
	Income tax paid	(775.19)	(1,201.15)
	Net cash flows from operating activities (A)	**10,119.87**	**13,075.95**
B.	**Investing activities**		
	Purchase of property, plant and equipment and intangible assets (including adjustment on account of capital work-in-progress, capital advances paid and capital creditors)	(5,596.74)	(7,536.27)
	Proceeds from disposal of property, plant and equipment and intangible assets	240.59	205.50
	Change in advance received for capital assets	1,074.43	-
	Acquisition under business combination (Refer note 52)	-	(16,251.55)
	Purchase of investment in associate (Net of cash acquired)	-	(83.37)
	Government grant related to assets received	-	251.05
	Interest received	86.90	46.22
	Dividend income from current investment	-	0.20
	Purchase of current investments	-	(730.00)
	Proceeds from sale of current investments	-	731.38
	(Increase)/decrease in other bank balances	(516.14)	174.35
	Net cash used in investing activities (B)	**(4,710.96)**	**(23,192.49)**
C.	**Financing activities**		
	Proceeds from long-term borrowings	7,734.82	18,695.79
	Repayment of long-term borrowings	(12,332.25)	(13,097.79)
	Repayment of lease liabilities	(111.55)	-
	Repayment of deferred payment liabilities	-	(433.87)
	Proceeds from short term borrowings (Net)	2,467.04	888.62

(Indirect Method) (₹ in million)

Particulars	Year ended 31 December 2020	Year ended 31 December 2019
Proceeds from issue of share capital (including share premium thereon)	-	9,001.80
Interest paid (inclusive of interest paid on lease liabilities ₹ 29.56 (31 December 2019: Nil))	(2,773.51)	(3,034.94)
Share issue expenses paid	-	(164.36)
Dividends paid	(721.72)	(690.12)
Dividend distribution tax paid	-	(91.73)
Net cash (used in)/flows from financing activities (C)	**(5,737.17)**	**11,073.40**
Net change in cash and cash equivalents (D=A+B+C)	**(328.26)**	**956.86**
Cash and cash equivalents at the beginning of year (E)	1,379.68	429.36
Unrealised exchange loss on translation of cash and cash equivalent in subsidiary (F)	(5.84)	(6.54)
Cash and cash equivalents at the end of year (G= D+E+F) (Refer note 14)	**1,045.58**	**1,379.68**

Notes:

(a) Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes pursuant to Ind AS 7:

(₹ in million)

	Non-current borrowings*	Current borrowings
Balance as at 01 January 2020	29,500.19	4,671.54
Cash flows (Net)	(4,597.43)	2,467.04
Non-cash changes:		
Others	(58.27)	-
Impact of exchange fluctuations	75.90	-
Balance as at 31 December 2020	**24,920.39**	**7,138.58**

Balance as at 01 January 2019	24,302.12	3,776.55
Cash flows (Net)	5,164.13	888.62
Non-cash changes:		
Impact of fair value changes	8.44	-
Impact of exchange fluctuations	25.50	-
Impact on acquisition of control over exisiting associate	-	6.37
Balance as at 31 December 2019	**29,500.19**	**4,671.54**

*includes current maturity of long-term debts and current portion of deferred payment liabilities amounting to ₹ 5,124.17 million (31 December 2019: ₹ 5,946.43 million)

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership No.: 520078

For and on behalf of the Board of Directors of Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

Ravi Batra
Chief Risk Officer and Group Company Secretary
Membership No. F-5746

Place : Gurugram
Dated : 16 February 2021

Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

A. Equity share capital

(₹ in million)

Particulars	Notes	Number of shares	Amount
Balance as at 01 January 2019		182,641,940	1,826.42
Changes in equity share capital during the year 2019		106,046,780	1,060.47
Balance as at 31 December 2019	20	**288,688,720**	**2,886.89**
Changes in equity share capital during the year 2020		-	-
Balance as at 31 December 2020	20	**288,688,720**	**2,886.89**

B. Other Equity

(₹ in million)

Particulars	Note	Attributable to Owners of the Company									Non-controlling interests	Total
		Reserve and surplus							Exchange differences on translating the financial statements of foreign operations	Total attributable to owners of the Group		
		Capital reserve on consolidation	Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation difference account (FCMITDA)				
Balance as at 01 January 2019		**(2,279.78)**	**189.50**	**18,400.81**	**0.39**	**444.26**	**1,720.41**	**29.55**	**(346.52)**	**18,158.62**	**77.68**	**18,236.30**
Profit for the year		-	-	-	-	-	4,689.75	-	-	4,689.75	32.30	4,722.05
Other comprehensive income for the year (Net of deferred taxes)												
Re-measurement losses on defined benefit plans		-	-	-	-	-	(68.20)	-	-	(68.20)	(0.02)	(68.22)
Gain from a bargain purchase (refer note 52A)		-	344.43	-	-	-	-	-	-	344.43	-	344.43
Exchange differences arising on translation of foreign operations		-	-	-	-	-	-	-	319.29	319.29	-	319.29
Dividend paid**		-	-	-	-	-	(690.12)	-	-	(690.12)	-	(690.12)
Dividend distribution tax		-	-	-	-	-	(91.73)	-	-	(91.73)	-	(91.73)
Addition made in FCMITDA for the year		-	-	-	-	-	-	(47.92)	-	(47.92)	-	(47.92)
FCMITDA charged to the Consolidated Statement of Profit and Loss		-	-	-	-	-	-	6.24	-	6.24	-	6.24
Acquisition of control over existing associate (Refer note 52C)		-	-	-	-	-	-	-	-	-	196.83	196.83
Additions made pursuant to exercise of employee stock options		-	-	1.85	-	-	-	-	-	1.85	-	1.85
Additions made on issue of equity shares pursuant to Qualified institutions placement (Refer note 20(h))		-	-	8,852.93	-	-	-	-	-	8,852.93	-	8,852.93

(₹ in million)

Particulars	Note	Attributable to Owners of the Company									Non-controlling interests	Total
		Reserve and surplus							Exchange differences on translating the financial statements of foreign operations	Total attributable to owners of the Group		
		Capital reserve on consolidation	Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation difference account (FCMITDA)				
Adjustment on account of employee stock options lapsed		-	-	-	(0.17)	-	-	-	-	(0.17)	-	(0.17)
Transfer to security premium on exercise of employee stock options		-	-	0.22	(0.22)	-	-	-	-	-	-	-
Amount utilised for bonus issue		-	-	(913.28)	-	-	-	-	-	(913.28)	-	(913.28)
Amount utilised for share issue expenses (Refer note 62)		-	-	(164.36)	-	-	-	-	-	(164.36)	-	(164.36)
Balance as at 31 December 2019	21	**(2,279.78)**	**533.93**	**26,178.17**	**-**	**444.26**	**5,560.11**	**(12.13)**	**(27.23)**	**30,397.33**	**306.79**	**30,704.12**
Profit for the year		-	-	-	-	-	3,289.95	-	-	3,289.95	282.76	3,572.71
Other comprehensive income for the year (Net of deferred taxes)												
Re-measurement losses on defined benefit plans		-	-	-	-	-	(85.91)	-	-	(85.91)	0.06	(85.85)
Exchange differences arising on translation of foreign operations		-	-	-	-	-	-	-	(538.66)	(538.66)	-	(538.66)
Dividend paid**		-	-	-	-	-	(721.72)	-	-	(721.72)	-	(721.72)
Addition made in FCMITDA for the year		-	-	-	-	-	-	(21.16)	-	(21.16)	-	(21.16)
FCMITDA charged to the Consolidated Statement of Profit and Loss		-	-	-	-	-	-	33.29	-	33.29	-	33.29
Equity contributions from non-controlling interests		-	-	-	-	-	-	-	-	-	58.27	58.27
Balance as at 31 December 2020	21	**(2,279.78)**	**533.93**	**26,178.17**	**-**	**444.26**	**8,042.43**	**-**	**(565.89)**	**32,353.12**	**647.88**	**33,001.00**

**Transaction with owners in their capacity as owners.

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date attached.

For and on behalf of the Board of Directors of Varun Beverages Limited

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership no.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership no.: 520078

Varun Jaipuria
Whole Time Director
DIN 02465412

Vikas Bhatia
Chief Financial Officer

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

Ravi Batra
Chief Risk Officer and Group Company Secretary
Membership No. F-5746

Place : Gurugram
Dated : 16 February 2021

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

1. Corporate information

Varun Beverages Limited ("VBL" or "the Company" or "Holding Company" or "Parent Company") is a public limited Company domiciled in India. Its registered office is at F-2/7, Okhla Industrial Area, Phase-I, New Delhi- 110 020. The Company's equity shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India (NSE). The Company was incorporated on 16 June 1995 under the provisions of the Companies Act 1956.

The Company together with its subsidiaries and associates (hereinafter, "the Group") is engaged in manufacturing, selling, bottling and distribution of beverages of Pepsi brand in geographically pre-defined territories of India, Sri Lanka, Nepal, Zambia, Morocco and Zimbabwe as per franchisee agreement with PepsiCo India Holdings Private Limited ("PepsiCo India") and its affiliates. The sale of Group's products is seasonal.

2. Basis of preparation

These Consolidated Financial Statements ("the CFS") of the Group have been prepared in accordance with the Indian Accounting Standards ("Ind AS") and comply with requirements of Ind AS, stipulations contained in Schedule III (revised) as applicable under Section 133 of the Companies Act, 2013 ("the Act"), the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other pronouncements/ provisions of applicable laws.

These CFS have been prepared using the significant accounting policies and measurement basis summarised below. These accounting policies have been used consistently throughout all periods presented in these consolidated financial statements except as mentioned in note 3 (b) below.

The CFS have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

i. Derivative financial instruments;

ii. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

iii. Defined benefit plans- plan assets measured at fair value; and

iv. Share based payments;

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current if it satisfies any of the following conditions:

i. Expected to be realised or intended to sold or consumed in normal operating cycle;

ii. Held primarily for the purpose of trading;

iii. Expected to be realised within twelve months after the reporting period; or

iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current if it satisfies any of the following conditions:

i. It is expected to be settled in normal operating cycle;

ii. It is held primarily for the purpose of trading;

iii. It is due to be settled within twelve months after the reporting period; or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and its realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

All amounts disclosed in the CFS and notes have been rounded off to the nearest million as per the requirement of Schedule III to the Act, unless otherwise stated.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

2.1. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and associate. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a) The contractual arrangement with the other vote holders of the investee;

b) The rights arising from other contractual arrangements;

c) The Group's voting rights and potential voting rights; and

d) The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

An associate is an entity over which the Group has significant influence, i.e., the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended 31 December. When the end of the reporting period of the parent is different from that of a subsidiary/ associate, the subsidiary/ associate prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

The following consolidation procedures are adopted:

Subsidiary:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date;

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill; and

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Ind AS 12 'Income Taxes' applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in Consolidated Statement of Profit and Loss;
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Associates:

Interests in associates are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. When a member of the Group transacts with an associate of the Group, profits and losses from transactions with the associate are recognised in the CFS only to the extent of interests in the associate that are not related to the Group.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment.

The Consolidated Statement of Profit and Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Consolidated Statement of Profit and Loss.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the Consolidated Statement of Profit and Loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant and the fair value of the retained investment and proceeds from disposal is recognised in the Consolidated Statement of Profit and Loss.

On acquisition of control over previously owned associates, the Group re-measures its previously held equity interest in the associates at the acquisition date fair value and the difference, if any, between the carrying amount and the fair value is recognised in the Consolidated Statement of Profit and Loss.

Goodwill is generally computed as the difference between the sum of consideration transferred (measured at the fair value) the non-controlling interest ("NCI") in the acquire and the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

3. Summary of significant accounting policies

a) Fair value measurements

The Group measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

  All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

b) Revenue recognition

With effect from 01 January 2019, the Group has adopted Ind AS 115, ‘Revenue from Contracts with Customers’ using cumulative effect method which does not require comparative information to be restated in the consolidated financial statements. The standard is applied retrospectively only to contracts that were not completed as at the date of initial application (i.e. 01 January 2019). There is no impact on retained earnings as at 01 January 2019. Moreover, the application of Ind AS 115 did not have any impact on recognition and measurement of revenue from operations and other related items in the consolidated financial statements of the Group.

Under Ind AS 115, revenue is recognised upon transfer of control of promised goods or services to customers at an amount that reflects the consideration to which the Group is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price allocated to that performance obligation as per contractually agreed terms with the customers. The transaction price of goods sold and services rendered is net of various discounts and schemes offered by the Group as part of the contract. Revenue is recorded provided the recovery of consideration is probable and determinable. Revenue from sale of goods and services transferred to distributors/ intermediaries are recognised at a point in time.

Sale of goods

Revenue from the sale of manufactured and traded goods products is recognised upon transfer of control of products to the customers which coincides with their delivery to customer and is measured at fair value of consideration received/receivable, net of discounts, amount collected on behalf of third parties and applicable taxes.

Interest income

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (“EIR”). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period,

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

where appropriate, to the gross carrying amount of the financial assets. Interest income is included in finance income in the Consolidated Statement of Profit and Loss.

Dividends

Dividend is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Services rendered

Revenue from service related activities is recognised as and when services are rendered and on the basis of contractual terms with the parties.

c) Inventories

Inventories are valued as follows:

i. **Raw materials, components and stores and spares:** At lower of cost and net realisable value. Cost of inventory comprises all costs of purchases, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition and is determined on a moving weighted average cost basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

ii. **Work-in-progress:** At lower of cost and net realisable value. Cost for this purpose includes material, labour and appropriate allocation of overheads including depreciation. Cost is determined on a weighted average basis.

iii. **Intermediate goods/ Finished goods:**

a) **Self-manufactured -** At lower of cost and net realisable value. Cost for this purpose includes material, labour and appropriate allocation of overheads. Cost is determined on a weighted average basis.

b) **Traded -** At lower of cost and net realisable value. Cost of inventory comprises all costs of purchases, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition and is determined on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Provision for obsolescence is determined based on management's assessment and is charged to the Consolidated Statement of Profit and Loss.

d) Property, plant and equipment

Measurement at recognition:

Property, plant and equipment and capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost comprises the purchase price, borrowing costs if capitalisation criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The cost of an item of property, plant and equipment is recognised as an asset if, and only if:

a. it is probable that future economic benefits associated with the item will flow to the entity; and

b. the cost of the item can be measured reliably.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increased the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day- to- day repair and maintenance expenditure and cost of replacing parts, are charged to the Consolidated Statement of Profit and Loss for the period during which such expenses are incurred. Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as a part of indirect construction cost to the extent the expenditure is related to construction or is incidental thereto. Other indirect costs incurred during-the construction periods which are not related to construction activity nor are incidental thereto are charged to the Consolidated Statement of Profit and Loss.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

Value for individual assets acquired for a consolidated price, the consideration is apportioned to the various assets on a fair value basis as determined by competent valuers.

Depreciation:

The management has estimated, supported by technical assessment, the useful lives of property, plant and equipment. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Description	Useful lives (upto)
Leasehold land	Over lease period
Buildings - factory	20-50 years
Buildings - others	59-60 years
Plant and equipment	4-20 years
Furniture and fixtures	5-10 years
Delivery vehicles	4-10 years
Vehicles (other than delivery vehicles)	4-7 years
Office equipment	4-10 years
Computer equipment	3-5 years
Containers	4-10 years
Post-mix vending machines and refrigerators (Visi-Coolers)	7-10 years

Freehold land is not depreciated.

Depreciation on property, plant and equipment is provided over the useful life of assets as specified in Schedule II to the Act except where the management, based on independent technical assessment, depreciates certain assets are over estimated useful lives which are different from the useful life prescribed in the Schedule II to the Act.

The Group has used the remaining useful lives to compute depreciation on its property, plant and equipment, acquired under the business transfer agreement based on external technical evaluation.

Depreciation on property, plant and equipment which are added/disposed off during the year is provided on a pro-rata basis with reference to the month of addition/deletion.

The Group has technically evaluated all the property, plant and equipment for determining the separate identifiable assets having different useful lives under the component approach. On technical evaluation of all separate identifiable components, the management is of the opinion that they do not have any different useful life from that of the principal asset.

In case of revaluation of leasehold land, the resulting amortisation of the total revalued amount is expensed off to the Consolidated Statement of Profit and Loss.

Derecognition:

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds or amount of security deposit adjusted and the carrying amount of the asset) is included in the Consolidated Statement of Profit and Loss when the asset is de-recognised.

Breakages of containers are adjusted on 'first bought first broken' basis, since it is not feasible to specifically identify the broken containers in the fixed assets records.

e) Intangible assets

Intangible assets are initially recognised at:

a. In case the assets are acquired separately, then at cost,

b. In case the assets are acquired in a business combination or under any asset purchase agreement, at fair value.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful life are assessed for impairment whenever there is an indication that the intangible assets may be impaired.

Amortisation of other intangible assets are amortised on a straight-line basis using the estimated useful life as follows:

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

Intangible assets	Useful lives (years)
Software	3-5 Years
Market infrastructure	5 Years
Distribution network	8 Years

The franchise rights and trademarks acquired as part of business combinations normally have a remaining legal life of not exceeding ten years but is renewable every ten years at little cost and is well established. The Group intends to renew these rights continuously and evidence supports its ability to do so. An analysis of product life cycle studies, market and competitive trends provides evidence that the product will generate net cash inflows for the Group for an indefinite period. Therefore, these rights have been carried at cost without amortisation, but is tested for impairment annually, at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

f) Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised, if any. All other borrowing costs are expensed to the Consolidated Statement of Profit and Loss in the period in which they occur.

g) Leases

Transition to Ind AS 116 - Leases

The Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 - Leases ("Ind AS-116") which replaces the existing lease standard, Ind AS 17 - Leases, and other interpretations. Ind AS 116 – Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Group has adopted Ind AS 116, w.e.f. 01 January 2020 using modified retrospective method with right-of-use asset recognised at an amount equal to the lease liability in the balance sheet on the initial date of application.

Accounting policy applicable from 1 January 2020 onwards:

The Group as a lessee

The Group enters into an arrangement for lease of buildings and equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with Ind AS 116 – Leases, at inception of the contract, the Group assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfills the requirements of Ind AS 40 - Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item in the standalone financial statements of the Group.

The Group has elected not to apply the requirements of Ind AS 116 - Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from Ind AS 116 - Leases. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

Accounting policy on or before 31 December 2019:

Leases of property, plant and equipment in which significant portion of risks and rewards of ownership are not transferred are classified as operating leases. In determining the appropriate classification, the substance of the transaction rather than the form is considered. In case, the lease arrangement includes other consideration, it is separated at the inception of the lease arrangement or upon a reassessment of the lease arrangement into those for the lease and those for other elements on the basis of their relative fair values.

Lease payments in respect of assets taken on operating lease are charged to the Consolidated Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases.

h) Employee benefits

Contribution to provident and other funds

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Group recognises termination benefit as a liability and an expense when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

Gratuity liability is accrued on the basis of an actuarial valuation made at the end of the year. The actuarial valuation is performed by an independent actuary as per projected unit credit method, except for few subsidiary companies where gratuity liability is provided on full cost basis.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in Consolidated Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring cost

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation as an expense in the Consolidated Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Compensated absences

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit which are computed based on the actuarial valuation using the projected unit credit method at the year end except for few subsidiary companies where accumulated leave liability is provided on full cost basis. Actuarial gains/ losses are immediately taken to the Consolidated Statement of Profit and Loss and are not deferred. The Group presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the balance is presented as a non-current liability.

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

All other employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognised in the Consolidated Statement of Profit and Loss in the period in which the employee renders the related service.

i) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments, which are classified as equity-settled transactions.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised as an employee benefit expense with a corresponding increase in 'Share option outstanding account' in other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/ or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the Group or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Consolidated Statement of Profit and Loss.

j) Foreign currency transactions and translations

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or after 01 January 2017: Exchange differences arising on conversion of long term foreign currency monetary items obtained or given is recorded in the Consolidated Statement of Profit and Loss.

Group companies

On consolidation, the assets and liabilities of foreign operations, whose functional currency is not the currency of a hyperinflationary economy, are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions.

However, all amounts (i.e. assets, liabilities, equity items, income and expenses) of foreign operation, whose functional currency is the currency of a hyperinflationary economy, are translated into INR at the rate of exchange prevailing at the reporting date and the comparative figures shall be those that were presented as current year amounts in the relevant prior year financial statement (i.e. not adjusted for subsequent changes in the price level or subsequent changes in exchange rates).

The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Financial statements of entity whose functional currency is the currency of a hyperinflationary economy

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy is stated in terms of the measuring unit current at the end of the reporting period.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

Monetary items are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period.

Non-monetary items, which are carried at amounts current at the end of the reporting period, such as net realisable value and fair value, are not restated. All other nonmonetary assets and liabilities which are carried at cost or cost less depreciation are restated by applying to its historical cost and accumulated depreciation the change in a general price index from the date of acquisition to the end of the reporting period. However, where detailed records of the acquisition dates are not available or capable of estimation, in those cases, restatement is computed based on independent professional assessment or by using the best estimate, i.e., by capturing the movements in the exchange rate between the functional currency and a relatively stable foreign currency.

Statement of profit and loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore all amounts are restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

At the beginning of the first period of application, the components of shareholder's equity, excluding retained earnings and any revaluation surplus, are restated by applying a general price index from the dates on which the items were contributed or otherwise arose. Restated retained earnings are derived from all the other amounts in the restated statement of financial position.

The gain or loss on the net monetary position, being the difference resulting from the restatement of non-monetary assets, owners' equity and items in the statement of profit and loss and the adjustment of index linked assets and liabilities, is recognised in the consolidated statement of profit and loss.

k) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits' respectively. When a liability assumed is recognised at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments' ("Ind AS 109"), is measured at fair value with changes in fair value recognised in the Consolidated Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in the Consolidated Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Business combinations involving entities that are controlled by the Group are accounted for using the 'pooling of interests' method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- Except for adjustments made to harmonise accounting policies, no adjustments are made to reflect fair values, or recognise any new assets or liabilities;
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve; and
- The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferred.

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

l) Government grants

Grants from the Government are recognised when there is reasonable assurance that all underlying conditions will be complied with and that the grant will be received.

When loans or similar assistance are provided by Government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. That grant is recognised in the Consolidated Statement of Profit and Loss under 'other operating revenue'. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Government grants related to assets are presented in the Consolidated balance sheet by deducting the grant from the carrying value of the asset and non-monetary grant is recognised at a nominal value.

Grants related to income are recognised as income on a systematic basis in the Consolidated Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate and are presented as 'other operating revenues'.

Total government grant recognised in the Consolidated Statement of Profit and Loss under the head 'Other operating revenue' amounts to ₹ 655.79 million (31 December 2019: ₹ 1,186.62 million) under different industrial promotion tax exemption schemes.

m) Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 and respective local jurisdictions of members of the Group.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity).

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their book bases. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum Alternate Tax (“MAT”) credit is recognised as an asset only when and to the extent there is convincing evidence that the relevant members of the Group will pay normal income tax during the specified period. Such asset is reviewed at each reporting period end and the adjusted based on circumstances then prevailing.

Deferred tax assets are recognised on the unrealised profit for all the inter-company sale/purchase eliminations of property, plant and equipment and inventories.

Deferred tax on business combination

When a liability assumed is recognised at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base. In both cases, the resulting deferred tax asset affects goodwill.

n) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The business activities of the Group predominantly fall within a single operating segment, i.e., manufacturing and sale of beverages. The Group operates in two principal geographical areas, namely, India and other countries or ‘outside India’. The Group prepares its segment information in conformity with the accounting policies adopted for preparing the CFS.

o) Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Consolidated Statement of Profit and Loss

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

p) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded company's or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Consolidated Statement of Profit and Loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Consolidated Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

For purposes of subsequent measurement, financial assets are classified as follows:

a) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost where the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and contractual terms of the asset give rise to cash flows on specified dates that are solely payments of principal and interest.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income from these financial assets is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

b) Debt instruments at Fair Value Through Other Comprehensive Income

Assets that are held for collection of contractual cashflows and for selling the financial assets, where the cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). The Group has not designated any debt instrument in this category.

c) Debt instruments at Fair Value Through Profit or Loss

Fair Value Through Profit or Loss ("FVTPL") is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Consolidated Statement of Profit and Loss. The Group has not designated any debt instrument in this category.

d) Equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 'Business Combinations' applies are Ind AS classified as at FVTPL. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Consolidated Profit and Loss.

For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair values. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

De-recognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive the contractual cash flows from the asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred.

Impairment of financial assets

The Group measures the Expected Credit Loss ("ECL") associated with its assets based on historical trends, industry practices and the general business environment in which it operates. The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Consolidated Statement of Profit and Loss under the head 'other expenses'.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses are recognised in the Consolidated Statement of Profit or Loss, except for those attributable to changes in own credit risk, which are recognised in OCI. These gains/ loss are not subsequently transferred to the profit or loss.

b) Financial liabilities at amortised cost

After initial recognition, financial liabilities designated at amortised costs are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortisation is included as finance costs in the Consolidated Statement of Profit and Loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date of executing a derivative contract and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

r) Non-current assets and liabilities classified as held for sale

Non-current assets classified as held for sale are presented separately in the Balance Sheet and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arises on remeasurement or sale is included in the Consolidated Statement of Profit and Loss.

If an entity has classified an asset (or disposal group) as held for sale, but the held-for-sale criteria as specified in Ind AS 105 'Non-current Assets Held

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

for Sale and Discontinued Operations' are no longer met, the Group ceases to classify the asset (or disposal group) as held for sale.

The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and

b) its recoverable amount at the date of the subsequent decision not to sell.

s) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

t) Dividend distribution to equity holders of the parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Consolidated Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

v) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

w) Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, other than conversion of potential equity shares, that have changed the number of equity shares outstanding without a corresponding change in resources.

In case of a bonus issue, the number of ordinary shares outstanding is increased by number of shares issued as bonus shares in current year and comparative period presented as if the event had occurred at the beginning of the earliest year presented.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

For the purpose of calculating diluted earnings/(loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.1. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements. Changes in estimates are accounted for prospectively.

i) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

a) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

b) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Useful lives of tangible/intangible assets

The Group reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

b) Defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

c) ***Inventories***

The Group estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

d) ***Business combinations***

The Group uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

e) ***Impairment of non-financial assets and goodwill***

In assessing impairment, Group estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

f) ***Fair value measurement of financial instruments***

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

4A. Property, plant and equipment

(₹ in million)

	Land freehold #	Land leasehold #	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount											
Balance as at 01 January 2020	6,766.02	5,326.18	13,084.41	35,645.77	246.97	1,775.35	255.20	227.65	5,641.45	11,683.84	80,652.84
Additions for the year	108.56	239.70	701.51	3,003.19	12.78	294.88	49.48	25.21	552.89	257.45	5,245.65
Addition on account of transition to Ind AS 116 (Refer footnote v below)	-	65.65	223.24	7.88	-	163.31	-	-	-	-	460.08
Government grant related to asset received (Refer footnote iv below)	-	(6.37)	-	-	-	-	-	-	-	-	(6.37)
Disposals for the year	-	(1.55)	-	(348.70)	(0.22)	(44.97)	(1.18)	(3.33)	(2,086.76)	(125.12)	(2,611.83)
Foreign exchange fluctuation for the year	37.12	(36.75)	(88.99)	3.14	(2.72)	0.45	(1.19)	(1.83)	(77.80)	(3.04)	(171.61)
Balance as at 31 December 2020	**6,911.70**	**5,586.86**	**13,920.17**	**38,311.28**	**256.81**	**2,189.02**	**302.31**	**247.70**	**4,029.78**	**11,813.13**	**83,568.76**
Depreciation and impairment											
Balance as at 01 January 2020	-	230.99	1,991.99	8,863.54	130.06	1,319.65	140.62	132.83	2,428.42	6,489.72	21,727.82
Depreciation charge for the year	-	78.20	576.00	2,276.41	21.98	200.71	40.42	37.05	675.27	1,325.87	5,231.91
Reversal on disposal of assets for the year	-	-	-	(62.18)	(0.17)	(39.40)	(1.00)	(2.62)	(1,463.38)	(122.80)	(1,691.55)
Foreign exchange fluctuation for the year	-	(0.20)	0.06	42.44	(1.24)	8.21	(0.28)	(0.34)	(25.48)	5.53	28.70
Balance as at 31 December 2020	**-**	**308.99**	**2,568.05**	**11,120.21**	**150.63**	**1,489.17**	**179.76**	**166.92**	**1,614.83**	**7,698.32**	**25,296.88**
Carrying amount as at 31 December 2020	**6,911.70**	**5,277.87**	**11,352.12**	**27,191.07**	**106.18**	**699.85**	**122.55**	**80.78**	**2,414.95**	**4,114.81**	**58,271.88**

(₹ in million)

	Land freehold#	Land leasehold #	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount											
Balance as at 01 January 2019	4,545.28	3,284.38	8,179.71	22,477.92	204.21	1,748.07	202.01	166.51	4,770.88	10,003.18	55,582.15
Additions for the year	527.84	112.01	1,591.10	5,189.20	27.04	77.81	54.53	55.20	1,000.35	1,040.54	9,675.62
Acquisition through business combination during the year (Refer note 52A and 52C)	1,847.73	1,965.04	3,304.00	8,228.00	16.28	15.69	9.04	7.49	312.53	721.66	16,427.46
Government grant related to asset received (Refer footnote iv below)	-	-	-	(251.05)	-	-	-	-	-	-	(251.05)
Disposals/adjustments for the year	-	(35.24)	(0.14)	(26.98)	(0.14)	(55.47)	(10.52)	(1.14)	(412.32)	(78.89)	(620.84)
Foreign exchange fluctuation for the year	(154.83)	(0.01)	9.74	28.68	(0.42)	(10.75)	0.14	(0.41)	(29.99)	(2.65)	(160.50)
Balance as at 31 December 2019	**6,766.02**	**5,326.18**	**13,084.41**	**35,645.77**	**246.97**	**1,775.35**	**255.20**	**227.65**	**5,641.45**	**11,683.84**	**80,652.84**
Depreciation and impairment											
Balance as at 01 January 2019	-	170.84	1,566.01	6,611.44	110.08	1,202.40	109.85	99.26	1,884.41	5,226.09	16,980.38
Acquired on acquisition of control over existing associate (Refer note 52C)	-	-	4.22	322.80	0.98	0.04	1.96	0.59	-	-	330.59
Depreciation charge for the year	-	60.15	421.82	1,936.17	19.90	159.74	33.28	37.03	839.76	1,318.60	4,826.45
Reversal on disposals/adjustments of assets for the year	-	-	-	(8.27)	(0.22)	(35.82)	(4.40)	(4.07)	(286.50)	(56.26)	(395.54)
Foreign exchange fluctuation for the year	-	-	(0.06)	1.40	(0.68)	(6.71)	(0.07)	0.02	(9.25)	1.29	(14.06)
Balance as at 31 December 2019	**-**	**230.99**	**1,991.99**	**8,863.54**	**130.06**	**1,319.65**	**140.62**	**132.83**	**2,428.42**	**6,489.72**	**21,727.82**
Carrying amount as at 31 December 2019	**6,766.02**	**5,095.19**	**11,092.42**	**26,782.23**	**116.91**	**455.70**	**114.58**	**94.82**	**3,213.03**	**5,194.12**	**58,925.02**

#The Holding Company had acquired leasehold lands at Sonarpur (Kolkata) amounting to ₹ 1.50 million (31 December 2019: ₹ 1.50 million), Pathankot (Punjab) amounting to ₹ Nil (31 December 2019: ₹ 197.10 million) and Sangli (Maharashtra) amounting to ₹ Nil (31 December 2019: ₹ 1.55 million) and freehold land at Nelamangala (Karnataka) amounting to ₹ Nil (31 December 2019: ₹ 1,316.60 million) which is yet to be registered in the name of the Holding Company.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

Footnotes to Note 4:

i. Refer note 58 for information on property, plant and equipment pledged as security by the Group.

ii. The below schedule includes assets taken on finance lease in one of the subsidiaries, details of which are as under:

(₹ in million)

	Plant and equipment	Vehicles	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount				
Balance as at 01 January 2019	13.77	237.58	58.63	309.98
Addition for the year	-	-	-	-
Foreign exchange fluctuation for the year	0.22	3.80	0.94	4.96
Balance as at 31 December 2019	13.99	241.38	59.57	314.94
Depreciation and impairment				
Balance as at 01 January 2019	5.25	207.19	33.83	246.27
Depreciation for the year	0.69	17.36	5.88	23.93
Foreign exchange fluctuation for the year	0.09	3.52	0.61	4.22
Balance as at 31 December 2019	6.03	228.07	40.32	274.42
Carrying amount as at 31 December 2019	**7.96**	**13.31**	**19.25**	**40.52**

iii. Pre-operative expenses incurred and capitalised during the year are as under:

(₹ in million)

Net Book Value	31 December 2020	31 December 2019
Balance at the beginning of the year	2.46	149.30
Add: Incurred during the year		
Net loss/(gain) on foreign currency transactions	(0.00)	-
Finance costs	-	131.93
Other expenses	68.03	130.17
Less: Capitalised during the year	(36.10)	(408.94)
Amount carried over	**34.39**	**2.46**

iv. During the year ended on 31 December 2020, the Holding Company has received government grant related to assets under the Punjab Industrial and Business Development Policy, 2017 amounting to ₹ 6.37 million and for previous year ended on 31 December 2019, the Holding Company has received government grant related to assets under the Central Capital Investment Subsidy NEIIPP, 2007 amounting to ₹ 251.05 million. The grant received has been deducted against the carrying value of the asset.

v. The below schedule includes leased assets represents right of use assets, details of which are as under (Refer note 48):

(₹ in million)

	Land leasehold	Leased buildings	Leased plant and equipment	Vehicles	Total
Gross carrying amount					
Balance as at 01 January 2020	-	-	-	-	-
Addition on account of transition to Ind AS 116	65.65	223.24	7.88	163.31	460.08
Additions for the year	-	-	-	-	-
Disposals for the year	-	-	-	-	-
Foreign exchange fluctuation for the year	-	-	-	6.34	6.34
Balance as at 31 December 2020	65.65	223.24	7.88	169.65	466.42
Accumulated Depreciation					
Balance as at 01 January 2020	-	-	-	-	-
Depreciation charge for the year	5.25	86.99	0.96	38.61	131.81
Reversal on disposals for the year	-	-	-	-	-
Balance as at 31 December 2020	5.25	86.99	0.96	38.61	131.81
Carrying amount as at 31 December 2020	**60.40**	**136.25**	**6.92**	**131.04**	**334.61**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

The Company has adopted Ind AS 116 effective 01 January 2020, using modified retrospective method hence not applicable for comparative year.

vi. The amount of contractual commitments for the acquisitions of property, plant and equipment are disclosed in Note 45.

4B. Capital work-in-progress: The changes in the carrying value of capital work-in-progress for the year ended 31 December 2020 and 31 December 2019 are as follows :

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2020	638.24
Additions for the year*	3,082.61
Transfer to property, plant and equipment	(3,049.94)
Foreign exchange fluctuation for the year	(2.76)
Balance as at 31 December 2020	**668.15**

*Includes ₹ 402.34 million along with related provision, transferred from capital advances on allotment of property by Varun Developers Private Limited during the year.

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2019	3,625.59
Additions for the year	4,009.00
Transfer to property, plant and equipment	(6,861.06)
Foreign exchange fluctuation for the year	(135.29)
Balance as at 31 December 2019	**638.24**

5A. Goodwill

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2020	242.30
Balance as at 31 December 2020	**242.30**
Amortisation and impairment	
Balance as at 01 January 2020	-
Amortisation charge for the year	-
Balance as at 31 December 2020	**-**
Carrying amount as at 31 December 2020	**242.30**

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2019	19.40
Acquired on acquisition of control over existing associate (Refer Note 52C)	222.90
Balance as at 31 December 2019	**242.30**
Amortisation and impairment	
Balance as at 01 January 2019	-
Amortisation charge for the year	-
Balance as at 31 December 2019	**-**
Carrying amount as at 31 December 2019	**242.30**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

5B. Other intangible assets

(₹ in million)

	Market infrastructure	Distribution network	Franchise rights/ trademarks (Refer note i)	Computer software	Total
Gross carrying amount					
Balance as at 01 January 2020	74.70	157.64	6,043.62	274.25	6,550.21
Additions for the year	-	-	-	2.02	2.02
Disposals/adjustments for the year	(40.46)	-	-	-	(40.46)
Foreign exchange fluctuation for the year	5.70	-	(0.21)	0.02	5.51
Balance as at 31 December 2020	**39.94**	**157.64**	**6,043.41**	**276.29**	**6,517.28**
Amortisation and impairment					
Balance as at 01 January 2020	50.58	20.78	657.16	198.58	927.10
Amortisation charge for the year	7.61	19.70	-	27.79	55.10
Reversal on disposals/adjustments on assets for the year	(40.46)	-	-	-	(40.46)
Foreign exchange fluctuation for the year	3.59	-	(0.08)	0.02	3.53
Balance as at 31 December 2020	**21.32**	**40.48**	**657.08**	**226.39**	**945.27**
Carrying amount as at 31 December 2020	**18.62**	**117.16**	**5,386.33**	**49.90**	**5,572.01**

(₹ in million)

	Market infrastructure	Distribution network	Franchise rights/ trademarks (Refer note i)	Computer software	Total
Gross carrying amount					
Balance as at 01 January 2019	73.53	157.64	5,658.61	225.11	6,114.89
Additions for the year	-	-	150.00	48.93	198.93
Acquired on business acquisition during the year (Refer note 52A)	-	-	235.10	-	235.10
Disposals/adjustments for the year	-	-	-	0.20	0.20
Foreign exchange fluctuation for the year	1.17	-	(0.09)	0.01	1.09
Balance as at 31 December 2019	**74.70**	**157.64**	**6,043.62**	**274.25**	**6,550.21**
Amortisation and impairment					
Balance as at 01 January 2019	41.40	1.08	657.19	166.65	866.32
Amortisation charge for the year	8.42	19.70	-	31.71	59.83
Reversal on disposals/adjustments on assets for the year	-	-	-	0.20	0.20
Foreign exchange fluctuation for the year	0.76	-	(0.03)	0.02	0.75
Balance as at 31 December 2019	**50.58**	**20.78**	**657.16**	**198.58**	**927.10**
Carrying amount as at 31 December 2019	**24.12**	**136.86**	**5,386.46**	**75.67**	**5,623.11**

Footnotes to Note 5A and 5B:

(i) The Group has considered the related provisions of Ind AS 38 on 'Intangibles Assets' which permit certain intangible assets to have an indefinite life and accordingly the carrying value of these franchisee rights have been considered to have an indefinite life. These franchisee rights meet the prescribed criteria of renewal at nominal cost, renewal with no specific conditions attached and is supported by evidences of being renewed. Management is of the opinion that, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the franchisee rights are expected to generate net cash inflows for the Group.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

Goodwill and franchise rights with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

The assumptions used in this impairment assessment are most sensitive to following:

a) Weighted average cost of capital ''WACC'' of 13.30% for the explicit period and 13.57% for the terminal year.

b) For arriving at the terminal value, approximate growth rate of 5% is considered.

c) Number of years for which cash flows were considered are 5 years.

d) The approximate rate of growth in sales is estimated at 10%-20% in the discrete period.

No impairment loss was identified on the above assessment.

(ii) The amount of contractual commitments for the acquisitions of intangible assets are disclosed in Note 45.

(iii) Refer Note 58 for information on other intangible assets pledged as security by the Group.

6. Investments in associate

(i) In the previous financial year, the Holding Company held 47.30% ownership interest in Angelica Technologies Private Limited ("Angelica") which in turn held 74% stake in Lunarmech Technologies Private Limited ("Lunarmech"). The ownership interest in Angelica was accounted for using the equity method till 03 November 2019, subsequent to which, the Holding Company, on 04 November 2019, acquired board control in Angelica. Consequently, both Angelica and its step down subsidiary, Lunarmech, became subsidiaries of the Group w.e.f. 04 November 2019 and were consolidated on a line-by-line basis from that date. Thereafter, on 09 September 2019, the Holding Company acquired 20% direct shareholding in Lunarmech for a purchase consideration of ₹ 150.38 million (also refer note 52C). The summarised financial information for Angelica for the period 01 January 2019 to 03 November 2019 is presented in note 61.

(ii) In the current year, the National Company Law Tribunal, through its order dated 22 May 2020 has approved a scheme of amalgamation of Angelica with Lunarmech. The approved scheme of amalgamation has been filed with the Registrar of Companies on 07 July 2020. This has no impact on the consolidated financial statements.

7. Investments

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Fair value through Profit or Loss		
Investment in fully paid equity shares (unquoted)		
200 (31 December 2019: 200) shares of ₹ 50 each in The Margao Urban Co-operative Bank Limited	0.01	0.01
250 (31 December 2019: 250) shares of ₹ 10 each in The Goa Urban Co-operative Bank Limited**	0.00	0.00
	0.01	**0.01**
**Rounded off to Nil.		
Aggregate amount of unquoted investments	**0.01**	**0.01**

8. Loans

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Loans carried at amortised cost		
Security deposits	417.89	445.48
	417.89	**445.48**

9. Other non-current financial assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Financial assets at amortised cost		
Balance in deposit accounts with more than 12 months maturity#	1.21	8.90
	1.21	**8.90**

Pledged as security with electricity department/banks.

10. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

(₹ in million)

Deferred tax liabilities/(assets)	As at 01 January 2020	Recognised in other comprehensive income**	Recognised in the Consolidated Statement of Profit and Loss	As at 31 December 2020
Accelerated depreciation for tax purposes	4,863.84	-	(1,046.07)	3,817.77
Benefit accrued on government grants	274.03	-	(67.31)	206.72
Minimum alternate tax (MAT) credit*	(1,168.94)	-	291.72	(877.22)
Carry forward of unused tax losses	(177.90)	-	(99.11)	(277.01)
Allowance for doubtful debts	(158.85)	-	18.81	(140.04)
Provision for bonus	(33.41)	-	10.97	(22.44)
Foreign currency monetary item translation difference account	(2.84)	-	2.84	-
Provision for retirement benefits	(676.32)	(29.53)	196.77	(509.08)
Fair valuation of financial instruments	(230.53)	-	203.34	(27.19)
Borrowings	(0.97)	-	(0.69)	(1.66)
Exchange differences arising on translation of foreign operations	(7.64)	7.64	-	-
Gain on acquisition of control over existing associate	55.25	-	(18.42)	36.83
Other expenses allowable on payment basis	(39.13)	-	(18.30)	(57.43)
	2,696.59	**(21.89)**	**(525.45)**	**2,149.25**
Exchange difference on re-statement of deferred tax balances	**-**	**-**	**0.25**	**-**
	2,696.59	**(21.89)**	**(525.20)**	**2,149.25**
Classified as:				
Deferred tax assets (Net)	128.48			110.18
Deferred tax liabilities (Net)	2,825.07			2,259.43

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Deferred tax liabilities/ (assets)	As at 01 January 2019	Acquired on business combination (Refer note 52A and 52C)	Recognised in other comprehensive income**	Recognised in Statement of Profit and Loss	As at 31 December 2019
Accelerated depreciation for tax purposes	3,695.70	15.93	-	1,152.21	4,863.84
Benefit accrued on government grants	272.62	-	-	1.41	274.03
Minimum alternate tax (MAT) credit*	(1,047.74)	-	-	(121.20)	(1,168.94)
Carry forward of unused tax losses	(176.52)	-	-	(1.38)	(177.90)
Allowance for doubtful debts	(151.90)	-	-	(6.95)	(158.85)
Provision for bonus	(18.65)	(11.47)	-	(3.29)	(33.41)
Foreign currency monetary item translation difference account	(19.38)	-	-	16.54	(2.84)
Provision for retirement benefits	(408.95)	(119.34)	(33.19)	(114.84)	(676.32)
Fair valuation of financial instruments	(194.33)	-	-	(36.20)	(230.53)
Borrowings	(0.16)	-	-	(0.81)	(0.97)
Exchange differences arising on translation of foreign operations	(104.61)	-	96.97	-	(7.64)
Gain on acquisition of control over existing associate	-	-	-	55.25	55.25
Foreign currency loss on restatement of balances in subsidiary	(168.47)	-	-	168.47	-
Other expenses allowable on payment basis	(89.95)	-	-	50.82	(39.13)
	1,587.66	**(114.88)**	**63.78**	**1,160.03**	**2,696.59**
Exchange difference on re-statement of deferred tax balances	**-**	**-**	**-**	**2.46**	**-**
	1,587.66	**(114.88)**	**63.78**	**1,162.49**	**2,696.59**
Classified as:					
Deferred tax assets (Net)	334.00				128.48
Deferred tax liabilities (Net)	1,921.66				2,825.07

***MAT credit (recognised in Holding Company):**

(₹ in million)

	Recognised in profit and loss	Utilised from profit and loss
31 December 2020	-	(291.72)
31 December 2019	170.76	(49.56)

MAT credit recognised in a year adjustable against income taxes payable under normal tax provisions over a period of 15 years.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

MAT credit recognised on balance sheet date is accumulation of credit recognised (net of utilisation) as per below table:

(₹ in million)

Financial year	Credit available for carry forward (net of utilisation)	Expiry date
2015-16	103.08	31 March 2031
2016-17	385.62	31 March 2032
2017-18	217.76	31 March 2033
2019-20	170.76	31 March 2035
Total	**877.22**	

A subsidiary of the Group has the following unused tax losses and unabsorbed depreciation, for which no deferred tax asset has been recognised in the books of accounts:

a) Unused business losses and unabsorbed depreciation on intangible assets that can be carried forward as follows:

(₹ in million)

Financial year of origination	Financial year of expiry	31 December 2020	31 December 2019
31 December 2016	31 December 2020	-	196.09
31 December 2017	31 December 2021	124.30	112.69
31 December 2018	31 December 2022	622.91	564.71
Total		**747.21**	**873.49**

b) Unused unabsorbed depreciation on tangible assets amounting to ₹ 1,935.12 million (31 December 2019: ₹ 1,741.76 million) can be carried forward indefintely.

Notes:

** The amounts recognised in other comprehensive income relates to the re-measurement of net defined retirement benefit liability and exchange differences arising on translation of foreign operations. Refer note 38 for the amount of the income tax relating to these components of other comprehensive income.

On 20 September 2019, vide the Taxation Laws (Amendment) the Ordinance 2019, the Government of India inserted Section 115BAA in the Income tax Act, 1961 which provides Indian domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April 2019 subject to certain conditions.

During the year ended 31 December 2020, the Holding Company made an assessment of the impact of the Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax (MAT) credit and expiry of other tax benefits/holidays available. In accordance with the Ind AS 12 “Income Taxes”, the Holding Company is also required to remeasure its deferred tax balances, for amounts that are expected to reverse in future when the Company would migrate to the new tax regime. The Holding Company has remeasured its outstanding deferred tax balances and written back an amount of ₹ 731.85 million to the Consolidated Statement of Profit and Loss.

11. Other non-current assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Unsecured, considered good)		
Capital advances	958.00	1,155.40
Less: Allowance for expected credit loss on advances	-	(402.34)
	958.00	**753.06**
Advances other than capital advances		
- Security deposits	5.05	2.73
- Income tax paid (includes amount paid under protest)	165.68	193.98
- Balance with statutory authorities (paid under protest)	140.54	166.03
- Prepaid expenses	34.17	38.16
	1,303.44	**1,153.96**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

12. Inventories

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Valued at lower of cost or net realisable value)		
Raw materials (including raw material in transit of ₹ 74.39 (31 December 2019: ₹ 176.91)	3,965.62	3,925.27
Work in progress	85.26	64.72
Intermediate goods (including goods in transit of ₹ 28.76 (31 December 2019: ₹ 35.86))	1,665.55	1,855.05
Finished goods (including goods in transit of ₹ 39.79 (31 December 2019: ₹ 26.03))	1,706.56	1,480.89
Stores and spares	1,865.05	1,489.20
	9,288.04	**8,815.13**

The Group manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods, which are not significant, stock in trade values are not separately ascertainable.

The cost of inventories recognised as an expense during the year are disclosed in Note 31, Note 32 and Note 33.

13. Trade receivables

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Trade receivables considered good - Unsecured	2,272.58	1,562.06
Trade receivables considered good - Secured	145.39	163.49
Trade receivables - Credit impaired	435.33	393.04
	2,853.30	**2,118.59**
Less : Allowance for expected credit losses	(435.33)	(393.04)
	2,417.97	**1,725.55**
Includes amounts due, in the ordinary course of business, from companies in which directors of the Holding Company are also directors:		
i. Devyani Airport Services (Mumbai) Private Limited	0.26	0.57
ii. Alisha Torrent Closures (India) Private Limited	9.13	3.20

Trade receivables are non-interest bearing and credit period generally falls in the range of 0 to 120 days terms.

14. Cash and cash equivalents

(also for the purpose of Consolidated Cash Flow Statement)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Balance with banks in current accounts	497.69	726.34
Balance in deposits with original maturity of less than three months	403.91	544.09
Cheques/drafts on hand	113.30	67.82
Cash on hand	30.68	41.43
	1,045.58	**1,379.68**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

15. Bank balances other than cash and cash equivalents

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Deposits with original maturity more than 3 months but less than 12 months*	699.98	62.93
Deposits with bank held as margin money	154.33	267.51
Unpaid dividend account**	0.61	0.65
	854.92	**331.09**

*Pledged as security with statutory authorities/banks

**These balances are not available for use by the Group and corresponding balance is disclosed as unclaimed dividend in Note 26.

16. Loans

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Loans carried at amortised cost		
Security deposits	100.16	69.37
	100.16	**69.37**

17. Other financial assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Unsecured, considered good)		
Interest accrued on:		
- Term deposits	9.68	10.06
- Others	21.27	18.93
Government grant receivable	1,197.24	1,840.78
Claims receivable	358.36	286.10
Other receivables	83.49	33.96
	1,670.04	**2,189.83**

18. Current tax assets (Net)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Advance tax (Net of provision)	102.19	10.23
	102.19	**10.23**

19. Other current assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Unsecured, considered good)		
Security deposits	8.64	9.52
Other advances:		
- Employees	61.23	87.86
- Contractors and suppliers	1,496.92	1,029.11
- Prepaid expenses	256.42	149.04
- Balance with statutory/government authorities	547.99	824.98
- Other advances	146.66	97.45
	2,517.86	**2,197.96**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

20. Equity share capital

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Authorised share capital:		
500,000,000 (31 December 2019: 500,000,000) equity shares of ₹ 10 each	5,000.00	5,000.00
	5,000.00	**5,000.00**
Issued, subscribed and fully paid up:		
288,688,720 (31 December 2019: 288,688,720) equity shares of ₹ 10 each	2,886.89	2,886.89
	2,886.89	**2,886.89**

(a) Reconciliation of share capital

(₹ in million)

Particulars	No. of shares	Amount
Balance as at 01 January 2020	288,688,720	2,886.89
Add: Change during the year	-	-
Balance as at 31 December 2020	**288,688,720**	**2,886.89**

(₹ in million)

Particulars	No. of shares	Amount
Balance as at 01 January 2019	182,641,940	1,826.42
Add: Shares issued on exercise of employee stock options during the year	13,285	0.13
Add: Bonus shares issued during the year (Refer note (d) below)	91,327,613	913.28
Add: Shares issued pursuant to Qualified institutional placement ("QIP") (Refer note (h) below)	14,705,882	147.06
Balance as at 31 December 2019	**288,688,720**	**2,886.89**

(b) Terms/rights attached to shares

The Holding Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Holding Company, holders of equity shares will be entitled to receive any of the remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(c) List of shareholders holding more than 5% of the equity share capital of the Holding Company at the beginning and at the end of the year :

Shareholders as at 31 December 2020	No. of shares	%
R J Corp Limited	79,933,517	27.69%
Ravi Kant Jaipuria & Sons (HUF)	53,881,805	18.66%
Mr. Varun Jaipuria	50,663,250	17.55%

Shareholders as at 31 December 2019	No. of shares	%
R J Corp Limited	81,033,517	28.07%
Ravi Kant Jaipuria & Sons (HUF)	57,481,805	19.91%
Mr. Varun Jaipuria	50,663,250	17.55%

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

As per records of the Holding Company, including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(d) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

During the year ended 31 December 2019, the Holding Company has issued 91,327,613 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on the record date.

(e) Shares reserved for issue under options (Refer note 54)

Under Employee Stock Option Scheme, 2013:

	As at 31 December 2020	As at 31 December 2019
No. of equity shares of ₹ 10 each at an exercise price of ₹ 149.51 per share		
Options outstanding at the beginning of the year	-	23,285
Less: Options lapsed during the year	-	10,000
Less: Shares issued on exercise of employee stock options	-	13,285
	-	**-**

(f) Shares held by holding and ultimate holding company

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
RJ Corp Limited, Parent* company	799.34	810.34
79,933,517 (31 December 2019: 81,033,517) fully paid equity shares of ₹ 10 each		
Ravi Kant Jaipuria & Sons (HUF), Parent* of RJ Corp Limited	538.82	574.82
53,881,805 (31 December 2019: 57,481,805) fully paid equity shares of ₹ 10 each		
	1,338.16	**1,385.16**

*As defined under Ind AS 110 - Consolidated Financial Statements ("Ind AS 110")

(g) Preference share capital

The Holding Company also has authorised preference share capital of 50,000,000 (31 December 2019: 50,000,000) preference shares of ₹ 100 each. The Holding Company does not have any outstanding issued preference shares.

(h) Pursuant to QIP, 14,705,882 equity shares of the Holding Company of ₹ 10 each were allotted at ₹ 612 per equity share: (Refer note 62)

(₹ in million)

Date of allotment	Share capital	Securities premium
07 September 2019	147.06	8,852.93

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

21. Other equity

Refer Consolidated Statement of Changes in Equity for detailed movement in Other Equity balance.

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Capital reserve on consolidation	(2,279.78)	(2,279.78)
Capital reserve	533.93	533.93
General reserve	444.26	444.26
Securities premium	26,178.17	26,178.17
Retained earnings	8,042.43	5,560.11
Exchange differences on translating the financial statements of foreign operations	(565.89)	(27.23)
Foreign currency monetary item translation difference account	-	(12.13)
	32,353.12	**30,397.33**

Description of nature and purpose of each reserve:

Capital reserve on consolidation - Created on additional consideration paid in form of cash on business combinations involving entities including businesses/entities under common control.

Capital reserve - Created on merger of Varun Beverages (International) Limited with the Holding Company pursuant to and in accordance with the Court approved scheme of amalgamation. Includes gain from bargain purchases.

General reserve - Created by way of transfer from debenture redemption reserve on redemption of debentures and is not an item of other comprehensive income.

Securities premium - Created to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Retained earnings - Created from the profit of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

Exchange differences on translating the financial statements of foreign operations - Exchange differences arising on translation of the foreign operations of the Group, recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within other equity. The cumulative amount is reclassified to the Consolidated Statement of Profit and Loss when the net investment is disposed.

Foreign currency monetary item translation difference account - Created for recording exchange differences arising on restatement of long term foreign currency monetary items, other than for acquisition of fixed assets, and is being amortised over the maturity period of such monetary items.

22. Borrowings

A. Non-current borrowings:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Term loans (secured) (Refer note 22D)		
- Loans from banks	18,877.06	22,753.47
- Loans from financial institutions	919.16	800.29
	19,796.22	**23,553.76**

Loans and borrowing above are recognised at amortised cost/ fair value taking into account any discount or premium on acquisition and fee or costs that are part of effective interest rate, accordingly the outstanding balances above may not necessarily reconcile with repayment amounts.

B. Other non-current financial liabilities:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Lease Liabilities (Refer note 48)	244.39	-
	244.39	**-**

C. Current borrowings:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Working capital facilities		
-from banks (secured) (Refer footnote (a))	6,135.60	2,603.90
-from a bank (unsecured) (Refer footnote (b))	1,000.00	2,000.00
Loans repayable on demand from:		
- bodies corporate (unsecured) (Refer footnote (c))	2.98	63.42
- others (unsecured) (Refer footnote (c))	-	4.22
	7,138.58	**4,671.54**

(a) In case of the Holding Company, the working capital facilities from banks are secured by first charge on entire current assets of the Company ranking pari-passu amongst the banks and second charge on the movable and immovable assets of the Company pertaining to specific manufacturing units. One facility from bank is secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company and another facility from bank is secured by subservient charge over movable fixed assets of the Company. These facilities carry interest rates ranging between 4.75% to 5.90% (31 December 2019: 8.35% to 9.65%).

Working capital facilities in case of subsidiaries amounting to ₹ 780.20 million (31 December 2019: ₹ 493.46 million), are secured mainly by charge on trade receivables, inventories and other current assets of the respective subsidiary company, ranking pari passu and charge on certain movable and immovable assets of the respective subsidiary. Some of the facilities of subsidiaries are guaranteed by respective subsidiary company, as per the terms of respective agreements. The working capital facilities carries interest rates ranging between 4.00% to 9.49% (31 December 2019: 5.50% to 16.09%).

(b) During the current year, Holding Company has availed a working capital facility from a bank carrying rate of interest of 5.60% per annum and is repayable in two equal instalments at the end of eight and nine month from the date of disbursement. During the previous year ended on 31 December 2019, working capital facility from a bank carried rate of interest of 7.15% per annum and was repayable in one instalment at the end of six month from the date of disbursement. The outstanding amount of ₹ 2,000.00 million were repaid during the year.

(c) These loans are taken in the ordinary course of business by certain subsidiaries from their directors and are interest free.

There are no defaults in repayment of principal borrowing or interest thereon.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

D. Terms and conditions/details of securities for loans:

(₹ in million)

Particulars	Loan outstanding			
	31 December 2020		31 December 2019	
	Non-current	Current	Non-current	Current
Term loans				
Loans from banks (secured)				
(i) Foreign currency loan from banks in Holding Company				
Loan carrying rate of interest of LIBOR+1.60% (31 December 2019: LIBOR+1.60%) and is repayable in two equal instalments of SGD 16.56 each in May 2021 and May 2022. The Holding Company has executed a cross currency swap to hedge total loan of SGD 33.13 to USD 25.00 and interest rate swap to hedge its exposure.	914.08	914.08	1,752.25	-
Loan is secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Holding Company including the territory/franchisee rights acquired under the acquisition under slump sale basis except vehicles.				
(ii) Indian rupee loan from banks				
Loans carrying weighted average rate of interest 6.86% (31 December 2019: 8.92%) depending upon tenure of the loans. For repayment terms refer note 22E.	17,600.10	3,598.41	20,283.65	4,942.71
These loan are secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Holding Company including the territory/franchisee rights acquired under the business acquisition except vehicles.				
(iii) Vehicle rupee term loan in Holding Company				
Loans carrying rate of interest in range of 7.90%-9.25% (31 December 2019: 7.90%-10.15%). They are repayable generally over a period of three to five years in equal monthly instalments as per the terms of the respective agreements. Vehicle loans are secured against respective vehicles financed.	110.17	59.73	80.89	38.15
(iv) Term loan at Varun Beverages (Zimbabwe) (Private) Limited				
Loan from bank carries rate of interest of LIBOR + 2.50% (31 December 2019: LIBOR + 2.50%). For repayment terms refer note 22E.	60.09	266.74	354.10	285.10

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Particulars		Loan outstanding			
		31 December 2020		31 December 2019	
		Non-current	Current	Non-current	Current
	Above loan is secured by corporate guarantee of the Holding Company.				
	Loan from bank carries rate of interest of LIBOR + 3.00% (31 December 2019: LIBOR + 3.00%) For repayment terms refer note 22E.	-	279.47	282.58	370.84
	Above loan is secured by corporate guarantee of the Holding Company.				
	Loan from bank carries rate of interest of 45% (31 December 2019: 25%) repayable in three months. The outstanding amount of ₹ 212.50 was repaid during the current year.	-	-	-	212.50
	Above loan is secured by corporate guarantee of the Holding Company.				
(v)	**Term loan at Lunarmech Technologies Private Limited**				
(a)	Loan carrying a rate of interest of 3.75% and are repayable over a period of 3 years as a single payment. The loan is repayble on 10 Jan 2023 and are secured against respective asset financed.	96.31	-	-	-
(b)	Loan carrying a rate of interest of 3.75% and are repayable over a period of 3 years as a single payment. The loan is repayble on 05 March 2023 and are secured against respective asset financed.	96.31	-	-	-
Total loans from banks (secured)		**18,877.06**	**5,118.43**	**22,753.48**	**5,849.31**
Loans from financial institutions (secured)					
Interest free loan from The Pradeshiya Industrial & Investment Corporation of U.P. Limited are repayable in one instalment after expiry of seven years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid upto the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.52%-9.72%. The repayments are due as following: **Date of repayment** — **Amount** 25 December 2023 — 155.79 30 November 2024 — 177.83 01 November 2025 — 211.98		389.38	-	356.42	-

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Particulars	Loan outstanding			
	31 December 2020		31 December 2019	
	Non-current	Current	Non-current	Current
Interest free loan from The Director of Industries and Commerce, Haryana are repayable in one instalment after expiry of five years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid upto the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.33%. The repayments are due as following: **Date of repayment** — **Amount** 16 January 2023 — 94.01 30 March 2023 — 90.73 07 June 2023 — 175.00 25 October 2023 — 73.66 20 February 2024 — 91.36 27 May 2024 — 36.85 29 August 2024 — 39.10 17 February 2025 — 43.98 13 October 2025 — 23.96	529.78	-	443.87	-
Total loans from financial institutions (secured)	**919.16**	**-**	**800.29**	**-**

(₹ in million)

Particulars	Loan outstanding			
	31 December 2020		31 December 2019	
	Non-current	Current	Non-current	Current
Loans from others (secured)				
Loan carrying a rate of interest of 6.81% and are repayable over a period of one year as per the terms of the respective agreements. These loans are secured against respective asset financed. The loan was repaid during the current year.	-	-	-	4.95
Total loans from others (secured)	**-**	**-**	**-**	**4.95**
Term loan from a bank at Angelica Technologies Private Limited				
Foreign currency loan carrying rate of interest of 12 months euribor+175 bps (31 December 2019: euribor+175 bps), the loan was repaid in the current year.	-	-	-	23.74

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Particulars	Loan outstanding			
	31 December 2020		31 December 2019	
	Non-current	Current	Non-current	Current
This term loan is secured by mortgage of movable and immovable assets of the subsidiary company.				
Total	**-**	**-**	**-**	**23.74**
Deferred value added tax/excise (unsecured)				
Deferred value added tax and deferred excise relating to Varun Beverages (Zambia) Limited is repayable within one year. These are interest free loans.	-	5.75	-	68.44
Total deferred value added tax/excise (unsecured)	**-**	**5.75**	**-**	**68.44**
Total	**19,796.22**	**5,124.18**	**23,553.77**	**5,946.44**

E. **Repayment terms:**

(₹ in million, unless stated otherwise)

Sl. No.	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
(i)	**Indian rupee loan from banks**					
1	Term loan - 1	-	-	57.67	114.60	The loan was originally repayable in two instalments of ₹ 57.30 each due in May 2020 and June 2020 and one instalment of ₹ 57.84 due in May 2021. The outstanding amount of ₹ 172.44 was repaid during the year.
2	Term loan - 2	350.00	175.00	700.00	350.00	Pre payment of one instalment of ₹ 175.00 due in May 2021. One instalment of ₹ 175.00 due in June 2021, two instalments of ₹ 175.00 each due in May 2022 and June 2022.
3	Term loan - 3	598.59	-	996.56	-	Pre payment was for two instalments of ₹ 150.00 due in May 2021 and ₹ 250.00 due in June 2021 and two instalments of ₹ 300.00 each due in May 2022 and June 2022.
4	Term loan - 4	249.66	125.00	499.23	50.00	Pre payment was done for one instalment of ₹ 125.00 due in May 2021. One instalment of ₹ 125.00 due in June 2021 and two instalments of ₹ 125.00 each due in May 2022 and June 2022.
5	Term loan - 5	-	150.00	300.00	300.00	Pre payment was done for one instalment of ₹ 150.00 due in May 2021. One instalment of ₹ 150.00 due in June 2021.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million, unless stated otherwise)

Sl. No.	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
6	Term loan - 6	589.25	294.63	1,178.45	392.83	Pre payment was done for one instalment of ₹ 294.63 due in May 2021. One instalment of ₹ 294.63 due June 2021 and two instalments of ₹ 294.63 each due in May 2022 and June 2022.
7	Term loan - 7	321.09	-	581.36	-	Pre payment was done for two instalments of ₹ 76.96 due in May 2021 and of ₹ 183.31 due in June 2021. One instalment of ₹ 183.31 due in May 2022 and ₹ 137.78 due in June 2022.
8	Term loan - 8	101.60	-	217.50	115.90	Pre payment was done for two instalments of ₹ 57.95 each due in May 2021 and June 2021. Two instalments of ₹ 57.95 due in May 2022 and ₹ 43.65 due in June 2022.
9	Term loan - 9	-	-	150.00	100.00	The loan was originally repayable in two instalments of ₹ 50.00 each due in May 2020 and June 2020, two instalments of ₹ 50.00 each due in May 2021 and June 2021 and one instalment of ₹ 50.00 due in May 2022. The outstanding amount of ₹ 250.00 was repaid during the year.
10	Term loan - 10	-	-	240.00	80.00	The loan was originally repayable in two instalments of ₹ 40.00 each due in May 2020 and June 2020, two instalments of ₹ 40.00 each due in May 2021 and June 2021, two instalments of ₹ 40.00 each due in May 2022 and June 2022 and two instalments of ₹ 40.00 each due in May 2023 and June 2023. The outstanding amount of ₹ 320.00 was repaid during the year.
11	Term loan - 11	-	150.00	150.00	150.00	Two instalments of ₹ 75.00 each due in May 2021 and June 2021.
12	Term loan - 12	238.30	297.88	536.18	297.88	Two instalments of ₹ 148.94 each due in May 2021 and June 2021 and two instalments of ₹ 119.15 each due in May 2022 and June 2022.
13	Term loan - 13	300.00	-	600.00	200.00	Pre payment was done for two instalments of ₹ 150.00 each due in May 2021 and June 2021. Two instalments of ₹ 150.00 each due in May 2022 and June 2022.
14	Term loan - 14	250.00	-	350.00	100.00	Pre payment was done for two instalments of ₹ 50.00 each due in May 2021 and June 2021. Two instalments of ₹ 50.00 each due in May 2022 and June 2022 and two instalments of ₹ 75.00 each due in May 2023 and June 2023.
15	Term loan - 15	999.75	250.00	1,499.74	500.00	Pre payment was done for one instalment of ₹ 250.00 due in May 2021. One instalment of ₹ 250.00 due in June 2021, two instalments of ₹ 250.00 each due in May 2022 and June 2022 and two instalments of ₹ 250.00 each due in May 2023 and June 2023.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million, unless stated otherwise)

Sl. No.	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
16	Term loan - 16	510.00	160.00	750.00	240.00	Pre payment of one instalment of ₹ 80.00 due in May 2021. Two instalments of ₹ 80.00 each due in June 2021 and July 2021, three instalments of ₹ 90.00 each due in May 2022, June 2022 and July 2022 and one installment of ₹ 90.00 due in May 2023 and of ₹ 150.00 due in June 2023.
17	Term loan - 17	245.00	150.00	395.00	150.00	Two instalments of ₹ 75.00 each due in June 2021 and July 2021, two instalments of ₹ 80.00 each due in June 2022 and July 2022 and one instalment of ₹ 85.00 due in June 2023.
18	Term loan - 18	434.91	-	628.21	193.30	Pre payment was done for one instalment of ₹ 193.30 due in May 2021. One instalment of ₹ 193.30 due in May 2022 and one instalment of ₹ 241.62 due in May 2023.
19	Term loan - 19	444.60	-	666.80	166.60	Pre payment was done for two instalments of ₹ 111.10 each due in May 2021 and June 2021. Two instalments of ₹ 111.10 each due in May 2022 and June 2022 and two instalments of ₹ 111.10 due in May 2023 and June 2023
20	Term loan - 20	1,166.09	145.80	1,457.55	291.60	Pre payment was done for one instalment of ₹ 145.80 due in June 2021. One instalment of ₹ 145.80 due in July 2021, two instalments of ₹ 145.80 each due in June 2022 and July 2022, two instalments of ₹ 145.80 each due in June 2023 and July 2023, two instalments of ₹ 145.90 each due in June 2024 and July 2024 and two instalments of ₹ 145.90 each due in June 2025 and July 2025.
21	Term loan - 21	1,496.79	-	1,495.36	-	Two instalments of ₹ 375.00 each due in May 2022 and June 2022 and two instalments of ₹ 375.00 each due in May 2023 and June 2023.
22	Term loan - 22	1,746.48	-	2,494.90	500.00	Pre payment was done for three instalments of ₹ 250.00 each due in May 2021, June 2021 and May 2022. One instalment of ₹ 250.00 due in June 2022, two instalments of ₹ 250.00 each due in May 2023 and June 2023, two instalments of ₹250.00 each due in May 2024 and June 2024 and two instalments of ₹ 250.00 each due in May 2025 and June 2025.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million, unless stated otherwise)

Sl. No.	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
23	Term loan - 23	1,196.61	200.00	1,594.35	400.00	Pre payment was done for one instalment of ₹ 200.00 due in May 2021. One instalment of ₹ 200.00 due in June 2021, two instalments of ₹ 300.00 each due in May 2022 and June 2022 and two instalments of ₹ 300.00 each due in May 2023 and June 2023.
24	Term loan - 24	700.00	-	850.00	150.00	Pre payment was done for two instalments of ₹ 75.00 each due in May 2021 and June 2021. Two instalments of ₹ 75.00 each due in May 2022 and June 2022, two instalments of ₹ 75.00 each due in May 2023 and June 2023, two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
25	Term loan - 25	796.19	-	894.79	100.00	Pre payment was done for two instalments of ₹ 50.00 each due in May 2021 and June 2021. Two instalments of ₹ 100.00 each due in May 2022 and June 2022, two instalments of ₹ 100.00 each due in May 2023 and June 2023, two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
26	Term loan - 26	-	-	1,000.00	-	The loan was originally repayable in one instalment of ₹ 200.00 due in July 2022, two instalments of ₹200.00 each due in June 2023 and July 2023 and two instalments of ₹ 200.00 each due in June 2024 and July 2024. The outstanding amount of ₹ 1,000 was repaid during the year.
27	Term loan - 27	750.00	500.00	-	-	Four instalments of ₹ 125.00 each due in April 2021, May 2021, June 2021 and July 2021 and four instalments of ₹ 125.00 each due in April 2022, May 2022, June 2022 and July 2022 and two instalments of ₹ 125.00 each due in April 2023 and May 2023.
28	Term loan - 28	500.00	500.00	-	-	Two instalments of ₹ 250.00 each due in May 2021 and June 2021 and two instalments of ₹ 250.00 each due in May 2022 and June 2022.
29	Term loan - 29	499.90	500.10	-	-	Three instalments of ₹ 166.67 each due in May 2021, June 2021 and July 2021 and three instalments of ₹ 166.67 each due in May 2022, June 2022 and July 2022.
30	Term loan - 30	1,800.00	-	-	-	One instalment of ₹ 1800.00 due in June 2024.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million, unless stated otherwise)

Sl. No.	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
31	Term loan - 31	1,250.00	-	-	-	One instalment of ₹ 625.00 due in June 2022 and one instalment of ₹ 625.00 due in June 2023.
32	Term loan - 32	65.29	-	-	-	One instalment of ₹ 32.64 due in June 2022 and one instalment of ₹ 32.65 due in June 2023.
	Total (A)	**17,600.10**	**3,598.41**	**20,283.65**	**4,942.71**	
(ii) Term Loan at Varun Beverages (Zimbabwe) (Private) Limited						
33	Term loan - 33	60.09	266.74	354.10	285.10	Balance amount as at 31 December 2020 is repayable in 5 quarterly instalments of Zimbabwe Dollar ("ZWL") 73.18 million each (equivalent instalment of USD 1 million each).
34	Term loan - 34	-	279.47	282.58	370.84	Balance amount as at 31 December 2020 is repayable in 3 quarterly instalments of ZWL 104.29 Million each (equivalent instalment of USD 1.3 million each).
	Total (B)	**60.09**	**546.20**	**636.68**	**655.94**	
	Total (A+B)	**17,660.19**	**4,144.61**	**20,920.33**	**5,598.65**	

23. Provisions

(Refer note 41)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Non-current		
Defined benefit liability (net)	1,511.70	1,276.09
Other long term employee obligations	527.36	427.26
	2,039.06	**1,703.35**
Current		
Defined benefit liability (net)	111.19	116.83
Other short term employee obligations	220.53	182.96
	331.72	**299.79**

24. Other non-current liabilities

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Deferred revenue on government grant	7.34	8.23
	7.34	**8.23**

25. Trade payables

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Total outstanding dues of-		
Micro enterprises and small enterprises (Refer note 50)	93.70	26.14
Creditors other than micro enterprises and small enterprises	5,020.15	4,750.47
	5,113.85	**4,776.61**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

26. Other current financial liabilities

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Current maturities of long-term debts (Refer note 22E)	5,124.17	5,946.43
Current maturities of lease liabilities (Refer note 48)	102.26	-
Interest accrued but not due on borrowings	110.38	154.07
Payable for capital expenditures	736.83	865.01
Employee related payables	472.23	440.60
Unclaimed dividends#	3.02	4.19
Security deposits	1,973.91	2,779.38
Liability for foreign currency derivative contract	20.71	68.45
	8,543.51	**10,258.13**

#Includes unclaimed dividend of ₹ 2.41 million (31 December 2019: ₹ 3.54 million) related to non controlling shareholders of a subsidiary. Further, unclaimed dividend of ₹ 0.61 million (31 December 2019: ₹ 0.65 million) related to Holding Company is not due for deposit to the Investor Education and Protection Fund.

27. Other current liabilities

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Advances from customers	658.24	1,125.89
Advance received for capital assets	1,074.43	-
Statutory dues payable	1,426.64	915.23
Deferred revenue	23.61	3.73
	3,182.92	**2,044.85**

28. Current tax liabilities (net)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Provision for tax, net of advance taxes paid	38.92	152.00
	38.92	**152.00**

The key components of income tax expense for the year ended 31 December 2020 and 31 December 2019 are:

A. Consolidated Statement of Profit and Loss:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
i) Profit and loss section		
(a) Current tax	423.85	1,048.28
(b) Adjustment of tax relating to earlier periods	153.69	29.90
(c) Deferred tax (credit)/expense	(525.20)	1,162.49
Income tax expense reported in the Consolidated Statement of Profit and Loss	**52.34**	**2,240.67**
(ii) OCI section		
Deferred tax related to items recognised in OCI during the year:		
(a) Net loss on remeasurements of defined benefit plans	29.53	33.19
(b) Net loss on exchange differences arising on translation of foreign operations	(7.64)	(96.97)
Income tax charged to OCI (expense/(credit))	**21.89**	**(63.78)**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

B. Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Accounting profit before tax	3,625.05	6,962.72
Tax expense at statutory income tax rate of 34.944% (31 December 2019: 34.944%)	1,266.71	2,433.05
Adjustments in respect of current income tax of previous years	153.69	29.90
Non deductible expenses	37.62	3.71
Deduction claimed u/s Chapter-VI A of Income-tax Act, 1961 by Holding Company	(196.42)	(273.36)
Deferred tax on capital gain on asset sold	(4.29)	-
Income chargeable at lower tax rate	35.35	43.51
Income not chargeable to tax in Holding Company	(27.37)	(13.48)
Deferred tax not created on losses in subsidiaries	31.88	51.52
Tax rate differential for taxes provided in subsidiaries	(72.37)	(78.28)
Tax impact of exempted income of subsidiaries	(436.72)	67.45
Impact of remeasurement of deferred tax liability	(731.85)	-
Others	(3.89)	(23.35)
Income tax expense at effective tax rate reported in the Consolidated Statement of Profit and Loss	**52.34**	**2,240.67**

During the year ended 31 December 2020 and 31 December 2019, the Holding Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax to the taxation authorities. The Holding Company believes that Dividend Distribution Tax represents additional payment to taxation authority on behalf of the shareholders. Hence, Dividend Distribution Tax paid for the year ended on 31 December 2019 was charged to equity. (Also refer note 43)

29. Revenue from operations

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Sale of products (inclusive of excise duty) *	64,661.12	71,232.22
Other operating revenue	896.79	1,252.36
	65,557.91	**72,484.58**

*Sale of products includes excise duty collected from customers of ₹ 1,056.49 million (31 December 2019: ₹ 1,188.80 million).

Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers:

A. Reconciliation of revenue recognised with the contracted price:

(₹ in million)

Particulars	Year ended 31 December 2020	Year ended 31 December 2019
Gross revenue/Contracted price	75,706.07	85,056.73
Less: Discounts and rebates*	(11,044.95)	(13,824.51)
Revenue from contracts with customers	**64,661.12**	**71,232.22**

*Includes discounts and rebates given on invoice to customers.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

B. Contract balances:

The following table provides information about receivables and contract liabilities from contract with customers:

Receivables

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Trade receivables	2,853.30	2,118.59
Less: Allowances for expected credit loss	(435.33)	(393.04)
Net receivables	**2,417.97**	**1,725.55**

Contract liabilities

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Advance from customers	658.24	1,125.89
	658.24	**1,125.89**

C. Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liabilities are on account of the advance payment received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 120 days from the completion of performance obligation.

There is no significant financing component in any transaction with the customers.

D. Changes in the contract liabilities balances during the year are as follows:

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Balance at the beginning of the year	1,125.89	678.98
Addition during the year	658.24	1,125.89
Revenue recognised during the year	(1,125.89)	(678.98)
Balance at the closing of the year	**658.24**	**1,125.89**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

30. Other income

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Interest income on items at amortised cost:		
- term deposits	55.93	25.06
- others	32.93	34.50
Gain on sale of current investments	-	1.38
Excess provisions/aged balances written back	219.56	151.83
Gain on acquisition of control over existing associate (Refer note 52C)	-	158.11
Dividend income from current investments	-	0.20
Gain on sale of property, plant and equipment (Net)	-	16.05
Miscellaneous	61.30	38.15
	369.72	**425.28**

31. Cost of materials consumed

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Raw material and packing material consumed		
Inventories at beginning of the year	3,925.27	2,595.55
Acquired on acquisition of control over existing associate	-	50.58
Purchases during the year (Net)	28,499.00	32,713.89
	32,424.27	**35,360.02**
Sold during the year	1,573.56	2,039.19
Inventories at end of the year	3,965.62	3,925.27
	26,885.09	**29,395.56**

32. Purchases of stock-in-trade

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Beverages	554.54	4,036.59
Others	371.33	200.74
	925.87	**4,237.33**

33. Changes in inventories of finished goods, work-in-progress and traded goods

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
As at the beginning of the year		
- Finished goods	1,480.89	818.64
- Intermediate goods	1,855.05	1,269.79
- Work in progress	64.72	76.59
	3,400.66	**2,165.02**
Acquired on acquisition of control over existing associate		
- Finished goods	-	16.46
- Work in progress	-	7.35
	-	**23.81**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
As at the closing of the year		
- Finished goods	1,706.56	1,480.89
- Intermediate goods	1,665.55	1,855.05
- Work in progress	85.26	64.72
	3,457.37	**3,400.66**
Finished goods used as fixed assets*	(114.88)	(226.78)
	(171.59)	**(1,438.61)**

*The Holding Company and a subsidiary manufactures plastic shells at some of their manufacturing facilities. The shells manufactured are used for beverages operations of the Group as property, plant and equipment (under the head 'Containers'). These containers are also sold to third parties. The cost of manufacturing of plastic shells is being shown here separately with a corresponding debit to property, plant and equipment.

34. Employee benefit expense

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Salaries, wages and bonus	8,131.06	7,429.61
Contribution to provident fund and other funds	445.89	386.82
Staff welfare expenses	320.41	291.72
	8,897.36	**8,108.15**

35. Finance costs

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Interest on items at amortised cost:		
- Term loans	2,029.61	2,610.08
- Working capital facilities	378.55	307.71
- Financial liabilities	103.57	77.18
- Bank guarantee fees	15.86	-
- Others	181.59	12.56
Exchange differences regarded as an adjustments to borrowings	81.22	64.93
Other ancillary borrowing costs	20.64	23.96
	2,811.04	**3,096.42**

36. Depreciation and amortisation expense

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Depreciation on property, plant and equipment	5,231.91	4,826.45
Amortisation of intangible assets	55.11	59.83
	5,287.02	**4,886.28**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

37. Other expenses

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Power and fuel	2,670.00	2,790.62
Repairs to plant and equipment	1,328.41	1,195.08
Repairs to buildings	128.60	113.03
Other repairs	526.62	440.94
Consumption of stores and spares	659.66	704.97
Rent (refer note 48 (iv))	510.55	559.14
Rates and taxes	109.87	92.22
Insurance	123.25	72.26
Printing and stationery	44.47	55.97
Communication	71.23	81.17
Travelling and conveyance	511.45	840.45
Directors' sitting fee	3.60	7.60
Payment to auditors*	22.25	26.53
Vehicle running and maintenance	145.00	190.80
Lease and hire (refer note 48 (iv))	248.45	178.50
Security and service charges	400.67	341.12
Legal, professional and consultancy	401.66	332.75
Bank charges	126.36	146.67
Advertisement and sales promotion	1,165.25	1,220.77
Meeting and conferences	15.43	12.06
Royalty	87.70	105.85
Freight, octroi and insurance paid (Net)	4,588.28	4,554.66
Delivery vehicle running and maintenance	1,017.49	756.81
Distribution expenses	103.38	116.14
Loading and unloading charges	304.96	338.15
Donations	2.73	0.92
Property, plant and equipment written off	9.87	-
Loss on disposal of property, plant and equipment (Net)	4.48	-
Bad debts and advances written off	11.94	4.23
Allowance for expected credit loss and advances	53.09	188.09
Corporate social responsibility expenditure (Refer note 51)	75.94	57.50
Net loss on foreign currency transactions and translations	89.64	823.98
General office and other miscellaneous	383.73	167.84
	15,946.01	**16,516.82**

***Includes payment to statutory auditors of the Holding Company**

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Services rendered for:		
- Audit and reviews	11.50	11.40
- taxation matters	1.05	1.24
- other matters**	0.48	0.45
- reimbursement of expenses	0.52	0.71
	13.55	**13.80**

**Excludes expense of ₹ Nil (31 December 2019: ₹ 4.25 million) towards fee related to QIP of equity shares, which has been adjusted with the securities premium as share issue expense.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

38. Other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserves in equity is shown below:

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Retained earnings		
Re-measurement losses on defined benefit plans	(115.38)	(101.41)
Tax impact on re-measurement losses on defined benefit plans	29.53	33.19
Exchange differences arising on translation of foreign operations	(531.02)	416.26
Tax impact on exchange differences arising on translation of foreign operations	(7.64)	(96.97)
	(624.51)	**251.07**
Capital reserve		
Gain from a bargain purchase (Refer note 52A)	-	344.43
	-	**344.43**

39. Composition of the Group

These consolidated financial statements include the respective financial statements of Varun Beverages Limited (the "Parent Company" or the "Holding Company"), its subsidiaries and the results of operations of its erstwhile associate as listed below. The principal activity of the Parent Company, subsidiaries and erstwhile associate, predominantly comprise manufacturing and sale of beverages including its packing material.

Name of the company/entity	Country of incorporation and principal place of business	Proportion of ownership interests held by the Group at year end	
		As at 31 December 2020	As at 31 December 2019
Varun Beverages (Nepal) Private Limited ("VBL Nepal")	Nepal	100%	100%
Varun Beverages Lanka (Private) Limited ("VBL Lanka")	Sri Lanka	100%	100%
Varun Beverages Morocco SA ("VBL Morocco")	Morocco	100%	100%
Ole Spring Bottlers Private Limited ("Ole")*	Sri Lanka	100%	100%
Varun Beverages (Zambia) Limited ("VBL Zambia")	Zambia	90%	90%
Varun Beverages (Botswana) (Proprietary) Limited^	Botswana	-	90%
Varun Beverages (Zimbabwe) (Private) Limited ("VBL Zimbabwe")	Zimbabwe	85%	85%
Angelica Technologies Private Limited#	India	-	47.30%
Lunarmech Technologies Private Limited**	India	55%	55%

* subsidiary of VBL Lanka

^subsidiary of VBL Zambia till 12 May 2020

**subsidiary of Angelica Technologies Private Limited till 04 November 2019

#Refer note 6

40. The Group conducts business operations in the Republic of Zimbabwe through its subsidiary VBL Zimbabwe.

During the year ended 31 December 2019, the Reserve Bank of Zimbabwe ("RBZ") recomended use of Zimbabwe Dollar ("ZWL" or "RTGS") as a local currency for domestic transactions in Zimbabwe w.e.f. 22 February 2019 which was till then interchangeable with USD at the rate of 1:1 and subsequently vide its notification dated 25 June 2019, prohibited the usage of any other currency for domestic transactions other than ZWL. This resulted in a change in the primary economic environment in which VBL Zimbabwe was operating and accordingly, the functional and presentational currency was changed from USD to ZWL.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

During the quarter ended 31 December 2019, the Zimbabwean economy was classified as hyperinflationary in accordance with the factors and characteristics of a hyperinflationary economy as described in Ind AS 29 'Financial Reporting in Hyper-Inflationary Economies' ("Ind AS 29"). In accordance with Ind AS 29, the historical cost financial statements of VBL Zimbabwe have been restated for the changes in the general purchasing power of the functional currency and consequently are stated in terms of the measuring unit current at the year end. For the purposes of restatement, the management has applied the Consumer Price Index ("CPI") published by the Reserve Bank of Zimbabwe. The CPI (in units) was 551.63 on 31 December 2019 and 2,474.51 on 31 December 2020.

VBL Zimbabwe has arrangements with RBZ for making USD available at pre-agreed rates for repayment of its USD denominated loans. However, on conservative basis, the carrying amounts of these loans are stated at approximate year end forex rates.

The gain on net monetary position calculated in accordance with Ind AS 29 amounted to ₹ 611.90 million (31 December 2019: ₹ 924.10 million) which has been included in 'Net loss on foreign currency transactions and translations' under note 37. Further, due to foreign exchange gain/(loss) on restatement of monetary assets and liabilities denominated in foreign currency, VBL Zimbabwe has recorded a net loss on foreign currency transactions and translations of ₹ 604.25 million (31 December 2019: ₹ 1,759.00 million) which has also been included in the said note.

41. Gratuity and other post-employment benefit plans

Parent Company and other components of the Group provide its employees gratuity and compensated absences benefits in accordance with the respective local statutory requirements and entity's policies. The following tables summaries the changes in their present values over the reporting periods, components of expense recognised in the Consolidated Statement of Profit and Loss, their funded status and amounts recognised in the consolidated balance sheet:

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Changes in present values are as follows:				
Balance at the beginning of the year	1,422.85	845.43	610.22	416.46
Acquired on business combination (Refer note 52A and 52C)	-	291.32	-	53.13
Current service cost	183.14	157.00	155.79	136.77
Interest cost	93.08	75.00	41.44	34.58
Benefits settled	(126.27)	(47.20)	(55.80)	(28.49)
Actuarial loss/(gain)	116.13	101.23	(2.51)	(1.74)
Foreign exchange translation reserve	(2.28)	0.07	(1.26)	(0.49)
Balance at the end of the year	**1,686.65**	**1,422.85**	**747.88**	**610.22**

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Changes in fair value of plan assets are as follows:				
Plan assets at the beginning of the year, at fair value	29.93	49.16	-	-
Expected income on plan assets	3.67	2.89	-	-
Actuarial gain/(loss)	0.76	(0.18)	-	-
Contributions by employer	50.00	2.06	-	-
Benefits settled	(20.60)	(24.00)	-	-
Plan assets at the end of the year, at fair value	**63.76**	**29.93**	**-**	**-**

The Holding Company has taken an insurance policy against its liability towards gratuity, the same has been disclosed as plan assets above.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Reconciliation of present value of the obligation and the fair value of the plan assets:				
Present value of obligation at the end of the respective year	1,686.65	1,422.85	747.88	610.22
Plan assets at the end of the respective year	(63.76)	(29.93)	-	-
Net liability recognised in the consolidated balance sheet	**1,622.89**	**1,392.92**	**747.88**	**610.22**

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Amount recognised in consolidated statement of profit and loss:				
Current service cost	183.14	157.00	155.79	136.77
Interest cost	93.08	75.00	41.44	34.58
Expected income on plan assets	(3.67)	(2.89)	-	-
Actuarial gain	-	-	(2.51)	(1.74)
Net cost recognised	**272.55**	**229.11**	**194.72**	**169.61**

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Amount recognised in Other Comprehensive Income:				
Actuarial changes arising from changes in financial assumptions	116.00	48.92	-	-
Actuarial changes arising from changes in demographic assumptions	-	(85.59)	-	-
Experience adjustments	0.13	137.90	-	-
Return on plan assets	(0.75)	0.18	-	-
Amount recognised (gain)/loss	**115.38**	**101.41**	**-**	**-**

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Assumptions used:				
Mortality	IALM 2012-2014 and A 1967/70 mortality table (issued by Institute of Actuaries, London)	IALM 2012-2014 and A 1967/70 mortality table (issued by Institute of Actuaries, London)	IALM 2012-2014	IALM 2012-2014
Discount rate	5.85%-8.00%	6.95%-10.63%	5.85%-8.00%	6.95%-8.00%
Rate of return on plan assets	6.76-7.27%	7.36-7.65%	0.00%	0.00%
Withdrawal rate	3%-11%	3%-11%	3%-11%	11.00%
Salary increase	6-12%	6-12%	6-12%	6-12%
Rate of leave availment	0.00%	0.00%	3.50%-20%	3.50%-20%
Retirement age (Years)	55-70 years	55-70 years	58-70 years	58-70 years

These assumptions were developed by management of the respective company/entity with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of high quality corporate bonds that are denominated in the respective currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligations. Other assumptions are based on current actuarial benchmarks and respective management's historical experience.

The defined benefit obligation and plan assets are composed by geographical locations as follows:

31 December 2020	India	Outside India	Total
Defined benefit obligation	1,592.80	93.85	1,686.65
Fair value of plan assets	63.76	-	63.76

31 December 2019	India	Outside India	Total
Defined benefit obligation	1,335.92	86.93	1,422.85
Fair value of plan assets	29.93	-	29.93

A quantitative sensitivity analysis for significant assumption is as shown below:

	Sensitivity level		Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Discount rate	+1%	+1%	(117.64)	(95.28)	(24.74)	(19.52)
	-1%	-1%	134.44	108.35	26.48	20.85
Salary increase	+1%	+1%	125.63	102.54	24.78	19.72
	-1%	-1%	(112.70)	(92.32)	(23.66)	(18.85)
Withdrawal rate	+1%	+1%	(36.91)	(25.41)	(9.37)	(7.11)
	-1%	-1%	41.42	28.39	9.91	7.46

The sensitivity analysis above has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Risk associated:	
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit.
Interest risk (discount rate risk)	A decrease in the bond interest rate (discount rate) will increase the plan liability.
Mortality risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2012-2014) (31 December 2019: (2012-14) ultimate table). A change in mortality rate will have a bearing on the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

The following are maturity profile of Defined Benefit Obligations in future years (before adjusting fair value of plan assets):

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
(i) Weighted average duration of the defined benefit obligation	5.62 years -9.38 years	5.26 years -9.68 years	3 years- 6 years	3 years- 6 years
(ii) Expected cash flows over the years (valued on undiscounted basis):				
Duration (years)				
1	174.96	146.78	217.99	178.31
2 to 5	638.44	585.75	461.60	394.74
Above 5	1,948.57	1,815.65	254.77	214.73
	2,761.97	**2,548.18**	**934.36**	**787.78**

Defined contribution plan:

Contribution to defined contribution plans, recognised as expense for the year is as under:

Employer's contribution to provident and other funds ₹ 445.89 million (31 December 2019 ₹ 386.82 million)

42. Earnings per share (EPS)

(₹ in million, unless otherwise stated)

	31 December 2020	31 December 2019
Profit attributable to the equity shareholders	3,289.95	4,689.75
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (nos.)	288,688,720	278,613,350
Employee stock options (nos.)	-	5,002
Weighted average number of equity shares for calculating diluted earnings per share (nos.)	288,688,720	278,618,352
Nominal value per equity shares (₹)	10.00	10.00
Basic earnings per share (₹)	11.40	16.83
Diluted earnings per share (₹)	11.40	16.83

43. Dividend

(₹ in million)

	31 December 2020	31 December 2019
Interim dividend ₹ 2.50 per share (31 December 2019: ₹ 2.50 per share) by Holding company	721.72	684.96
Dividend distribution tax on interim dividend paid by Holding company	-	91.73
Final dividend ZMW Nil per share (31 December 2019: ZMW 2.50 per share) by Varun Beverages (Zambia) Limited to its minority shareholders	-	5.16

With effect from 01 April 2020, the holding company is not required to pay Dividend Distribution Tax ("DDT") on any amount declared, distributed or paid by such company by way of dividend.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

44. Contingent liabilities and commitments

(₹ in million)

		As at 31 December 2020	As at 31 December 2019
(a)	Guarantee issued to third party by subsidiaries for business purposes	81.02	73.45
(b)	Claims against the Group not acknowledged as debts (being contested):		
	(i) Goods and Service Tax	4.23	2.16
	(ii) For excise and service tax	198.81	211.49
	(iii) For Customs	90.75	45.37
	(iv) For sales tax (VAT)/entry tax	1,296.62	1,600.67
	(v) For income tax	507.46	695.96
	(vi) Others*	509.04	410.22

*excludes pending matters where amount of liability is not ascertainable.

45. Capital commitments

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 958.00 (31 December 2019 ₹ 1,155.40)	1,929.55	3,812.87

46. Pursuant to transfer pricing legislations under the Income-tax Act, 1961, the Holding Company is required to use specified methods for computing arm's length price in relation to specified international and domestic transactions with its associated enterprises. Further, the Holding Company is required to maintain prescribed information and documents in relation to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Holding Company is in the process of updating its transfer pricing documentation for the current financial year. Based on the preliminary assessment, the management is of the view that the update would not have a material impact on the tax expense recorded in these consolidated financial statements. Accordingly, these consolidated financial statements do not include any adjustments for the transfer pricing implications, if any.

47. Related party disclosures (as per Ind AS-24)

Following are the related parties and transactions entered with related parties for the relevant financial year:

(i) List of related parties and relationships:-

I. Key managerial personnel (KMPs)

Mr. Ravi Kant Jaipuria	Non-executive chairman and Karta of Ravi Kant Jaipuria & Sons (HUF)
Mr. Varun Jaipuria	Whole Time Director
Mr. Raj Pal Gandhi	Whole Time Director
Mr. Rajinder Jeet Singh Bagga (w.e.f. 02 May 2019)	Whole Time Director
Mr. Kapil Agarwal	Chief Executive Officer and Whole Time Director
Mr. Kamlesh Kumar Jain (till 01 August 2019)	Chief Financial Officer and Whole Time Director
Mr. Vikas Bhatia (w.e.f. 01 August 2019)	Chief Financial Officer
Mr. Pradeep Khushalchand Sardana	Non-executive independent director
Mr. Naresh Kumar Trehan	Non-executive independent director
Mrs. Sita Khosla	Non-executive independent director
Dr. Ravi Gupta	Non-executive independent director
Mrs. Rashmi Dhariwal	Non-executive independent director
Mr. Ravi Batra	Company secretary
Mr. Mahavir Prasad Garg	Company secretary of the parent, namely RJ Corp Limited

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

II. Parent and ultimate parent

RJ Corp Limited	Parent
Ravi Kant Jaipuria & Sons (HUF)	Ultimate parent

III. Fellow subsidiaries and entities controlled by parent and ultimate parent*

Devyani International Limited
Devyani Food Industries Limited
Alisha Retail Private Limited (till 19 February 2020)
Varun Food and Beverages Zambia Limited
Varun Developers Private Limited
Wellness Holdings Limited
SVS India Private Limited
Diagno Labs Private Limited
Lineage Healthcare Limited (w.e.f. 27 September 2019)
Empire Stock Private Limited (w.e.f. 07 October 2020)
Ole Marketing (Private) Limited
Accor Developer (Private) Limited
Accor Industries (Private) Limited
Devyani International Nepal Private Limited

IV. Associate (or an associate of any member of the Group)*

Lunarmech Technologies Private Limited (till 03 November 2019)
Angelica Technologies Private Limited (till 03 November 2019)
Empire Stock Private Limited (till 06 October 2020)
Lineage Healthcare Limited (till 26 September 2019)

V. Relatives of KMPs*

Mrs. Dhara Jaipuria
Mrs. Devyani Jaipuria
Mrs. Shashi Jain (till 01 August 2019)
Mr. Kanishk Jain (till 01 August 2019)
Mrs. Srishti Jain (till 01 August 2019)
Mrs. Aastha Agarwal
Mr. Ravindra Dhariwal
Mr. Kaustubh Agarwal

VI. Entities in which a director or his/her relative is a member/director/trustee*

Champa Devi Jaipuria Charitable Trust
Mala Jaipuria Foundation (Trust)
SMV Beverages Private Limited
Alisha Torrent Closures (India) Private Limited
Nectar Beverages Private Limited
Jai Beverages Private Limited
Sagacito Technology Private Limited
Medanta Institute of Education and Research
RJ Foundation (Trust)
Devyani Food Industries (Kenya) Limited
Devyani Airport Services (Mumbai) Private Limited

VII. Entities which are post employment benefits plans

VBL Employees Gratuity Trust

* With whom the Group had transactions during the current year and previous year.

(ii) Terms and conditions of transactions with related parties

The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(iii) Transactions with KMPs (Refer note 47A)

(iv) Transactions with other related parties (Refer note 47B)

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

47A. Transactions with KMPs

(₹ in million)

		For year ended 2020	For year ended 2019
I.	**Remuneration paid**		
	Mr. Varun Jaipuria	43.65	31.45
	Mr. Raj Pal Gandhi	41.56	48.51
	Mr. Kapil Agarwal	68.31	57.12
	Mr. Kamlesh Kumar Jain	-	9.89
	Mr. Ravi Batra	9.13	8.23
	Mr. Rajinder Jeet Singh Bagga	31.55	18.44
	Mr. Mahavir Prasad Garg^	3.09	3.60
	Mr. Vikas Bhatia	22.53	7.72
II.	**Director sitting fees paid**		
	Mr. Pradeep Khushalchand Sardana	0.40	0.80
	Mrs. Sita Khosla	0.90	1.90
	Dr. Ravi Gupta	1.00	1.90
	Mrs. Rashmi Dhariwal	1.30	3.00
III.	**Dividend paid**		
	Mr. Varun Jaipuria	126.66	126.66
	Mr. Raj Pal Gandhi	1.53	1.53
	Mr. Kapil Agarwal	1.03	1.02
	Mr. Kamlesh Kumar Jain	-	0.06
	Mr. Rajinder Jeet Singh Bagga	0.32	0.32
	Mr. Vikas Bhatia	0.02	0.02
	Mr. Pradeep Khushalchand Sardana	-	0.00*
IV.	**Defined benefit obligation for KMP (cumulative)**		
	(i) Gratuity		
	Mr. Varun Jaipuria	43.73	25.88
	Mr. Raj Pal Gandhi	47.13	40.01
	Mr. Kapil Agarwal	61.97	48.79
	Mr. Ravi Batra	1.26	0.73
	Mr. Mahavir Prasad Garg	0.32	0.16
	Mr. Rajinder Jeet Singh Bagga	23.43	19.56
	Mr. Vikas Bhatia	0.02	0.01
	(ii) Compensated absences		
	Mr. Varun Jaipuria	14.82	8.22
	Mr. Raj Pal Gandhi	14.58	13.02
	Mr. Kapil Agarwal	18.53	15.84
	Mr. Ravi Batra	1.56	1.16
	Mr. Vikas Bhatia	1.42	0.54
	Mr. Mahavir Prasad Garg	0.61	0.35
	Mr. Rajinder Jeet Singh Bagga	7.52	7.09

^Net of reimbursement

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

		For year ended 2020	For year ended 2019
V.	**Bonus Share issued (Face value of ₹ 10 each)**		
	Mr. Varun Jaipuria	-	16.89
	Mr. Raj Pal Gandhi	-	2.04
	Mr. Kapil Agarwal	-	2.03
	Mr. Kamlesh Kumar Jain	-	0.09
	Mr. Pradeep Khushalchand Sardana	-	0.00*
	Mr. Rajinder Jeet Singh Bagga	-	0.43
VI.	**Balances (payable)/ receivable outstanding at the end of the year, net**		
	Mr. Varun Jaipuria	(2.15)	(1.56)
	Mr. Raj Pal Gandhi	(1.48)	(1.60)
	Mr. Kapil Agarwal	(2.63)	(2.12)
	Mr. Rajinder Jeet Singh Bagga	(1.31)	0.24
	Mr. Ravi Batra	(0.50)	(0.45)
	Mr. Mahavir Prasad Garg	(0.22)	(0.14)
	Mrs. Sita Khosla	-	(0.09)
	Mr. Vikas Bhatia	(0.66)	(0.75)

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

47B. Transactions with related parties

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Group)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Sale of goods														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	98.27	75.48	-	-	**98.27**	**75.48**
- Lunarmech Technologies Private Limited	-	-	-	-	-	12.17	-	-	-	-	-	-	**-**	**12.17**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	20.51	5.15	-	-	**20.51**	**5.15**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	27.05	-	-	**-**	**27.05**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	19.18	-	-	-	**19.18**	**-**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	548.63	49.53	-	-	**548.63**	**49.53**
- Devyani International Limited	-	-	32.49	56.52	-	-	-	-	-	-	-	-	**32.49**	**56.52**
- Devyani Food Industries Limited	-	-	8.44	16.62	-	-	-	-	-	-	-	-	**8.44**	**16.62**
- Alisha Retail Private Limited	-	-	-	(0.29)	-	-	-	-	-	-	-	-	**-**	**(0.29)**
- Lineage Healthcare Limited	-	-	0.05	0.05	-	-	-	-	-	-	-	-	**0.05**	**0.05**
- Devyani Airport Services (Mumbai) Private Limited	-	-		-	-	-	-	-	1.58	2.63	-	-	**1.58**	**2.63**
- Devyani International Nepal Private Limited	-	-	2.50	6.14	-	-	-	-	-	-	-	-	**2.50**	**6.14**
Sale of raw materials and stores														
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	4.74	-	-	-	**4.74**	**-**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	0.00*	1.50	-	-	**0.00***	**1.50**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	110.36	-	-	**-**	**110.36**
- Devyani Food Industries Limited	-	-	32.76	33.54	-	-	-	-	-	-	-	-	**32.76**	**33.54**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	58.23	144.32	-	-	**58.23**	**144.32**
Purchase of goods														
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	484.15	-	-	**-**	**484.15**
- Varun Food and Beverages Zambia Limited	-	-	84.40	0.08	-	-	-	-	-	-	-	-	**84.40**	**0.08**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	263.65	278.63	-	-	**263.65**	**278.63**
- Devyani Food Industries Limited	-	-	251.62	142.00	-	-	-	-	-	-	-	-	**251.62**	**142.00**
Purchase of raw materials and stores														
- Lunarmech Technologies Private Limited	-	-	-	-	-	624.48	-	-	-	-	-	-	**-**	**624.48**
- Alisha Retail Private Limited	-	-	-	0.05	-	-	-	-	-	-	-	-	**-**	**0.05**
House keeping and cleaning charges paid														
- Varun Developers Private Limited	-	-	12.53	12.70	-	-	-	-	-	-	-	-	**12.53**	**12.70**
Promotional charges paid														
- Alisha Retail Private Limited	-	-	-	1.95	-	-	-	-	-	-	-	-	**-**	**1.95**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Group)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Interest received/(paid)														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	(4.00)	(4.00)	-	-	**(4.00)**	**(4.00)**
- Empire Stock Private Limited	-	-	-	0.00*	-	-	-	-	-	-	-	-	**-**	**0.00***
Loan received														
- Empire Stock Private Limited	-	-	-	-	-	2.86	-	-	-	-	-	-	**-**	**2.86**
Loan repaid														
- Accor Developer (Private) Limited	-	-	-	121.26	-	-	-	-	-	-	-	-	**-**	**121.26**
Contribution to corporate social responsibility activities														
- Mala Jaipuria Foundation	-	-	-	-	-	-	-	-	10.80	5.00	-	-	**10.80**	**5.00**
- Champa Devi Jaipuria Charitable Trust	-	-	-	-	-	-	-	-	20.00	50.00	-	-	**20.00**	**50.00**
- Medanta Institute of Education and Reserch	-	-	-	-	-	-	-	-	10.00	-	-	-	**10.00**	**-**
- RJ Foundation (Trust)	-	-	-	-	-	-	-	-	33.59	-	-	-	**33.59**	**-**
Professional charges paid														
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	4.40	5.20	-	-	-	-	**4.40**	**5.20**
- Sagacito Technology Private Limited	-	-	-	-	-	-	-	-	-	4.00	-	-	**-**	**4.00**
Travelling expenses paid														
- Wellness Holdings Limited	-	-	38.30	217.30	-	-	-	-	-	-	-	-	**38.30**	**217.30**
Contribution to gratuity trust														
- VBL Employees' Gratuity Trust	-	-	-	-	-	-	-	-	-	-	50.00	2.06	**50.00**	**2.06**
Dividend paid														
- RJ Corp Limited	199.83	209.33	-	-	-	-	-	-	-	-	-	-	**199.83**	**209.33**
- Ravi Kant Jaipuria & Sons (HUF)	134.70	146.95	-	-	-	-	-	-	-	-	-	-	**134.70**	**146.95**
- Mrs. Aastha Agarwal	-	-	-	-	-	-	0.25	0.25	-	-	-	-	**0.25**	**0.25**
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	0.25	0.25	-	-	-	-	**0.25**	**0.25**
- Mr. Kanishk Jain	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Mrs. Shashi Jain	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***

*Rounded off to Nil.

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Group)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
- Ms. Srishti Jain	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	0.01	0.01	-	-	-	-	**0.01**	**0.01**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	17.51	20.26	-	-	-	-	**17.51**	**20.26**
(Expenses incurred by the Company on behalf of others)/expenses incurred by others on behalf of the Company														
- Devyani International Limited	-	-	8.17	6.11	-	-	-	-	-	-	-	-	**8.17**	**6.11**
- Diagno Labs Private Limited	-		-	0.10	-		-	-	-	-	-	-	**-**	**0.10**
- RJ Corp Limited	(1.03)	-	-	-	-	-	-	-	-	-	-	-	**(1.03)**	**-**
- Lunarmech Technologies Private Limited	-	-	-	-	-	0.00*	-	-	-	-	-	-	**-**	**0.00***
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	(1.94)	-	-	-	**(1.94)**	**-**
- Devyani Food Industries Limited	-	-	1.27	(1.25)	-	-	-	-	-	-	-	-	**1.27**	**(1.25)**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	0.00*	-	-	-	**0.00***	**-**
- Alisha Retail Private Limited	-	-	-	0.01	-	-	-	-	-	-	-	-	**-**	**0.01**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	(0.20)	-	-	-	**(0.20)**	**-**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	(1.17)	-	-	**-**	**(1.17)**
- Accor Developer (Private) Limited	-	-	-	(0.04)	-	-	-	-	-	-	-	-	**-**	**(0.04)**
- Accor Industries (Private) Limited	-	-	-	(0.75)	-	-	-	-	-	-	-	-	**-**	**(0.75)**
Amount paid by Company on behalf of others/ (amount paid by others on behalf of the Company)														
- Devyani Food Industries Limited	-	-	-	1.56	-	-	-	-	-	-	-	-	**-**	**1.56**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	11.10	-	-	**-**	**11.10**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	2.49	(20.00)	-	-	**2.49**	**(20.00)**
Licence fee paid														
- Devyani Food Industries Limited	-	-	1.20	-	-	-	-	-	-	-	-	-	**1.20**	**-**
Rent/ lease charges paid/(received)														
- RJ Corp Limited	112.35	109.80	-	-	-	-	-	-	-	-	-	-	**112.35**	**109.80**
- Devyani Food Industries Limited			(1.33)	-	-	-	-	-	-	-	-	-	**(1.33)**	**-**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Group)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
- Ravi Kant Jaipuria & Sons (HUF)	7.57	7.21	-	-	-	-	-	-	-	-	-	-	**7.57**	**7.21**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	33.69	-	-	**-**	**33.69**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	27.00	17.10	-	-	**27.00**	**17.10**
- SVS India Private Limited	-	-	1.20	1.05	-	-	-	-	-	-	-	-	**1.20**	**1.05**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	2.83	2.58	-	-	-	-	**2.83**	**2.58**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	(0.86)	(0.32)	-	-	**(0.86)**	**(0.32)**
Purchase of fixed assets														
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	1,075.94	-	-	**-**	**1,075.94**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	15.00	340.26	-	-	**15.00**	**340.26**
- Accor Industries (Private) Limited	-	-	-	1.41	-	-	-	-	-	-	-	-	**-**	**1.41**
- Varun Food and Beverages Zambia Limited	-	-	756.64^	-	-	-	-	-	-	-	-	-	**756.64^**	**-**
Marketing Support Fee														
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	98.90	-	-	**-**	**98.90**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	43.38	-	-	**-**	**43.38**
IT infrastructure support fee														
- Devyani Food Industries Limited	-	-	4.98	7.41	-	-	-	-	-	-	-	-	**4.98**	**7.41**
- Varun Food and Beverages Zambia Limited	-	-	0.34	0.63	-	-	-	-	-	-	-	-	**0.34**	**0.63**
- Devyani International Limited	-	-	1.70	2.83	-	-	-	-	-	-	-	-	**1.70**	**2.83**
Advance paid for acquisition of assets														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	30.00	4.00	-	-	**30.00**	**4.00**
Capital commitments														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	252.00	282.00	-	-	**252.00**	**282.00**
Bonus share issued (Face value of ₹ 10 each)														
- RJ Corp Limited	-	279.11	-	-	-	-	-	-	-	-	-	-	**-**	**279.11**
- Ravi Kant Jaipuria & Sons (HUF)	-	195.94	-	-	-	-	-	-	-	-	-	-	**-**	**195.94**

^excluding bank charges paid amounting to ₹ 4.31 million

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Group)		Relatives of KMPs		Entities in which a director or his/her relative is a member/director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
- Mr. Kanishk Jain	-	-	-	-	-	-	-	0.01	-	-	-	-	-	**0.01**
- Mrs. Shashi Jain	-	-	-	-	-	-	-	0.00*	-	-	-	-	-	**0.00***
- Ms. Srishti Jain	-	-	-	-	-	-	-	0.00*	-	-	-	-	-	**0.00***
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	0.01	-	-	-	-	-	**0.01**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	-	27.01	-	-	-	-	-	**27.01**
Balances outstanding at the end of the year, net														
Receivable/(payable), net														
- Devyani International Limited	-	-	10.35	1.42	-	-	-	-	-	-	-	-	**10.35**	**1.42**
- RJ Corp Limited	35.49	34.82	-	-	-	-	-	-	-	-	-	-	**35.49**	**34.82**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	1.27	1.21	-	-	-	-	**1.27**	**1.21**
- Wellness Holdings Limited	-	-	(9.77)	(31.00)	-	-	-	-	-	-	-	-	**(9.77)**	**(31.00)**
- Devyani International Nepal Private Limited	-	-	0.35	0.80	-	-	-	-	-	-	-	-	**0.35**	**0.80**
- Varun Developers Private Limited	-	-	-	402.34	-	-	-	-	-	-	-	-	**-**	**402.34**
- Ole Marketing (Private) Limited	-	-	37.80	13.91	-	-	-	-	-	-	-	-	**37.80**	**13.91**
- Accor Developer (Private) Limited	-	-	-	0.06	-	-	-	-	-	-	-	-	**-**	**0.06**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	47.53	(12.27)	-	-	**47.53**	**(12.27)**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	21.89	-	-	-	**21.89**	**-**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	9.02	3.20	-	-	**9.02**	**3.20**
- Devyani Airport Services (Mumbai) Private Limited	-	-	-	-	-	-	-	-	0.26	0.57	-	-	**0.26**	**0.57**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	0.30	-	-	**-**	**0.30**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	1.22	3.75	-	-	**1.22**	**3.75**
- Devyani Food Industries Limited	-	-	(21.83)	0.00*	-	-	-	-	-	-	-	-	**(21.83)**	**0.00***
- Empire Stock Private Limited	-	-	-	-	-	(2.86)	-	-	-	-	-	-	**-**	**(2.86)**
- Varun Food and Beverages Zambia Limited	-	-	(78.06)	(56.10)	-	-	-	-	-	-	-	-	**(78.06)**	**(56.10)**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

48. Disclosure on lease transactions pursuant to Ind AS 116 - Leases

The Group has adopted Ind AS 116 "Leases" w.e.f. 01 January 2020, which resulted in changes in accounting policies in the consolidated financial statements, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019, using modified retrospective method with right-of-use asset recognised at an amount equal to the lease liability in the balance sheet on the initial date of application. Accordingly, previous period information has not been restated. The Group lease asset class primarily consists of leases for land leasehold, buildings, plant and equipments and vehicles. With the exception of short-term leases, leases of low-value and cancellable long-term leases underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liability.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the weighted average borrowing rate on the date of adoption, i.e., 5.50% - 10.00%.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right of use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security against the Company's other debts and liabilities.

i. Lease liabilities are presented in the balance sheet as at 31 December 2020:

(₹ in million)

	As at 31 December 2020
Current maturities of lease liabilities (Refer note 26)	102.26
Non-current lease liabilities (Refer note 22B)	244.39
Total	**346.65**

ii The recognised right of use assets relate to land leasehold, buildings, plant and equipments and vehicles as at 31 December 2020:

(₹ in million)

	Total
Right of use assets	-
Balance as at 01 January 2020	-
Addition on account of transition to Ind AS 116 (Refer note 4)	460.08
Additions for the year	-
Disposals for the year	-
Depreciation charge for the year	(131.81)
Exchange differences on translation of foreign operations	6.34
Balance as at 31 December 2020	**334.61**

iii The following are amounts recognised in Consolidated Statement of Profit and Loss:

(₹ in million)

	Year ended 31 December 2020
Depreciation charge on right of use assets	131.81
Interest expense on lease liabilities	29.56
Total	**161.37**

iv Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less), non-cancellable long-term leases and for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 759.00 million.

v Refer Consolidated Cash Flow Statement for total cash outflow for leases for the year ended 31 December 2020.

vi Maturity of lease liabilities

Future minimum lease payments were as follows:

(₹ in million)

	Lease payments	Interest expense	Net Present value
Not later than 1 year	116.45	22.29	102.26
Later than 1 year not later than 5 years	202.60	50.04	152.81
Later than 5 years	341.65	248.06	91.58
Total	**660.70**	**320.39**	**346.65**

* Includes exchange differences on translation of foreign operations of ₹ 6.34 million

vii The following is a reconciliation of total operating lease commitments at 31 December 2019 (as disclosed in the financial statements for the year ended 31 December 2019) to the lease liabilities recognised at 01 January 2020:

(₹ in million)

Particulars	Amount
Total operating lease commitments disclosed as at 31 December 2019	188.63
Leases with remaining lease term of less than 12 months	(24.02)
Leases identified at the time of transition	697.91
Operating lease liabilities before discounting	**862.52**
Discounting impact (using weighted average borrowing rate)	(407.55)
Exchange differences on translation of foreign operations	2.56
Total lease liabilities recognised as at 01 January 2020	**457.53**

viii Adjustments recognised in the balance sheet on 01 January 2020:

The change in accounting policy affected the following items in the balance sheet on 01 January 2020:

(₹ in million)

	Amount reported as at 31 December 2019	Impacts of adoption Ind AS 116	Adjusted amount as at 01 January 2020
Other non-current assets	38.16	(2.55)	35.61
Lease liabilities (including current liabilities)	-	457.53	457.53
Right of use assets - buildings and plant and equipments	-	460.08	460.08

The Group has recognised ₹ 457.67 million as right-of-use assets with corresponding impact of ₹ 457.67 million in lease liabilities and reclassification of deferred rent ₹ 2.55 million to right-of-use assets as at 01 January 2020.

Disclosure under Ind AS 17 - Leases for the year ended 31 December 2019

A. Operating lease:

The Group has taken various premises and other fixed assets on operating leases. The lease agreements generally have a lock-in-period of 1-9 years and are cancellable at the option of the lessee thereafter. Majority of the leases have escalation terms after certain years and are extendable by mutual consent on expiry of the lease. There are no sub-leases or contingent rents. During the year, lease payments under operating leases amounting to ₹ 602.28 million have been recognised as an expense in the Consolidated Statement of Profit and Loss.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

Non-cancellable operating lease rentals payable (minimum lease payments) for these leases are as follows:

(₹ in million)

	As at 31 December 2019
Payable within one year	76.76
Payable between one and five years	111.87
Payable after five years	-
Total	**188.63**

B. Financial lease:

The minimum lease payments and the present value of minimum lease payments in respect of arrangements classified as finance leases are as below:

(₹ in million)

	As at 31 December 2019	
	Minimum lease payment	Future finance charges
Payable within one year	5.06	0.11
Payable between one and five years	-	-
Payable after five years	-	-
Total	**5.06**	**0.11**
Present value of minimum lease payment		**4.95**

49. Segment reporting

The business activity of the Group predominantly fall within a single reportable business segment viz manufacturing and sale of beverages. There are no separate reportable business segments. As part of reporting for geographical segments, the Group operates in two principal geographical areas of the world, i.e., within India and other countries (outside India). The aforesaid is in line with review of operating results by the chief operating decision maker.

The following table presents segment non-current assets, revenue from external customers regarding geographical segments:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Non-current assets*		
- Within India	54,564.60	55,805.92
- Outside India	11,493.18	10,776.71

*excluding financial instruments, deferred tax assets and post-employment benefit assets.

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Revenue from external customers		
- Within India	48,283.53	55,458.22
- Outside India	17,274.38	17,026.36

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

50. Dues to Micro and Small Enterprises

The dues to micro and small enterprises as required under the Micro, Small and Medium Enterprises Development Act ("MSMED"), 2006 to the extent information available with the Holding Company is given below:

(₹ in million)

Particulars	31 December 2020	31 December 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	93.70	26.14
Interest due on above	0.28	0.04
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year*	670.87	128.57
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	4.58	1.60
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	4.58	1.60

*includes principal amounting to ₹ 670.87 million (31 December 2019: ₹ 128.57 million).

51. Details of Corporate Social Responsibility (CSR) expenditure

In accordance with the provisions of section 135 of the Companies Act, 2013, the Board of Directors of the Holding Company had constituted CSR Committee. The details for CSR activities is as follows:

(₹ in million)

	For the year ended 31 December 2020	For the year ended 31 December 2019
(a) Gross amount required to be spent by the Holding Company during the year	75.04	57.22
(b) Amount spent during the year on the following		
1. Construction / Acquisition of any asset	-	-
2. On purpose other than 1 above	**75.94**	**57.50**

1. Refer note 47B or amounts paid to Champa Devi Jaipuria Charitable Trust towards contribution for "Shiksha Kendra" for the education of underpriviledged, to Mala Jaipuria Foundation for the vocational training to underpriviledged and destitute to enhance their skills and talents to secure livelihood, to RJ Foundation (objective of the trust is to carry on CSR activities as per requirements laid down under Section 135 of the Companies Act, 2013) and to Medanta Institute of Education and Research for promoting health care.
2. The Group does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

52. Acquisitions and disposals

Acquisitions during the year ended 31 December 2019:

A. Acquisitions under business combination

The Holding Company acquired franchise rights in South and West regions from PepsiCo India Holdings Private Limited ("PepsiCo") for a national bottling, sales and distribution footprint in 7 states and 5 Union Territories of India along with manufacturing units in Bharuch (Gujarat), Mahul (Maharashtra), Paithan (Maharashtra), Roha (Maharashtra), Mamandur (Tamil Nadu), Nelamangala (Karnataka), Palakkad (Kerala), Sangareddy (Telangana) and Sricity (Andhra Pradesh) for a total transaction value of ₹ 18,025 million on slump sale basis. The aforesaid transaction value excludes the consideration paid for working capital taken over amounting to ₹ 321.64 million and investment fund amounting to ₹ 2,095.09 million received on acquisition from PepsiCo.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

The details of the business combination are as follows:

Name of seller	PepsiCo India Holdings Private Limited
Acquisition date	01 May 2019
Recognised amounts of identifiable net assets	

(₹ in million)

Particulars	Amount
Property, plant and equipment	15,908.42
Other intangible assets (Franchise rights)	235.10
Deferred tax assets	130.81
Total non-current assets (a)	**16,274.33**
Non-current liabilities recognised	
Employee benefits payable (included under the head provisions)	(341.53)
Total non-current liabilities (b)	**(341.53)**
Net current assets acquired	
Other current financial liabilities	
- Security deposits from distributors	(252.05)
- Employee related payables	(32.82)
Other current liabilities	(399.59)
Other current assets	
- Inventories	1,076.68
- Security deposits	213.93
- Others	57.03
Net current assets (c)	**663.18**
Identifiable net assets (d = a+b+c)	16,595.98
Amount paid (e)	16,251.55
Gain from a bargain purchase (e-d)	**(344.43)**

Gain from a bargain purchase

The above business combination has resulted in a bargain purchase due to the Company's manufacturing capabilities/distribution network and PepsiCo's focus on its core activities of research, brand building and market penetration.

B. Asset acquisitions

(i) On 14 February 2019, the Holding Company has acquired PepsiCo's previously franchised rights for a total purchase consideration of ₹ 150.00 million from SMV Beverages Private Limited and Nectar Beverages Private Limited (together referred as 'SMV Group' to sell and distribute PepsiCo's beverage brands in 13 districts in State of Karnataka, 14 districts in State of Maharashtra and 3 districts in State of Madhya Pradesh.

(ii) On 03 October 2019, the Holding Company has acquired a manufacturing unit at Dharwad, Karnataka along with certain assets for a total purchase consideration of ₹ 747.27 million from Nectar Beverages Private Limited.

(iii) On 30 October 2019, the Holding Company has acquired a manufacturing unit at Tirunelveli, Tamil Nadu along with certain assets for a total purchase consideration of ₹ 200.00 million from Prathishta Business Solutions Private Limited.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

C. Acquisition on control over existing associate

The Holding Company, on 04 November 2019 has acquired board control in its associate, Angelica Technologies Private Limited. Consequently, both Angelica Technologies Private Limited and Lunarmech Technologies Private Limited (subsidiary of Angelica Technologies Private Limited) have become subsidiaries of the Group w.e.f. 04 November 2019.

(₹ in million)

Particulars	Amount
Carrying amount of investment in associates as on 31 December 2018	112.43
Add: Share of profit in associates till 03 November 2019 (Refer note 61)	43.61
Carrying amount of investment in associates as on 03 November 2019 (A)	156.04
Fair value of investment in associates as on 03 November 2019 (B)	314.15
Gain on acquisition of control over existing associate, recognised in Consolidated Statement of Profit and Loss (C= (B-A))	**158.11**
Recognised amounts of identifiable net assets as on 03 November 2019:	
Property, plant and equipment*	188.45
Other non-current financial assets	8.35
Other non-current assets	19.56
Total non-current assets (a)	**216.36**
Non-current liabilities recognised	
Deferred tax liabilities	(15.93)
Employee benefits payable (included under head provisions)	(3.15)
Total non-current liabilities (b)	**(19.08)**
Net current assets acquired	
Other current financial liabilities	(79.83)
Other current liabilities	(43.84)
Other current assets	
- Inventories	108.95
- Trade Receivable	174.78
- Others	81.12
Net current assets (c)	**241.18**
Identifiable net assets (d = a+b+c)	438.46
Calculation of Goodwill:-	
Share of identifiable net assets attributable to non-controlling interest	196.83
Fair value of previously held interest in existing associate on 03 November 2019	314.15
Consideration transferred in acquisition of 20% shareholding in Lunarmech Technologies Private Limited	150.38
	661.36
Less: Net identifiable assets acquired and liablities assumed	(438.46)
Goodwill on acquisition of control over existing associate	**222.90**

*Gross carrying amount of Property, plant and equipment acquired and its accumulated depreciation and impairment amounted to ₹ 519.04 million and ₹ 330.59 million respectively

53. The Holding Company follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

54. Share-based payments

Description of share based payments arrangements

During the year ended 31 December 2013, the Holding Company granted stock options to certain employees of the Holding Company and its subsidiaries. The Holding Company has the following share-based payment arrangements for employees.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

A. Employee Stock Option Plan 2013 (ESOP 2013)

The ESOP 2013 ('the Plan') was approved by the Board of Directors and the shareholders on 13 May 2013 and further amended by Board of Directors on 01 December 2015. The plan entitles key managerial personnel and employees of the Holding Company and its subsidiaries to purchase shares in the Holding Company at the stipulated exercise price, subject to compliance with vesting conditions. Stock options can be settled by issue of equity shares. As per the Plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹149.51, which is 1.14 % above the stock price at the date of grant, i.e., 13 May 2013.

The expense recognised for employee services received during the respective years is ₹ Nil.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and changes in, share options during the year:

Particulars	31 December 2020		31 December 2019	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	-	-	23,285	149.51
Options exercised during the year	-	-	(13,285)	149.51
Options lapsed during the year	-	-	(10,000)	149.51
Outstanding at the end of the year	**-**	-	**-**	
Exercisable at the end of the year	-	-	-	-

The fair values of options granted under new plan were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The following principal assumptions were used in the valuation:

	Options vested and exercised	Options vested and unexercised
Number of options	2,006,550	668,850
Fair value on grant date (₹)	65.92	66.44
Share price at grant date (₹)	147.83	147.83
Exercise price (₹)	149.51	149.51
Expected volatility*	16.63%	16.63%
Expected life	7.56 years	7.64 years
Expected dividends	0%	0%
Risk-free interest rate (based on government bonds)	7.53%	7.53%

*The measure of volatility has been calculated based on the average volatility of closing market price of the BSE 500 during the period 01 January 2013 to 31 December 2013.

Particulars of Scheme

Name of scheme	**Employee Stock Option Plan 2013**
Vesting conditions	668,850 options on the date of grant ('First vesting') 668,850 options on first day of January of the calendar year following the first vesting ('Second vesting') 668,850 options on first day of January of the calendar year following the second vesting ('Third vesting') 668,850 options on first day of January of the calendar year following the third vesting ('Fourth vesting') Notwithstanding any other clause of this Plan, no vesting shall occur until 01 December 2015 or fourth vesting, whichever is earlier

Exercise period	Stock options can be exercised within a period of 5 years from the date of vesting.
Number of share options	2,675,400
Exercise price	₹ 149.51
Method of settlement	Equity
Fair value on the grant date	Options vested: ₹ 65.92 Options to be vested : ₹ 66.44
Remaining life as on 31 December 2019	-
Remaining life as on 31 December 2018	1.94 years

The following share options were exercised during the previous year:

Particulars	Options series	Number exercised	Share price at exercise date	Exercise date
Granted on 13 May 2013	ESOP 2013	9,585	₹ 515.47	18 February 2019
Granted on 13 May 2013	ESOP 2013	3,700	₹ 630.40	03 June 2019

B. Employee Stock Option Plan 2016 ("ESOP 2016")

The ESOS 2016 ("the Scheme") was approved by the Board of Directors and the shareholders on 27 April 2016. The Scheme entitles key managerial personnel and employees of the Holding Company and its subsidiaries to purchase shares in the Holding Company at the stipulated exercise price, subject to compliance with vesting conditions. Stock options can be settled by issue of equity shares. No options under this Scheme have been granted in the current or previous years.

55. Financial instruments risk

Financials risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of financial risks are market risk, credit risk and liquidity risk.

The respective management of the Holding Company and other companies/entities comprising the Group monitors and manages the financial risks relating to the operations of the respective entity/company on a continuous basis. The Group's risk management is coordinated at head office, in close cooperation with the management of respective entity/company, and focuses on actively securing the short to medium-term cash flows and simultaneously minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

55.1 Market risk analysis

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The functional currency of the Holding Company is Indian Rupees ('INR' or '₹'). Most of the transactions of the Holding Company and other entities/companies are carried out in the respective local currency. Exposures to currency exchange rates mainly arise from the overseas operations and external commercial borrowings etc., which are primarily denominated in US Dollar ("USD"), Euro, Singapore Dollar ("SGD"), Pound Sterling ("GBP"), Sri Lanka Rupee ("LKR"), Moroccan Dirham ("MAD"), Nepalese Rupee ("NPR"), Zambian Kwacha ("ZMW") and Zimbabwe Dollar ("ZWL").

To mitigate its exposure to foreign currency risk, the Group continuously monitors non-INR cash flows and hedging contracts are entered into wherever considered necessary.

The carrying amounts of the Group's foreign currency denominated monetary items are restated at the end of each reporting period. Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are as follows:

(₹ in million)

	USD	GBP	Euro	SGD	LKR	MAD	NPR	ZMW	ZML*
31 December 2020									
Financial assets									
(i) Trade receivables	0.73	-	-	-	420.51	54.01	138.42	49.54	306.77
(ii) Loans	-	-	-	-	-	2.08	-	0.25	-
(iii) Others	0.31	0.01	1.55	-	-	0.00	24.04	1.47	0.98
(iv) Cash and cash equivalents	0.43	-	-	-	218.53	4.16	465.25	7.10	150.44
(v) Other bank balances	-	-	-	-	98.76	-	882.91	-	172.78
Total financial assets	**1.47**	**0.01**	**1.55**	**-**	**737.80**	**60.25**	**1,510.62**	**58.36**	**630.97**
Financial liabilities									
(i) Borrowings	-	-	2.18	33.13	255.94	52.78	4.71	72.48	67.27
(ii) Trade payables	3.76	0.00	0.06	-	445.29	85.71	687.24	131.88	718.90
(iii) Other financial liabilities	0.64	-	1.15	0.06	214.04	26.90	282.08	26.67	648.91
Total financial liabilities	**4.40**	**0.00**	**3.39**	**33.19**	**915.27**	**165.39**	**974.03**	**231.03**	**1,435.08**
31 December 2019									
Financial assets									
(i) Trade receivables	0.28	-	-	-	549.85	69.61	96.81	10.55	21.66
(ii) Loans	-	-	-	-	-	1.92	-	0.26	-
(iii) Others	2.05	-	2.24	-	2.14	0.01	27.09	0.86	0.09
(iv) Cash and cash equivalents	0.74	-	-	-	123.76	2.99	779.10	10.54	75.03
(v) Other bank balances	-	-	-	-	6.41	-	96.79	-	62.94
Total financial assets	**3.07**	**-**	**2.24**	**-**	**682.16**	**74.53**	**999.79**	**22.21**	**159.72**
Financial liabilities									
(i) Borrowings	-	-	-	33.13	569.49	22.75	167.88	12.13	149.81
(ii) Trade payables	6.73	-	0.12	-	208.37	101.77	338.64	48.66	84.75
(iii) Other financial liabilities	-	-	0.30	0.11	203.06	13.44	748.51	36.50	216.28
Total financial liabilities	**6.73**	**-**	**0.42**	**33.24**	**980.92**	**137.96**	**1,255.03**	**97.29**	**450.84**

* Refer note 40 for change in functional currency in Varun Beverages (Zimbabwe) (Private) Limited.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

The foreign currency sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities considering 'all other things being equal' and ignoring the impact of taxation. It assumes a +/- 1% change of the respective countries exchange rates (i.e. local currency to foreign currency) for the year ended at 31 December 2020 (31 December 2019: +/-1%). These are the sensitivity rates used when reporting foreign currency exposures internally to the key management personnel and represents respective management's assessment of the reasonably possible changes in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at end of each period reported upon. A positive number indicates an increase in profit or equity and vice-versa.

If the INR had strengthened/weakened against respective foreign currency by 1% (31 December 2019: 1%), then impact of such change on profit for the year and equity as at 31 December 2020 and 31 December 2019 will be as below:

(₹ in million)

	Profit/(loss) for the year		Equity	
	+1%	-1%	+1%	-1%
31 December 2020	41.12	(41.12)	41.12	(41.12)
31 December 2019	42.32	(42.32)	42.32	(42.32)

Exposures to foreign exchange rates vary during the year depending on the volume of the overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Group is exposed to changes in market interest rates as some of the bank and other borrowings are at variable interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (31 December 2019: +/- 1%). These changes are considered to be reasonably possible based on management's assessment. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(₹ in million)

	Profit/(loss) for the year		Equity	
	+1%	-1%	+1%	-1%
31 December 2020	(197.13)	197.13	(197.13)	197.13
31 December 2019	(231.87)	231.87	(231.87)	231.87

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of sugar and pet chips and therefore require a continuous supply. In view of volatility of price of sugar and pet chips, the Group also executes into various advance purchase contracts.

Commodity price sensitivity

The following tables shows the effect of price change in sugar and pet chips

(₹ in million)

Particulars	Change in yearly average price		Effect on profit before tax		Effect on equity	
31 December 2020						
Sugar	+/-1%		(75.00)	75.00	(75.00)	75.00
Pet chips	+/-1%		(35.09)	35.09	(35.09)	35.09

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Particulars	Change in yearly average price		Effect on profit before tax		Effect on equity	
31 December 2019						
Sugar	+/-1%		(82.56)	82.56	(82.56)	82.56
Pet chips	+/-1%		(46.67)	46.67	(46.67)	46.67

Other price sensitivity

The Group is not exposed to any listed equity or listed debt price risk as it does not hold any investments in listed entities.

55.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is operating through a network of distributors and other distribution partners based at different locations. The Group is exposed to this risk for various financial instruments, for example loans granted, receivables from customers, deposits placed etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at end of each reporting period, as summarised below:

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Classes of financial assets-carrying amounts:		
Investments (non-current)	0.01	0.01
Loans (non-current and current)	518.05	514.85
Others non-current financial assets	1.21	8.90
Trade receivables	2,417.97	1,725.55
Cash and cash equivalents	1,045.58	1,379.68
Bank balances (other than those classified as cash and cash equivalents above)	854.92	331.09
Others current financial assets	1,670.04	2,189.83
	6,507.78	**6,149.91**

The Group continuously monitors receivables and defaults of customers and other counterparties, and incorporates this information into its credit risk controls. Appropriate security deposits are kept against the supplies to customers and balances are reconciled at regular intervals. The Group's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty. Trade receivables consist of a large number of customers of various scales and in different geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables. In case the receivables are not recovered even after regular follow up, measures are taken to stop further supplies to the concerned customer. The expected credit loss is based on the five years historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Movement in expected credit loss allowance on trade receivables and capital advances:-

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Balance as at beginning of the year	795.38	653.95
Loss allowance measured at lifetime expected credit loss	53.09	148.42
Adjusted/Written off during the year	(402.34)	-
Foreign currency translation reserve	(10.80)	(6.99)
Balance at the end of the year	**435.33**	**795.38**

The credit risk for cash and cash equivalents, bank deposits including interest accrued thereon and Government grant receivables is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and State Government bodies.

In respect of financial guarantees provided by the Group, the maximum exposure to which the Group is exposed to is the maximum amount which it would have to pay if the guarantee is called upon. Based on the expectation at the end of each reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

55.3 Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and considering the maturity profiles of financial assets and other financial liabilities as well as forecast of operational cash inflows and outflows. Liquidity needs are monitored in various time bands, on a day-to-day basis, a week-to-week basis and a month-to-month basis. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the Group's ability to avail further credit facilities subject to creation of requisite charge on its assets. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

As at 31 December 2020, the Group's non-derivative financial liabilities have contractual maturities as summarised below:

(₹ in million)

31 December 2020	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	12,262.75	19,796.22	-
Trade payables	5,113.85	-	-
Other financial liabilities (current and non-current)	3,419.34	152.81	91.58
Total	**20,795.94**	**19,949.03**	**91.58**

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

(₹ in million)

31 December 2019	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	10,578.40	20,783.67	1,403.78
Trade payables	4,776.61	-	-
Other financial liabilities (current)	4,311.70	-	-
Total	**19,666.71**	**20,783.67**	**1,403.78**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

As at 31 December 2020, the contractual cash flows (excluding interest thereon) of the Group's derivative financial instruments are as follows:

(₹ in million)

31 December 2020	1 to 12 months	1 to 5 years
Cross currency interest rate swap	914.08	914.08

This compares to the contractual cash flows (excluding interest thereon) of the Group's derivative financial instruments in the previous year as follows:

(₹ in million)

31 December 2019	1 to 12 months	1 to 5 years
Cross currency interest rate swap	-	1,752.25

55.4 Risk due to outbreak of COVID-19 pandemic

The outbreak of Coronavirus disease (COVID-19) pandemic worldwide has caused significant disturbances and slowdown of economic activity. The lockdowns ordered by the Governments around the world has resulted in operating constraints leading to significant reduction in economic activities and also the business operation of the Group in terms of sales. However, the recent phased unlocking ordered by the Governments around the world has resulted in signs of improvement in economic activities consequent to which our business operations have also shown uptick during the second half of the year. The Group has considered the possible effects that may result from the pandemic on the carrying amount of receivables including contract assets, goodwill, intangibles, inventories and investments. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of these assets. However, the Group will continue to closely monitor any material changes to future economic conditions depending upon how the situation evolve henceforth.

56. Fair value measurements

Financial instruments by categories

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

Particulars	Carrying value		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial assets				
Fair value through profit and loss ('FVTPL')				
(i) Non-current financial assets				
(i) Investment (non-current)	0.01	0.01	0.01	0.01
Amortised cost				
(i) Non-current financial assets				
(a) Loans	417.89	445.48	417.89	445.48
(b) Others	1.21	8.90	1.21	8.90
(ii) Current financial assets				
(a) Trade receivables	2,417.97	1,725.55	2,417.97	1,725.55
(b) Cash and cash equivalents	1,045.58	1,379.68	1,045.58	1,379.68
(c) Bank balances other than above	854.92	331.09	854.92	331.09
(d) Loans	100.16	69.37	100.16	69.37
(e) Others	1,670.04	2,189.83	1,670.04	2,189.83
Total	**6,507.78**	**6,149.91**	**6,507.78**	**6,149.91**
Financial liabilities				
FVTPL				
(i) Current financial liability				
(a) Liability for derivative contract	20.71	68.45	20.71	68.45
Amortised cost				
(i) Non-current borrowings (excluding those disclosed under FVTPL category above)	19,796.22	23,553.76	19,796.22	23,553.76
(ii) Other non-current financial liabilities	244.39	-	244.39	-

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Particulars	Carrying value		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
(ili) Current financial liabilities				
(a) Borrowings	7,138.58	4,671.54	7,138.58	4,671.54
(b) Trade payables	5,113.85	4,776.61	5,113.85	4,776.61
(c) Others	8,522.80	10,189.68	8,522.80	10,189.68
Total	**40,836.55**	**43,260.04**	**40,836.55**	**43,260.04**

Valuation technique to determine fair value

Cash and cash equivalents, other bank balances, trade receivables, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the long term borrowings, loans and other deferred payments are determined by using discounted cash flow method using the appropriate discount rate. The discount rate is determined using other similar instruments incorporating the risk associated.
- The Group executed derivative financial instruments such as cross currency interest rate swap being valued using valuation techniques, which employs use of market observable inputs. The Group uses mark to market valuation provided by bank for its valuation.

Fair value hierarchy

The financial assets measured at fair value are grouped into the fair value hierarchy as on 31 December 2020 and 31 December 2019 as follows: (also refer note 3(a))

(₹ in million)

31 December 2020	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2020	**0.01**	-	-	0.01
Liabilities measured at fair value:					
(a) Liability for derivative contract	31 December 2020	**20.71**	**-**	**20.71**	**-**

There have been no transfers of financial assets and financial liabilities between the levels during the year 2020.

(₹ in million)

31 December 2019	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2019	**0.01**	-	-	0.01
Liabilities measured at fair value:					
(a) Liability for derivative contract	31 December 2019	**68.45**	**-**	**68.45**	**-**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

57. Capital management

For the purpose of the Group's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity shareholders of the Group.

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, non-current and current borrowings, deferred payment liabilities, current maturity of long-term debts and lease liabilities, less cash and cash equivalents, excluding discontinued operations, if any.

The amounts managed as capital by the Group for the reporting periods are summarised as follows:

(₹ in million)

Particulars		As at 31 December 2020	As at 31 December 2019
Non-current borrowings (Refer note 22A)		19,796.22	23,553.76
Current borrowings (Refer note 22C)		7,138.58	4,671.54
Lease liabilities (Refer note 22B)		244.39	-
Current maturities of lease liabilities (Refer note 26)		102.26	-
Current maturities of long-term debts (Refer note 26)		5,124.17	5,946.43
		32,405.62	**34,171.73**
Less: Cash and cash equivalents (Refer note 14)		(1,045.58)	(1,379.68)
Net debt	**(A)**	**31,360.04**	**32,792.05**
Equity share capital (Refer note 20)		2,886.89	2,886.89
Other equity (Refer note 21)		32,353.12	30,397.33
Total capital	**(B)**	**35,240.01**	**33,284.22**
Capital and net debt	**(C=A+B)**	**66,600.05**	**66,076.27**
Gearing ratio	**(A/C)**	**47.09%**	**49.63%**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 31 December 2019.

Breaches in meeting the financial covenants of the borrowings would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowing in the reporting periods.

58. Assets pledged as security

The carrying amount of assets pledged as security are:

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Inventories and trade receivable	10,286.32	9,382.31
Other bank deposits	1,121.71	328.60
Current loans	99.94	351.71
Other current financial assets	2,130.20	2,820.09
Other current assets	1,485.15	1,554.83
Other intangible assets	5,553.03	5,598.47
Property, plant and equipment (including capital work-in-progress)	54,682.74	54,852.67

59. Recent accounting pronouncements (Ind AS issued but not yet effective)

Ministry of Corporate Affairs ("MCA") notifies new accounting standards or amendments to the existing accounting standards. There is no such notification which would be applicable to the Group from 01 January 2021.

60. Additional information, as required to Consolidated Financial Statements pursuant to Schedule III to the Companies Act, 2013

(₹ in million)

Name of the company/entity	Net assets i.e., total assets minus total liabilities		Share of profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
For the year ended 31 December 2020								
Holding Company								
Varun Beverages Limited	111.79%	40,117.64	63.38%	2,264.30	14.08%	(87.94)	73.82%	2,176.36
Subsidiaries								
Varun Beverages (Nepal) Private Limited	6.25%	2,242.84	8.29%	296.31	0.00%	-	10.05%	296.31
Varun Beverages Lanka (Private) Limited (Consolidated)	5.73%	2,057.13	-0.77%	(27.60)	-0.31%	1.95	-0.87%	(25.64)
Varun Beverages Morocco SA	6.49%	2,329.00	-3.38%	(120.76)	0.00%	-	-4.10%	(120.76)
Varun Beverages (Zambia) Limited (Consolidated)	0.84%	300.48	-13.59%	(485.62)	0.00%	-	-16.47%	(485.62)
Varun Beverages (Zimbabwe) (Private) Limited	5.28%	1,895.12	48.57%	1,735.39	0.00%	-	58.86%	1,735.39
Lunarmech Technologies Private Limited^	1.70%	610.86	4.42%	157.95	-0.02%	0.14	5.36%	158.08
Minority interest in all subsidiaries	-1.81%	(647.88)	-7.91%	(282.76)	-0.01%	0.06	-9.59%	(282.70)
Associate (as per equity method)								
Angelica Technologies Private Limited (Consolidated)^	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Inter group eliminations	-36.27%	(13,017.30)	0.99%	35.50	86.26%	(538.72)	-17.07%	(503.22)
Total	**100.00%**	**35,887.89**	**100.00%**	**3,572.71**	**100.00%**	**(624.51)**	**100.00%**	**2,948.20**
For the year ended 31 December 2019								
Holding Company								
Varun Beverages Limited	115.12%	38,671.17	94.99%	4,485.47	47.50%	282.89	89.67%	4,768.36
Subsidiaries								
Varun Beverages (Nepal) Private Limited	6.40%	2,148.84	11.82%	557.96	0.00%	-	10.49%	557.96
Varun Beverages Lanka (Private) Limited (Consolidated)	-0.63%	(210.17)	-0.90%	(42.27)	-1.06%	(6.30)	-0.91%	(48.57)
Varun Beverages Morocco SA	3.32%	1,115.08	-3.99%	(188.38)	0.00%	-	-3.54%	(188.38)
Varun Beverages (Zambia) Limited	0.19%	65.47	-3.28%	(154.89)	0.00%	-	-2.91%	(154.89)
Varun Beverages (Zimbabwe) (Private) Limited	2.51%	843.95	5.83%	275.50	0.00%	-	5.18%	275.50
Angelica Technologies Private Limited (Consolidated)^	1.35%	452.77	0.31%	14.70	-0.07%	(0.39)	0.27%	14.31
Minority interest in all subsidiaries	-0.91%	(306.79)	-0.68%	(32.30)	0.00%	0.02	-0.61%	(32.28)
Associate (as per equity method)								
Angelica Technologies Private Limited (Consolidated)^	0.00%	-	0.92%	43.61	0.00%	-	0.82%	43.61
Inter group eliminations	-27.35%	(9,189.31)	-5.02%	(237.35)	53.63%	319.28	1.54%	81.93
Total	**100.00%**	**33,591.01**	**100.00%**	**4,722.05**	**100.00%**	**595.50**	**100.00%**	**5,317.55**

^ Refer note 6

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

61. Summarised financial information for Angelica Technologies Private Limited, an associate until 03 November 2019:

A. Principal place of business: India

B. Summarised consolidated statement of profit and loss

(₹ in million)

Particulars	01 January 2019 to 03 November 2019
Revenue	636.84
Other income	52.04
Total revenue (A)	**688.88**
Cost of materials consumed	367.80
Changes in inventories of finished goods, stock-in -trade and work-in- progress	(14.02)
Employee benefits expense	36.53
Depreciation and amortisation	38.57
Finance costs	2.63
Other expenses	93.46
Total expenses (B)	**524.97**
Profit before tax (C=A-B)	**163.91**
Tax expense (D)	45.35
Profit after tax (E=C-D)	**118.56**
Other comprehensive income (F)	-
Total comprehensive income (G=E+F)	**118.56**
Net profit attributable to:	
(a) Owners	87.77
(b) Non-controlling interest	30.79
Other comprehensive income attributable to:	
(a) Owners	-
(b) Non-controlling interest	-
Total comprehensive income attributable to:	
(a) Owners	87.77
(b) Non-controlling interest	30.79
Group's share in %	47.30%
Group's share of profit after tax (H)	**41.52**
Add: Share of profit after tax on acquisition of additional 20% direct interest in Lunarmech (I)	**2.09**
Profit recognised in the Consolidated Statement of Profit and Loss (J=H+I)	**43.61**

62. During the year ended 31 December 2019, pursuant to Qualified institutions placement (QIP), the Holding Company has raised ₹ 8,999.99 million through fresh issue of 14,705,882 equity shares of ₹ 10 each at a premium of ₹ 602 per share. The Audit committee and the Board of Directors noted the utilisation of funds raised through such fresh issue of equity shares to be in line with the object of the issue, the details of which are as follows:

(₹ in million)

Particulars	Amount
Gross proceeds received from QIP	8,999.99
Less: Share issue expenses	164.36
Net proceeds received from QIP	8,835.63
Amount utilised for:	
Repayment of debts	(8,835.63)
Unutilised amount	**-**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

63. The exceptional items for the year ended 31 December 2020 amounting to ₹ 665.29 million, represents write off of certain plant and equipment, glass bottles and plastic shells which are not in use at the Holding Company. In quarter ended 31 March 2020, the Holding Company has provided for the impairment of these assets, which are subsequently written off.

64. No adjusting or significant non-adjusting events have occurred between 31 December 2020 and the date of authorisation of these consolidated financial statements.

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership No.: 520078

For and on behalf of the Board of Directors of
Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

Ravi Batra
Chief Risk Officer and Group Company Secretary
Membership No. F-5746

Place : Gurugram
Dated : 16 February 2021

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of subsidiaries/associate companies:

Part"A": Subsidiaries

(₹ in million, except as stated otherwise)

Sl. No.		1	2	3	4	5	6
	Particulars	**Varun Beverages (Nepal) Private Limited**	**Varun Beverages Lanka (Private) Limited***	**Varun Beverages Morocco SA**	**Varun Beverages (Zambia) Limited***	**Varun Beverages (Zimbabwe) (Private) Limited**	**Lunarmech Technologies Private Limited**
	Date of acquisition	**01 January 2012**	**01 January 2012**	**01 January 2012**	**01 January 2016**	**01 January 2016**	**04 November 2019**
	Financial year ending on	**31 December 2020**	**31 December 2020**	**31 December 2020**	**31 December 2020**	**31 December 2020**	**31 December 2020**
	Currency	**NPR**	**LKR**	**MAD**	**ZMW**	**RTGS**	**INR**
	Exchange rate on the last day of financial year	**0.62441**	**0.39062**	**8.10243**	**3.44583**	**0.89322**	**1.00000**
	Average exchange rate during the financial year	**0.62441**	**0.39510**	**7.72113**	**4.09003**	**0.89322**	**1.00000**
1.	Share capital	675.46	2,896.82	6,215.07	843.71	0.07	9.95
2.	Reserve and surplus	1,567.39	(839.69)	(3,886.07)	(543.23)	1,895.05	600.91
3.	Total assets	4,023.37	2,507.36	4,595.09	1,769.88	4,761.93	994.48
4.	Total liabilities	1,780.53	450.23	2,266.09	1,469.40	2,866.81	383.62
5.	Turnover	3,913.04	1,679.80	3,280.93	1,533.15	7,235.33	970.63
6.	Profit before taxation	510.85	(7.84)	(152.45)	(413.91)	1,721.28	214.26
7.	Provision for taxation	214.54	19.48	17.91	-	-	56.32
8.	Profit after taxation	296.31	(27.32)	(170.36)	(413.91)	1,721.28	157.95
9.	Proposed dividend	202.31	-	-	-	-	-
10.	% of shareholding	100%	100%	100%	90%	85%	55%

* Consolidated figures.

Part "B": Associates - Nil

For and on behalf of the Board of Directors of
Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

Place: Gurugram
Dated: 16 February 2021

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F- 5746

Independent Auditor's Report

To the Members of Varun Beverages Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Varun Beverages Limited ('the Company'), which comprise the Balance Sheet as at 31 December 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 December 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of non-current investments in and loans recoverable from certain subsidiaries As described in Note 6 and 8 to the standalone financial statements, the Company has investments of INR 12,559.74 million and has outstanding loans recoverable amounting to INR 1,225.24 million from certain subsidiaries as at 31 December 2020, which have been incurring losses in the current and previous years and have had negative cash flows from operations during the current year in one of the subsidiary, that are impairment indicators and triggered a need for impairment assessment.	Our audit procedures included, but were not limited, to the following: • Obtained understanding of the management process for identification of possible impairment indicators for the relevant subsidiaries and conducted detailed discussions with the management through the year to understand the impairment assessment process, assumptions used and estimates made by management to assess the reasonableness of the recoverable amounts and tested the operating effectiveness of controls implemented by management;

Key audit matter	How our audit addressed the key audit matter
In view of the above, management, during the year ended 31 December 2020, has carried out impairment assessment of such investments and loans granted, whereby the carrying amount of the investments was compared with the value in use of the business of respective subsidiary. Determination of value in use for impairment assessment using the discounted cash flow model involved significant judgments and estimates including the expected growth rate, discount rates and other market related factors. Considering the materiality of the amounts involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the cash flows used in the impairment evaluation, impairment assessment of such investments / loans was determined to be a key audit matter.	• Obtained from the management of the Company, the detailed financial projections of the relevant subsidiaries as approved by their respective board of directors and held detailed discussions with the management to understand the assumptions used and estimates made by them for determining the cash flow projections; • Reviewed the valuation report obtained by management from an independent valuer and assessed the professional competence, skills and objectivity for performing the required valuations; • Assessed the appropriateness of the significant assumptions as well as the Company's valuation model with the support of auditor's valuation specialists, who assess the reasonableness of assumptions used and valuation methodology applied relating to discount rate, risk premium, industry growth rate, etc. This included a discussion of the expected development of the business and results as well as of the underlying assumptions used with those responsible for the planning process; • Assessed the robustness of financial projections prepared by management by comparing projections for previous financial years with actual results realised and discussed significant deviations, if any, with the management; • Evaluated the historical accuracy of the plans and forecasts for subsidiary where valuation was performed by management internally, by comparing the forecasts used in the prior year models to the actual performance of the business in the current year and discussed the results with the management; • Read the auditors' reports of the relevant subsidiaries, noting no adverse remarks pertaining to impairment of any assets; • Tested mathematical accuracy of the projections and performed sensitivity analysis for reasonably possible changes in the long-term growth rates and discount rates used to ensure that there is no significant impact on the valuation; and • Evaluated the adequacy and appropriateness of disclosures made by the Company in the standalone financial statements, as required by the applicable provisions of the Act and the Ind AS.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of intangible assets including goodwill (Refer note 3.5 for accounting policies on intangibles assets and note 5 to the standalone financial statements) The Company carries goodwill and franchisee rights as intangible assets having indefinite life amounting to INR 19.40 million and INR 5,385.99 million respectively, that are required to be tested for impairment by the management on an annual basis in accordance with Ind AS 36, Impairment of Assets. The aforesaid assessment of the impairment testing involves significant judgement around the determination of the recoverable amount, being the higher of value in use and fair value less costs of disposal. Recoverable amounts are based on management's view of the future cash flows and prospects of the business, the appropriate discount rates and other industry specific risk factors. The key judgements in determining the recoverable amount of these intangibles relates to the forecast of future cash flows based on strategy using macroeconomic assumptions such as industry growth, inflation and expected growth in market share, capital expenditure and working capital requirements, among others. Changes in the management forecasts or assumptions can impact the assessment of the discounted cash flows and consequently the valuation of such intangible assets. Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the forecasted cash flows used in the impairment evaluation, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, impairment assessment of such intangibles assets was determined as a key audit matter.	Our audit procedures included, but were not limited, to the following: • Obtained an understanding of the management's process for identification of cash generating unit and impairment indicators for intangible assets, if any and processes performed by the management for their impairment testing; • Assessed the process by which management prepared its cash flow forecasts and held discussions with management to understand the assumptions used and estimates made by them for determining such projections; • Tested the design and operating effectiveness of internal controls over such identification and impairment measurement through fair valuation of identified assets; • Assessed the appropriateness of the Company's accounting policies, including those relating to recognition, measurement and impairment of intangibles by comparing with the applicable Ind AS; • Reviewed the valuation report obtained by management from an independent valuer and assessed the professional competence, skills and objectivity for performing the required valuations; • Assessed the appropriateness of the significant assumptions as well as the Company's valuation model with the support of auditor's valuation specialists, who assess the reasonableness of assumptions used and valuation methodology applied relating to discount rate, risk premium, industry growth rate etc. This included a discussion of the expected development of the business and results as well as of the underlying assumptions used with those responsible for the planning process. • Assessed the robustness of financial projections prepared by management by comparing projections for previous financial years with actual results realised and discussed significant deviations, if any, with the management; • Tested mathematical accuracy of the projections and performed a sensitivity analysis for reasonably possible changes in the sales growth, discount rate applied and the long-term growth rate; and • Evaluated the adequacy and appropriateness of disclosures made by the Company in the standalone financial statements, as required by the applicable provisions of the Act and the Ind AS.

Key audit matter	How our audit addressed the key audit matter
Litigation and claims – provisions and contingent liabilities (Refer note 41 to the standalone financial statements for the amounts of contingent liabilities) The Company is involved in various direct, indirect tax and other litigations ('litigations') that are pending with different statutory authorities. The management exercises significant judgement for determining the need for and the amount of provisions, for any liabilities, arising from these litigations. This judgement is dependent on a number of significant assumptions and evaluations which involves interpreting the various applicable rules, regulations, practices and considering precedents in the various jurisdictions including the opinions received from various legal counsels. This matter is considered as a key audit matter, in view of the uncertainty regarding the outcome of these litigations, the significance of the amounts involved and the subjectivity involved in management's judgement as to whether the amount should be recognised as a provision or only disclosed as contingent liability in the standalone financial statements.	Our audit procedures included, but were not limited to, the following: • Assessed the appropriateness of the Company's accounting policies relating to provisions and contingent liabilities by comparing with the applicable accounting standards; • Assessed the Company's process and the underlying controls for identification of the pending litigations and completeness for financial reporting and also for monitoring of significant developments in relation to such pending litigations; • Assessed the management's assumptions and estimates in respect of litigations, including the liabilities or provisions recognised or contingent liabilities disclosed in the standalone financial statements. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts based on the various legal counsels opinions received by the Company; • Recomputed the arithmetical accuracy of the underlying calculations supporting the provisions recorded from the supporting evidences including the correspondence with various authorities; • Assessed the management's conclusions through understanding relevant judicial precedents in similar cases and the applicable rules and regulations; • Obtained legal opinions and confirmation on completeness from the Company's external legal counsels, where appropriate; • Engaged auditor's experts to gain an understanding of the current status of litigations and changes in the disputes, if any, through discussions with the management and by reading external advice received by the Company, where relevant, to validate management's conclusions; and • Assessed the appropriateness of the Company's description of the accounting policy, disclosures related to litigations and whether these are adequately presented in the standalone financial statements.

Information other than the Standalone Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Report on Corporate Governance and Director's Report, but does not include the standalone financial statements and our auditor's report thereon.

   Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

17. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) the standalone financial statements dealt with by this report are in agreement with the books of account;

d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2020 from being appointed as a director in terms of section 164(2) of the Act;

f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 December 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 16 February 2021 as per Annexure II expressed unmodified opinion; and

g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company, as detailed in note 41 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 December 2020;

   ii. the Company, as detailed in note 25 to the standalone financial statements, has made provision as at 31 December 2020, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

   iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 December 2020; and

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.:
001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531
UDIN:
21501531AAAAAN8569

Place: Gurugram
Date: 16 February 2021
L-41 Connaught Place,
New Delhi - 110001

For **APAS & Co.**
Chartered Accountants
Firm's Registration No:
000340C

Sumit Kathuria
Partner
Membership No.: 520078
UDIN:
21520078AAAABH4232

Place: Gurugram
Date: 16 February 2021
606, 6th Floor,
PP City Centre, Road No. 44,
Pitampura, New Delhi - 110034

Annexure I to the Independent Auditor's Report of even date to the members of Varun Beverages Limited ("the Company"), on the Standalone Financial Statements for the year ended 31 December 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets, other than refrigerators (visi coolers) and containers lying with third parties, have been physically verified by the management during the year and no material discrepancies were noticed on such verification. The Company has a regular program of physical verification of refrigerators (visi coolers) under which such fixed assets are verified in a phased manner over a period of three years and no material discrepancies were noticed on such verification. According to the information and explanations given to us, the existence of containers lying with active third parties is considered on the basis of the confirmations obtained from such third parties. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company except for the following properties:

Nature of property	Total Number of Cases	Whether leasehold / freehold	Gross block as on 31 December 2020	Net block on 31 December 2020	Remarks (as per the information and explanation given to us by the management)
Land (at Sonarpur, Kolkata)	1	Leasehold	₹ 1.5 million	₹ 1.47 million	On implementation of project

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. No material discrepancies were noticed on the aforesaid verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments, loans and guarantees. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, goods and service tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues:

Name of the statute	Nature of dues	Amount (million)	Amount paid under protest (million)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1994	Central excise	11.89	0.89	April 2012 to December 2015	CESTAT, New Delhi
Central Excise Act, 1994	Central excise	1.77	0.06	April 2012 to June 2017	Additional Commissioner, Bhiwadi
Central Excise Act, 1994	Central excise	4.51	0.51	March 2012 to December 2016	Commissioner Appeal Bhiwadi
Central Excise Act, 1994	Central excise	11.39	-	March 2011 to March 2013	High Court, Jaipur
Central Excise Act, 1994	Central excise	1.27	0.13	2014-15	CESTAT Allahabad
Central Excise Act, 1994	Central Excise	0.20	0.03	September 14 - June 2015	Commissioner (Appeal), Meerut
Central Excise Act, 1994	Central excise	0.26	-	April 2015 to February 2016	Commissioner (Appeal), Kolkata
Central Excise Act, 1994	Central excise	3.51	-	July 2014 to August 2014	Commissioner (Appeal), Kolkata
Central Excise Act, 1994	Central excise	0.16	-	March 2015 to October 2016	Deputy Commissioner, Panipat
Central Excise Act, 1994	Central excise	0.58	-	March 2015 to January 2016	Office of the Commissioner of Central Excise, Sonipat
Central Excise Act, 1994	Central excise	13.69	0.68	April 2014 to February 2015	Office of the Commissioner of Central Tax, Panchkula
Central Excise Act, 1994	Central excise	0.12	-	February 2016 to March 2017	Office of the Commissioner of Central Excise, Sonipat
Central Excise Act, 1944	Central excise	0.26	-	April 17 to June 2018	Office of the Commissioner of Central Excise, Sonipat
Central Excise Act, 1944	Central excise	20.39	0.84	April 16 to June 2017	Commissioner Appeals, Jaipur
The Customs Act, 1962	Custom Duty	90.75	3.41	January 2017 to December 2018	Principal Commissioner/ Commissioner of Custom Maharashtra
The Uttar Pradesh Goods and Services Act, 2017	GST	1.20	1.20	June 2018- October 2020	Additional Commissioner Ghaziabad
The Odisha Goods and Services Act, 2017	GST	0.18	0.18	March 2020	Assistant Commissioner, Odisha
The Tamil Nadu Goods and Services Act, 2017	GST	0.33	0.33	March 2020	Assistant Commissioner, Tamil Nadu
The Gujarat Goods and Services Act, 2017	GST	0.36	0.36	March 2020 and July 2020	Assistant Commissioner, Gujarat

Name of the statute	Nature of dues	Amount (million)	Amount paid under protest (million)	Period to which the amount relates	Forum where dispute is pending
The Rajasthan Goods and Services Act, 2017	GST	0.10	0.10	December 2020	Assistant Commissioner, Jaipur
The Rajasthan Goods and Services Act, 2017	GST	0.30	0.30	March 2020	Appellate Authority-I Commercial Taxes Jaipur
The Delhi Goods and Services Act, 2017	GST	0.40	0.40	March 2020	Assistant Commissioner, GST Noida
The Haryana Goods and Services Act, 2017	GST	0.05	0.05	March 2019	Assistant Commissioner, Panchkula
The Haryana Goods and Services Act, 2017	GST	0.20	0.20	July 2019	Assistant Commissioner, Faridabad
The Haryana Goods and Services Act, 2017	GST	0.64	0.64	September 2019 – June 2020	Assistant Commissioner, Panipat
The Kerela Goods and Services Act, 2017	GST	0.33	0.33	November 2019 – December 2020	Assistant Commissioner, Palakkad
The Telangana Goods and Services Act, 2017	GST	0.04	0.04	December 2019	Assistant Commissioner, Sangareddy
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	1.52	0.11	2001-2002	Additional Commissioner (Appeals), Ghaziabad
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	0.31	0.31	2017-18	Additional Commissioner, Ghaziabad
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	4.48	4.48	2011-2012	Joint Commissioner, Ghaziabad and Add. Commissioner Ghaziabad
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	0.10	0.10	2010-2011	Joint Commissioner, Kanpur
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	0.38	0.38	2009-10, May 2015 and June 2016	Deputy Commissioner, (Appeal) Jaipur
Punjab Value Added Tax Act, 2005	Value added tax	0.18	-	April 2015 to March 2016	Assessing officer, Mohali
Punjab Value Added Tax Act, 2005	Value added tax	0.33	0.08	April 2015 to March 2016	Value added tax tribunal, Punjab and Chandigarh
Punjab Value Added Tax Act, 2005	Value added tax	0.19	0.14	April 2016 to March 2017	The Deputy Excise and Taxation Commissioner (Appeals) / Joint Director (Investigation), Bathinda

Name of the statute	Nature of dues	Amount (million)	Amount paid under protest (million)	Period to which the amount relates	Forum where dispute is pending
Punjab Value Added Tax Act, 2005	Value added tax	0.13	0.03	April 2016 to March 2017	The Deputy Excise and Taxation Commissioner (Appeals) / Joint Director (Enforcement), Jallandhar
Rajasthan Value Added Tax Act, 2003	Value added tax	582.46	16.75	2010-2015	Rajasthan High Court
West Bengal Value Added Tax Act, 2003	Value added tax	1.21	0.51	July 2012 and Sept 2013, Jan 15 and September 15	West Bengal, Tribunal
West Bengal Value Added Tax Act, 2003	Value added tax	0.96	0.47	April 2016-September 2016	West Bengal, Tribunal
The Goa Value Added Tax Act, 2005	Value added tax	2.43	-	2013 - 2014	Assistant Commissioner, Margoa
The Uttarakhand Added Tax Act, 2005	Value added tax	0.14	0.14	April 2012	Uttarakhand Sales Tax Department
Punjab Tax on Entry of Goods into Local Areas Act, 2000	Entry tax	28.77	-	2016-2017	Honorable High Court, Chandigarh
Rajasthan Tax of Entry of Goods into Local Areas Act, 1999	Entry tax	3.37	-	2014-2016	Honorable High Court, Jaipur
Goa Non-Biodegradable Garbage (Control) Act, 1996 (Act 5 of 1997)	Cess	61.78	-	April 2014 to December 2020	Honorable High Court of Bombay, Panaji
Income-tax Act, 1961	Income tax	39.00	-	2012-2013	Income Tax Appellate Tribunal, New Delhi
Income-tax Act, 1961	Income tax	43.32	-	AY 2008-09	Hon'ble Supreme Court
Income-tax Act, 1961	Income tax	0.69	-	AY 2009-10	Commissioner Income Tax (Appeals), New Delhi
Income-tax Act, 1961	Income tax	2.79	-	AY 2014-15, 2015-16	Commissioner Income Tax (Appeals), New Delhi
Income-tax Act, 1961	Income Tax	24.20	-	AY 2016-17	Commissioner Income Tax (Appeals), New Delhi

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531
UDIN: 21501531AAAAAN8569
Place: Gurugram
Date: 16 February 2021
L-41 Connaught Place,
New Delhi 110 001

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership No.: 520078
UDIN: 21520078AAAABH4232
Place: Gurugram
Date: 16 February 2021
606, 6th Floor, PP City Centre,
Road No. 44,
Pitampura, New Delhi 110 034

Annexure II to the Independent Auditor's Report of even date to the members of Varun Beverages Limited on the Standalone Financial Statements for the year ended 31 December 2020

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Varun Beverages Limited ('the Company') as at and for the year ended 31 December 2020, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit

preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 December 2020, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.:
001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531
UDIN:
21501531AAAAAN8569

Place: Gurugram
Date: 16 February 2021
L-41 Connaught Place,
New Delhi - 110001

For **APAS & Co.**
Chartered Accountants
Firm's Registration No:
000340C

Sumit Kathuria
Partner
Membership No.: 520078
UDIN:
21520078AAAABH4232

Place: Gurugram
Date: 16 February 2021
606, 6th Floor,
PP City Centre, Road No. 44,
Pitampura, New Delhi - 110034

Standalone Balance Sheet

As at 31 December 2020

(₹ in million)

	Notes	As at 31 December 2020	As at 31 December 2019
Assets			
Non-current assets			
(a) Property, plant and equipment	4A	47,061.67	48,399.67
(b) Capital work-in-progress	4B	390.05	585.75
(c) Goodwill	5A	19.40	19.40
(d) Other intangible assets	5B	5,553.03	5,598.47
(e) Investment in subsidiaries and associates	6	13,521.64	9,077.83
(f) Financial assets			
(i) Investments	7	0.01	0.01
(ii) Loans	8	2,700.50	6,042.77
(iii) Others	9	1.21	8.90
(g) Other non-current assets	10	1,053.48	916.91
Total non-current assets		**70,300.99**	**70,649.71**
Current assets			
(a) Inventories	11	6,790.61	6,729.83
(b) Financial assets			
(i) Trade receivables	12	1,705.29	1,305.31
(ii) Cash and cash equivalents	13	364.04	323.51
(iii) Bank balances other than (ii) above	14	0.72	0.65
(iv) Loans	15	99.94	351.71
(v) Others	16	2,130.20	2,820.09
(c) Current tax assets (Net)	27	88.80	-
(d) Other current assets	17	1,485.15	1,554.83
Total current assets		**12,664.75**	**13,085.93**
Total assets		**82,965.74**	**83,735.64**
Equity and liabilities			
Equity			
(a) Equity share capital	18	2,886.89	2,886.89
(b) Other equity	19	37,230.78	35,784.28
Total equity		**40,117.67**	**38,671.17**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20A	19,543.51	22,917.07
(ii) Other financial liabilities	20C	79.50	-
(b) Provisions	21	1,931.60	1,606.73
(c) Deferred tax liabilities (Net)	22	2,209.92	2,761.29
(d) Other non-current liabilities	23	7.34	8.23
Total non-current liabilities		**23,771.87**	**27,293.32**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20B	6,355.40	4,110.44
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	24	90.61	17.79
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	24	2,630.07	3,160.99
(iii) Other financial liabilities	25	7,415.98	8,485.19
(b) Other current liabilities	26	2,261.30	1,593.72
(c) Provisions	21	322.84	288.79
(d) Current tax liabilities (Net)	27	-	114.23
Total current liabilities		**19,076.20**	**17,771.15**
Total liabilities		**42,848.07**	**45,064.47**
Total equity and liabilities		**82,965.74**	**83,735.64**

Significant accounting policies 3

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership No.: 520078

For and on behalf of the Board of Directors of Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

Ravi Batra
Chief Risk Officer and Group Company Secretary
Membership No. F-5746

Place : Gurugram
Dated : 16 February 2021

Standalone Statement of Profit and Loss

For the year ended 31 December 2020

(₹ in million)

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Income			
Revenue from operations	28	48,764.51	56,156.64
Other income	29	719.92	980.07
Total income		**49,484.43**	**57,136.71**
Expenses			
Cost of materials consumed	30	21,313.31	23,480.22
Purchases of stock-in-trade	31	874.83	3,963.29
Changes in inventories of finished goods, stock-in-trade and work-in-progress	32	(31.37)	(1,324.13)
Employee benefits expense	33	6,950.64	6,308.13
Finance costs	34	2,490.15	2,802.48
Depreciation and amortisation expense	35	4,128.17	3,872.02
Other expenses	36	11,066.61	11,691.79
Total expenses		**46,792.34**	**50,793.80**
Profit before exceptional items and tax		**2,692.09**	**6,342.91**
Exceptional items	59	665.29	-
Profit before tax		**2,026.80**	**6,342.91**
Tax expense			
(a) Current tax	27	269.80	948.70
(b) Adjustment of tax relating to earlier periods	27	14.50	9.86
(c) Deferred tax (credit)/expense	22	(521.79)	898.88
Total tax (credit)/expense		**(237.49)**	**1,857.44**
Net profit for the year		**2,264.29**	**4,485.47**
Other comprehensive income	37		
(a) Items that will not to be reclassified to Profit or Loss:			
(i) Re-measurement losses on defined benefit plans		(117.51)	(94.59)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		29.58	33.05
(iii) Gain from a bargain purchase	49A	-	344.43
Total other comprehensive income		**(87.93)**	**282.89**
Total comprehensive income for the year		**2,176.36**	**4,768.36**
Earnings per equity share of face value of ₹ 10 each			
Basic (₹)	39	7.84	16.10
Diluted (₹)	39	7.84	16.10

Significant accounting policies 3

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership No.: 520078

For and on behalf of the Board of Directors of Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
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Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

Ravi Batra
Chief Risk Officer and Group Company Secretary
Membership No. F-5746

Place : Gurugram
Dated : 16 February 2021

Standalone Cash Flow Statement

For the year ended 31 December 2020

(Indirect Method) (₹ in million)

Particulars		Year ended 31 December 2020	Year ended 31 December 2019
A.	**Operating activities**		
	Profit before tax	2,026.80	6,342.91
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation on property, plant and equipment	4,080.77	3,820.72
	Amortisation of intangible assets	47.40	51.30
	Interest expense at amortised cost	2,421.90	2,737.93
	Interest income at amortised cost	(251.77)	(276.93)
	Dividend income from non-current investment in subsidiary	(202.31)	(248.80)
	Dividend income from current investments	-	(0.20)
	Gain on disposal of property, plant and equipment (Net)	(5.35)	(45.06)
	Exceptional items	665.29	-
	Bad debts and advances written off	6.59	1.97
	Excess provisions written back	-	(150.18)
	Profit on sale of current investments	-	(1.38)
	Guarantee commission income	(36.13)	(41.80)
	Unrealised foreign exchange fluctuation	(68.04)	(48.60)
	Allowance for expected credit loss	7.56	-
	Operating profit before working capital changes	**8,692.71**	**12,141.88**
	Working capital adjustments:		
	Increase in inventories	(60.78)	(1,469.90)
	(Increase)/Decrease in trade receivables	(414.13)	77.61
	Decrease/(Increase) in current and non-current financial assets and other current and non-current assets	625.05	(930.45)
	(Decrease)/Increase in current financial liabilities and other current and non-current liabilities and provisions	(1,169.90)	1,951.31
	Total cash from operations	**7,672.95**	**11,770.45**
	Income tax paid	(476.21)	(1,101.39)
	Net cash flows from operating activities (A)	**7,196.74**	**10,669.06**
B.	**Investing activities**		
	Purchase of property, plant and equipment and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors)	(3,466.76)	(6,516.70)
	Proceeds from disposal of property, plant and equipment and intangible assets	223.15	216.43
	Loan given to subsidiaries	(435.39)	(211.23)
	Redemption of preference shares (classified as loan given to subsidiary)	-	89.15
	Change in advance received for capital assets	1,074.43	-
	Acquisition under business combination (Refer note 49)	-	(16,251.55)
	Purchase of investments in subsidiaries	-	(150.38)
	Government grant related to assets received	-	251.05
	Proceeds from sale of current investments	-	731.38
	Purchase of current investments	-	(730.00)
	Decrease in other bank balances	7.58	-
	Guarantee commission received	70.54	19.83
	Interest received	54.52	35.14
	Dividend income from current investments	-	0.20
	Dividend income from non-current investment in subsidiary	192.19	223.27
	Net cash used in investing activities (B)	**(2,279.74)**	**(22,293.41)**

(Indirect Method)

(₹ in million)

Particulars	**Year ended 31 December 2020**	**Year ended 31 December 2019**
C. Financing activities		
Proceeds from long-term borrowings	7,800.45	18,373.71
Repayment of long-term borrowings	(11,719.09)	(12,264.34)
Repayment of deferred payment liabilities	-	(433.87)
Proceeds from short-term borrowings (Net)	2,244.96	921.69
Proceeds from issue of share capital (including share premium thereon)	-	9,001.80
Repayment of lease liabilities	(74.80)	-
Interest paid (inclusive of interest paid on lease liabilities ₹ 13.57 (31 December 2019: Nil))	(2,406.27)	(2,727.83)
Share issue expenses paid	-	(164.36)
Dividends paid	(721.72)	(684.96)
Dividend distribution tax paid	-	(91.73)
Net cash (used in)/flows from financing activities (C)	**(4,876.47)**	**11,930.11**
Net change in cash and cash equivalents (D=A+B+C)	**40.53**	**305.76**
Cash and cash equivalents at the beginning of year (E)	323.51	17.75
Cash and cash equivalents at the end of year (D+E) (Refer note 13)	**364.04**	**323.51**

Notes:

(a) Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes pursuant to Ind AS 7:

(₹ in million)

	Non-current borrowings*	**Current borrowings**
Balance as at 01 January 2020	27,897.93	4,110.44
Cash flows (Net)	(3,918.64)	2,244.96
Non-cash changes:		
Impact of fair value changes	60.54	-
Impact of exchange fluctuation	75.90	-
Balance as at 31 December 2020	**24,115.73**	**6,355.40**
Balance as at 01 January 2019	22,165.64	3,188.75
Cash flows (Net)	5,675.50	921.69
Non-cash changes:		
Impact of fair value changes	(10.70)	-
Impact of exchange fluctuation	67.49	-
Balance as at 31 December 2019	**27,897.93**	**4,110.44**

*includes current maturity of long-term debts and current portion of deferred payment liabilities amounting to ₹ 4,572.22 million (31 December 2019: ₹ 4,980.86 million).

(b) Excludes non-cash transaction of conversion of loans into equity investments (Refer note 6).

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership No.: 520078

For and on behalf of the Board of Directors of Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
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Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

Ravi Batra
Chief Risk Officer and Group Company Secretary
Membership No. F-5746

Place : Gurugram
Dated : 16 February 2021

Standalone Statement of Changes in Equity

For the year ended 31 December 2020

A. Equity share capital

(₹ in million)

Particulars	Notes	Number of shares	Amount
Balance as at 01 January 2019		182,641,940	1,826.42
Changes in equity share capital during the year 2019		106,046,780	1,060.47
Balance as at 31 December 2019	18	**288,688,720**	**2,886.89**
Changes in equity share capital during the year 2020		-	-
Balance as at 31 December 2020	18	**288,688,720**	**2,886.89**

B. Other Equity

(₹ in million)

Particulars	Notes	Reserve and surplus						Total
		Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation difference account (FCMITDA)	
Balance as at 01 January 2019		**189.50**	**18,400.81**	**0.39**	**444.26**	**4,972.54**	**55.47**	**24,062.97**
Profit for the year		-	-	-	-	4,485.47	-	4,485.47
Other comprehensive income ("OCI") for the year								
Re-measurement losses on defined benefit plans (Net of deferred taxes)#		-	-	-	-	(61.54)	-	(61.54)
Gain from a bargain purchase (refer note 49A)		344.43	-	-	-	-	-	344.43
Dividend paid*		-	-	-	-	(684.96)	-	(684.96)
Dividend distribution tax		-	-	-	-	(91.73)	-	(91.73)
Addition made in FCMITDA for the year		-	-	-	-	-	(2.22)	(2.22)
FCMITDA charged to the Statement of Profit and Loss		-	-	-	-	-	(45.11)	(45.11)
Additions made pursuant to exercise of employee stock options		-	1.85		-	-	-	1.85
Transfer to Securities premium on exercise of employee stock options		-	0.22	(0.22)	-	-	-	-
Adjustment on account of employee stock options lapsed		-	-	(0.17)	-	-	-	(0.17)
Amount utilised for bonus issue		-	(913.28)	-	-	-	-	(913.28)
Additions made on issue of equity shares pursuant to Qualified institutions placement (Refer note 18(h))		-	8,852.93	-	-	-	-	8,852.93
Amount utilised for share issue expenses (Refer note 58)		-	(164.36)	-	-	-	-	(164.36)

(₹ in million)

Particulars	Notes	Reserve and surplus						Total
		Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation difference account (FCMITDA)	
Balance as at 31 December 2019	**19**	**533.93**	**26,178.17**	**-**	**444.26**	**8,619.78**	**8.14**	**35,784.28**
Profit for the year		-	-	-	-	2,264.29	-	2,264.29
Other comprehensive income for the year								
Re-measurement losses on defined benefit plans (Net of deferred taxes)#		-	-	-	-	(87.93)	-	(87.93)
Dividend paid*		-	-	-	-	(721.72)	-	(721.72)
Addition made in FCMITDA for the year		-	-	-	-	-	20.99	20.99
FCMITDA charged to the Statement of Profit and Loss		-	-	-	-	-	(29.13)	(29.13)
Balance as at 31 December 2020	**19**	**533.93**	**26,178.17**	**-**	**444.26**	**10,074.42**	**-**	**37,230.78**

The disaggregation of changes in OCI by each type of reserves in equity is disclosed in Note 37.
* Transaction with owners in their capacity as owners.

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership No.: 520078

Place : Gurugram
Dated : 16 February 2021

For and on behalf of the Board of Directors of
Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Vikas Bhatia
Chief Financial Officer

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Kapil Agarwal
Chief Executive Officer
and Whole Time Director
DIN 02079161

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F-5746

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

1. Corporate information

Varun Beverages Limited (the "Company") is a public limited Company domiciled in India. Its registered office is at F-2/7, Okhla Industrial Area, Phase-I, New Delhi- 110 020. The Company's equity shares are listed on Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India ("NSE"). The Company was incorporated on 16 June 1995 under the provision of the Companies Act, 1956. The Company is primarily engaged in manufacturing, selling, bottling and distribution of beverages of PepsiCo's brand in geographically pre-defined territories as per franchisee agreement with PepsiCo India Holdings Private Limited.

2. Basis for preparation

These standalone financial statements ("financial statements") of the Company have been prepared in accordance with Indian Accounting Standard ("Ind AS") and comply with requirements of Ind AS notified under section 133 of the Companies Act, 2013 ("the Act"), read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, stipulation contained in Schedule III (Revised) and other pronouncements/ provisions of applicable laws. These financial statements are authorised for issue on 16 February 2021 in accordance with a resolution of the Board of Directors. The Board of Directors can permit the revision to the standalone financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

These standalone financial statements have been prepared using the significant accounting policies and measurement basis summarised below. These accounting policies have been used consistently throughout all periods presented in these standalone financial statements except as mentioned in note 3.2 below.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

i. Derivative financial instruments;

ii. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

iii. Defined benefit plans- plan assets measured at fair value; and

iv. Share based payments.

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current if it satisfies any of the following conditions:

i. Expected to be realised or intended to sold or consumed in normal operating cycle;

ii. Held primarily for the purpose of trading;

iii. Expected to be realised within twelve months after the reporting period; or

iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current if it satisfies any of the following conditions:

i. It is expected to be settled in normal operating cycle;

ii. It is held primarily for the purpose of trading;

iii. It is due to be settled within twelve months after the reporting period; or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and its realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

The Company follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

The financial statements of the Company are presented in Indian Rupees (₹), which is also its functional currency and all amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III to the Act, unless otherwise stated.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

3. Significant accounting policies

3.1 Fair value measurements

The Company measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the balance sheet at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.2 Revenue recognition

Revenue is recognised upon transfer of control of promised goods or services to customers at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price allocated to that performance obligation as per contractually agreed terms with the customers. The transaction price of goods sold and services rendered is net of various discounts and schemes offered by the Company as part of the contract. Revenue is recorded provided the recovery of consideration is probable and determinable. Revenue from sale of goods and services transferred to distributors/intermediaries are recognised at a point in time.

a) *Sale of goods:*

Revenue from the sale of manufactured and traded goods products is recognised upon transfer of control of products to the customers which coincides with their delivery to customer and is measured at fair value of consideration received/receivable, net of discounts, amount collected on behalf of third parties and applicable taxes.

b) *Interest:*

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial assets. Interest income is included in other income in the Statement of Profit and Loss.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

c) ***Dividends:***

Dividend is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

d) ***Commission:***

Commission income is recognised rateably over the contract period as per the agreed contractual terms.

e) ***Services rendered:***

Revenue from service related activities including management and technical know-how service is recognised as and when services are rendered and on the basis of contractual terms with the parties.

3.3 Inventories

Inventories are valued as follows:

a) **Raw materials, components, stores and spares:** At lower of cost and net realisable value. Cost of inventory comprises all costs of purchases, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition and is determined on a moving weighted average cost basis.

However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

b) **Work-in-progress:** At lower of cost and net realisable value. Cost for this purpose includes material, labour and appropriate allocation of overheads including depreciation. Cost is determined on a weighted average basis.

c) **Intermediate goods/ Finished goods:**

i. **Self manufactured -** At lower of cost and net realisable value. Cost for this purpose includes material, labour and appropriate allocation of overheads. Cost is determined on a weighted average basis.

ii. **Traded -** At lower of cost and net realisable value. Cost of inventory comprises all costs of purchases, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition and is determined on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Provision for obsolescence is determined based on management's assessment and is charged to the Statement of Profit and Loss.

3.4 Property, plant and equipment

Measurement at recognition:

Property, plant and equipment and capital work-in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost comprises the purchase price, borrowing costs if capitalisation criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

a) it is probable that future economic benefits associated with the item will flow to the entity; and

b) the cost of the item can be measured reliably.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increased the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

the Statement of Profit and Loss for the period during which such expenses are incurred. Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as a part of indirect construction cost to the extent the expenditure is related to construction or is incidental thereto. Other indirect costs incurred during the construction periods which are not related to construction activity nor are incidental thereto are charged to the Statement of Profit and Loss.

Value for individual assets acquired for a consolidated price, the cost is apportioned to the various assets on their relative fair values basis as determined by competent valuers.

Depreciation:

The management has estimated, supported by technical assessment, the useful lives of property, plant and equipment. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Description	Useful lives (upto)
Leasehold land	Over lease period
Buildings-factory	30 years
Buildings-others	60 years
Plant and equipment	20 years
Furniture and fixtures	10 years
Delivery vehicles	10 years
Vehicles (other than delivery vehicles)	7 years
Office equipment	4 years
Computer equipment	4 years
Containers	6 years
Post-mix vending machines and refrigerators (Visi - Cooler)	8 years
Power generating assets	22 years

Freehold land is not depreciated.

Depreciation on property, plant and equipment is provided over the useful lives of assets as specified in Schedule II to the Act except where the management, based on independent technical assessment, depreciates certain assets are over estimated useful lives which are different from the useful lives prescribed in the Schedule II to the Act. The Company has used the remaining useful lives to compute depreciation on its property, plant and equipment, acquired under the business transfer agreement based on external technical evaluation.

Depreciation on property, plant and equipment which are added/disposed off during the year is provided on pro-rata basis with reference to the month of addition/deletion.

The Company has technically evaluated all the property, plant and equipment for determining the separate identifiable assets having different useful lives under the component approach. On technical evaluation of all separate identifiable components, the management is of the opinion that they do not have any different useful life from that of the principal asset.

In case of revaluation of leasehold land, the resulting amortisation of the total revalued amount is expensed off to the Statement of Profit and Loss.

Derecognition:

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds or amount of security deposit adjusted and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is de-recognised.

Breakages of containers are adjusted on ‘first bought first broken’ basis, since it is not feasible to specifically identify the broken containers in the fixed assets records.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

3.5 Intangible assets

Intangible assets are initially recognised at:

a) In case the assets are acquired separately, then at cost,

b) In case the assets are acquired in a business combination or under any asset purchase agreement, at fair value.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss. Intangible assets with finite useful life are assessed for impairment whenever there is an indication that the intangible assets may be impaired. Amortisation of intangible assets such as softwares and distribution network is computed on a straight-line basis, at the rates representing estimated useful life of 4 years and 8 years respectively.

The franchise rights and trademarks acquired as part of business combinations normally have a remaining legal life of not exceeding twenty years but is renewable every twenty years and is well established. The Company intends to renew these rights continuously and evidence supports its ability to do so. An analysis of product life cycle studies, market and competitive trends provides evidence that the product will generate net cash inflows for the Company for an indefinite period. Therefore, these rights have been carried at cost without amortisation, but is tested for impairment annually, at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.6 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised, if any. All other borrowing costs are expensed to the Statement of Profit and Loss in the period in which they occur.

3.7 Leases

Transition to Ind AS 116 - Leases

The Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 - Leases ("Ind AS 116") which replaces the existing lease standard, Ind AS 17 - Leases, and other interpretations. Ind AS 116 – Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Company has adopted Ind AS 116, w.e.f. 01 January 2020 using modified retrospective method with right-of-use asset recognised at an amount equal to the lease liability in the balance sheet on the initial date of application.

The Company as a lessee

The Company enters into an arrangement for lease of buildings and equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with Ind AS 116 – Leases, at inception of the contract, the Company assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

a) The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

b) The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

c) The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfills the requirements of Ind AS 40 - Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use asset are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

a) Fixed payments, including in-substance fixed payments;

b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c) Amounts expected to be payable under a residual value guarantee; and

d) The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item in the standalone financial statements of the Company.

The Company has elected not to apply the requirements of Ind AS 116 - Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Company as a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116 - Leases. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

Lease policy on or before 31 December 2019:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Company as a lessor

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on straight line basis over the term of the relevant lease.

3.8 Employee benefits

Contribution to provident and other funds

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Company recognises termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised

immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring cost

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Compensated absences

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit which are computed based on the actuarial valuation using the projected unit credit method at the period end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the balance is presented as a non-current liability.

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

All other employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

3.9 Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments which are classified as equity-settled transactions.

The cost of equity-settled transactions is determined by the fair value at the date of grant using an appropriate valuation model. That cost is recognised as an employee benefit expense with a corresponding increase in 'Share option outstanding account' in other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions.

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the Company or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

3.10 Foreign currency transactions and translations

Transactions in foreign currencies are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or before 31 December 2016: Exchange differences arising on conversion of long term foreign currency monetary items used for acquisition of depreciable fixed assets are added to the cost of fixed assets and is depreciated over the remaining life of the respective fixed asset and in other cases, is recorded under the head 'Foreign Currency Monetary Item Translation Difference Account' and is amortised over the period of maturity of underlying long term foreign currency monetary items, in accordance with the option available under Ind AS 101.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or after 01 January 2017: Exchange differences arising on restatement of long term foreign currency monetary items obtained or given is recorded in the Statement of Profit and Loss.

3.11 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits' respectively.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments' ('Ind AS 109'), is measured at fair value with changes in fair value recognised in the Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in the Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

3.12 Government grants

Grants from the Government are recognised when there is reasonable assurance that all underlying conditions will be complied with and that the grant will be received.

When loans or similar assistance are provided by Government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. That grant is recognised in the Statement of Profit and Loss under 'other operating revenue'. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Government grants related to assets are presented in the balance sheet by deducting the grant from the carrying value of the asset and non-monetary grant is recognised at a nominal value.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Grants related to income are recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate and are presented as 'other operating revenues'.

Total government grant recognised in the Statement of Profit and Loss under the head 'Other operating revenue' amounts to ₹ 655.79 million (31 December 2019: ₹ 1,186.62 million) under different industrial promotion tax exemption schemes.

3.13 Income taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 and rules thereunder. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity).

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their book bases. Deferred tax liabilities are recognised for all temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the relevant members of the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting period end and the adjusted based on circumstances then prevailing.

Deferred tax on business combination

When a liability assumed is recognised at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base. In both cases, the resulting deferred tax asset affects goodwill.

3.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The business activities of the Company predominantly fall within a single operating segment, i.e., manufacturing and sale of beverages within India.

3.15 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the

Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded Company's or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.16 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss ("FVTPL"), transaction costs that are attributable to the acquisition of the financial asset.

For purposes of subsequent measurement, financial assets are classified as follows:

a) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost where the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and contractual terms of the asset give rise to cash flows on specified dates that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income from these financial assets is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

b) Debt instruments at fair value through other comprehensive income

Assets that are held for collection of contractual cashflows and for selling the financial assets, where the cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). The Company has not designated any debt instrument in this category.

c) Debt instruments at fair value through profit or loss

Fair Value Through Profit or Loss ("FVTPL") is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss. The Company has not designated any debt instrument in this category.

d) Equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 'Business Combinations' applies are Ind AS classified as at FVTPL. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair values. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive the contractual cash flows from the asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred.

Impairment of financial assets

The Company measures the Expected Credit Loss ("ECL") associated with its assets based on historical trends, industry practices and the general business environment in which it operates. The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss under the head 'other expenses'.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses are recognised in the Statement of Profit and Loss, except for those attributable to changes in own credit risk, which are recognised in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit and Loss.

b) Financial liabilities at amortised cost

After initial recognition, financial liabilities designated at amortised costs are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date of executing a derivative contract and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the Statement of Profit and Loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

3.17 Investment in subsidiaries and associates

An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, an investor controls an investee if and only if the investor has all the following:

a) power over the investee;

b) exposure, or rights, to variable returns from its involvement with the investee; and

c) the ability to use its power over the investee to affect the amount of the investor's returns.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Company has elected to recognise its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

Investment carried at cost is tested for impairment as per Ind-AS 36.

3.18 Non-current assets classified as held for sale

Non-current assets classified as held for sale are presented separately in the Balance Sheet and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arises on remeasurement or sale is included in the Statement of Profit and Loss.

If an entity has classified an asset (or disposal group) as held for sale, but the held-for-sale criteria as specified in standard are no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale.

The Company measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale; and

b) its recoverable amount at the date of the subsequent decision not to sell.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

3.19 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

3.20 Dividend distribution to equity holders

The Company recognizes a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.21 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.22 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

3.23 Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, other than conversion of potential equity shares, that have changed the number of equity shares outstanding without a corresponding change in resources.

In case of a bonus issue, the number of ordinary shares outstanding is increased by number of shares issued as bonus shares in current year and comparative period presented as if the event had occurred at the beginning of the earliest year presented.

For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.24 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

i) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

a) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

b) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of tangible/intangible assets

The Company reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

b) Defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c) Inventories

The Company estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

d) Business combinations

The Company uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

e) Impairment of non-financial assets and goodwill

In assessing impairment, Company estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

f) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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4A. Property, plant and equipment

(₹ in million)

	Land freehold#	Land leasehold#	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount											
Balance as at 01 January 2020	5,760.18	5,326.08	10,483.85	28,496.82	178.98	971.36	198.98	185.85	4,038.31	9,622.39	65,262.80
Additions for the year	108.56	6.57	450.82	2,228.53	10.15	228.71	33.50	11.21	350.98	2.73	3,431.76
Addition on account of transition to Ind AS 116 (Refer footnote iv below)	-	-	192.59	7.88	-	-	-	-	-	-	200.47
Government grant related to asset received (Refer footnote iii below)	-	(6.37)	-	-	-	-	-	-	-	-	(6.37)
Disposals for the year	-	(1.55)	-	(329.80)	(0.22)	(28.36)	(1.18)	(3.33)	(1,922.77)	(14.35)	(2,301.56)
Balance as at 31 December 2020	**5,868.74**	**5,324.73**	**11,127.26**	**30,403.43**	**188.91**	**1,171.71**	**231.30**	**193.73**	**2,466.52**	**9,610.77**	**66,587.10**
Accumulated Depreciation											
Balance as at 01 January 2020	-	230.99	1,594.05	6,749.60	99.40	702.30	123.98	111.69	1,747.51	5,503.61	16,863.13
Depreciation charge for the year	-	71.71	460.31	1,821.20	13.26	86.98	30.41	28.22	455.51	1,113.17	4,080.77
Reversal on disposals for the year	-	-	-	(62.08)	(0.17)	(23.02)	(1.00)	(2.62)	(1,315.73)	(13.85)	(1,418.47)
Balance as at 31 December 2020	**-**	**302.70**	**2,054.36**	**8,508.72**	**112.49**	**766.26**	**153.39**	**137.29**	**887.29**	**6,602.93**	**19,525.43**
Carrying amount as at 31 December 2020	**5,868.74**	**5,022.03**	**9,072.90**	**21,894.71**	**76.42**	**405.45**	**77.91**	**56.44**	**1,579.23**	**3,007.84**	**47,061.67**

(₹ in million)

	Land freehold#	Land leasehold#	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount											
Balance as at 01 January 2019	3,393.10	3,284.27	5,800.89	16,061.13	148.69	955.18	165.50	138.19	3,323.43	8,101.72	41,372.10
Additions for the year	527.84	112.01	1,387.71	4,980.31	15.59	37.96	37.32	41.75	787.63	859.08	8,787.20
Acquisition through business combination during the year (Refer note 49A)	1,839.24	1,965.04	3,295.39	7,730.79	14.84	15.65	6.44	6.84	312.53	721.66	15,908.42
Government grant related to asset received (Refer footnote iii below)	-	-	-	(251.05)	-	-	-	-	-	-	(251.05)
Disposals/adjustments for the year	-	(35.24)	(0.14)	(24.36)	(0.14)	(37.43)	(10.28)	(0.93)	(385.28)	(60.07)	(553.87)
Balance as at 31 December 2019	**5,760.18**	**5,326.08**	**10,483.85**	**28,496.82**	**178.98**	**971.36**	**198.98**	**185.85**	**4,038.31**	**9,622.39**	**65,262.80**
Accumulated Depreciation											
Balance as at 01 January 2019	-	170.84	1,279.16	5,213.93	87.29	649.59	101.73	86.64	1,385.75	4,414.13	13,389.06
Depreciation charge for the year	-	60.15	314.89	1,543.43	12.33	72.57	26.42	28.95	634.92	1,127.06	3,820.72
Reversal on disposals/adjustments of assets for the year	-	-	-	(7.76)	(0.22)	(19.86)	(4.17)	(3.90)	(273.16)	(37.58)	(346.65)
Balance as at 31 December 2019	**-**	**230.99**	**1,594.05**	**6,749.60**	**99.40**	**702.30**	**123.98**	**111.69**	**1,747.51**	**5,503.61**	**16,863.13**
Carrying amount as at 31 December 2019	**5,760.18**	**5,095.09**	**8,889.80**	**21,747.22**	**79.58**	**269.06**	**75.00**	**74.16**	**2,290.80**	**4,118.78**	**48,399.67**

#The Company had acquired leasehold lands at Sonarpur (Kolkata) amounting to ₹ 1.50 million (31 December 2019: ₹ 1.50 million), Pathankot (Punjab) amounting to ₹ Nil (31 December 2019: ₹ 197.10 million) and Sangli (Maharashtra) amounting to ₹ Nil (31 December 2019: ₹ 1.55 million) and freehold land at Nelamangala (Karnataka) amounting to ₹ Nil (31 December 2019: ₹ 1,316.60 million) which is yet to be registered in the name of the Company.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Property, plant and equipment (contd.)

Footnotes to Note 4A:

i. Refer Note 52 for information on property, plant and equipment pledged as security by the Company.

ii. Pre-operative expenses incurred and capitalised during the year are as under:

(₹ in million)

Net Book Value	31 December 2020	31 December 2019
Balance at the beginning of the year	2.46	149.29
Add: Incurred during the year		
Finance costs	-	131.93
Other expenses	56.21	71.37
Less: Capitalised during the year	(36.10)	(350.13)
Amount carried over	**22.57**	**2.46**

iii. During the year ended on 31 December 2020, the Company has received government grant related to assets under the Punjab Industrial and Business Development Policy, 2017 amounting to ₹ 6.37 million and for previous year ended on 31 December 2019, the Company has received government grant related to assets under the Central Capital Investment Subsidy NEIIPP, 2007 amounting to ₹ 251.05 million. The grant received has been deducted against the carrying value of the asset.

iv. The below schedule includes leased assets represents right of use assets, details of which are as under (Refer note 45):

(₹ in million)

	Leased buildings	Leased plant and equipment	Total
Gross carrying amount			
Balance as at 01 January 2020	-	-	-
Addition on account of transition to Ind AS 116	192.59	7.88	200.47
Additions for the year	-	-	-
Disposals for the year	-	-	-
Balance as at 31 December 2020	192.59	7.88	200.47
Accumulated Depreciation			
Balance as at 01 January 2020	-	-	-
Depreciation charge for the year	79.84	0.96	80.80
Reversal on disposals for the year	-	-	-
Balance as at 31 December 2020	79.84	0.96	80.80
Carrying amount as at 31 December 2020	**112.75**	**6.92**	**119.67**

The Company has adopted Ind AS 116 effective 01 January 2020, using modified retrospective method hence not applicable for comparative year.

v. The amount of contractual commitments for the acquisitions of property, plant and equipment are disclosed in Note 42.

4B. Capital work-in-progress: The changes in the carrying value of capital work-in-progress for the year ended 31 December 2020 and 31 December 2019 are as follows :

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2020	585.75
Additions for the year	2,483.65
Transfer to property, plant and equipment	(2,679.35)
Balance as at 31 December 2020	**390.05**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2019	3,392.26
Additions for the year	3,561.52
Transfer to property, plant and equipment	(6,368.03)
Balance as at 31 December 2019	**585.75**

5A. Goodwill

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2020	19.40
Acquired during the year	-
Balance as at 31 December 2020	**19.40**
Amortisation and impairment	
Balance as at 01 January 2020	-
Amortisation charge for the year	-
Balance as at 31 December 2020	-
Carrying amount as at 31 December 2020	**19.40**

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2019	19.40
Acquired during the year	-
Balance as at 31 December 2019	**19.40**
Amortisation and impairment	
Balance as at 01 January 2019	-
Amortisation charge for the year	-
Balance as at 31 December 2019	**-**
Carrying amount as at 31 December 2019	**19.40**

5B. Other intangible assets

(₹ in million)

	Franchise rights/ trademarks (Refer note i)	Distribution network	Computer software	Total
Gross carrying amount				
Balance as at 01 January 2020	6,042.96	157.64	274.37	6,474.97
Additions for the year	-	-	1.96	1.96
Balance as at 31 December 2020	6,042.96	157.64	276.33	6,476.93
Amortisation and impairment				
Balance as at 01 January 2020	656.97	20.77	198.76	876.50
Amortisation charge for the year	-	19.70	27.70	47.40
Balance as at 31 December 2020	656.97	40.47	226.46	923.90
Carrying amount as at 31 December 2020	**5,385.99**	**117.17**	**49.87**	**5,553.03**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	Franchise rights/ trademarks (Refer note i)	Distribution network	Computer software	Total
Gross carrying amount				
Balance as at 01 January 2019	5,657.86	157.64	225.30	6,040.80
Additions for the year	150.00	-	48.87	198.87
Acquisition through business combination during the year (Refer note 49A)	235.10	-	-	235.10
Disposals/adjustments for the year	-	-	0.20	0.20
Balance as at 31 December 2019	6,042.96	157.64	274.37	6,474.97
Amortisation and impairment				
Balance as at 01 January 2019	656.97	1.07	166.96	825.00
Amortisation charge for the year	-	19.70	31.60	51.30
Reversal on disposal/adjustments of assets for the year	-	-	0.20	0.20
Balance as at 31 December 2019	656.97	20.77	198.76	876.50
Carrying amount as at 31 December 2019	**5,385.99**	**136.87**	**75.61**	**5,598.47**

Footnotes to Note 5A and 5B:

(i) The Company has considered the related provisions of Ind AS 38 on 'Intangibles Assets' which permit certain intangible assets to have an indefinite life and accordingly the carrying value of these franchisee rights have been considered to have an indefinite life. These franchisee rights meet the prescribed criteria of renewal at nominal cost, renewal with no specific conditions attached and is supported by evidences of being renewed. Management is of the opinion that, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the franchise rights are expected to generate net cash inflows for the Company.

Goodwill and franchise rights with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

The assumptions used in this impairment assessment are most sensitive to following:

a) Weighted average cost of capital ''WACC'' of 13.30% for the explicit period and 13.57% for the terminal year.

b) For arriving at the terminal value, approximate growth rate of 5% is considered.

c) Number of years for which cash flows were considered are 5 years.

d) The approximate rate of growth in sales is estimated at 10%-20% in the discrete period.

No impairment loss was identified on the above assessment.

(ii) The amount of contractual commitments for the acquisitions of intangible assets are disclosed in Note 42.

(iii) Refer Note 52 for information on other intangible assets pledged as security by the Company.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

6. Investments in subsidiaries and associates

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Investment in subsidiaries (at cost) (unquoted)		
In equity shares		
17,392,760 (31 December 2019: 14,284,240) fully paid equity shares of MAD 50 each in Varun Beverages Morocco SA*#	6,179.18	4,922.56
643,853,670 (31 December 2019: 56,775,000) fully paid equity shares of LKR 10 each in Varun Beverages Lanka (Private) Limited**#	3,149.55	235.17
1,080,000 (31 December 2019: 1,080,000) fully paid equity shares of NPR 1,000 each in Varun Beverages (Nepal) Private Limited	798.91	798.91
18,710,100 (31 December 2019: 3,150,000) fully paid equity shares of ZMW 10 each in Varun Beverages (Zambia) Limited***#	3,231.01	2,670.39
935 (31 December 2019: 935) fully paid equity shares of USD 1 each in Varun Beverages (Zimbabwe) (Private) Limited	0.06	0.06
547,645 (31 December 2019: 200,000) fully paid equity shares of ₹ 10 each in Lunarmech Technologies Private Limited@^	162.93	150.38
Nil (31 December 2019: 35,474) fully paid equity shares of ₹ 10 each in Angelica Technologies Private Limited~@^	-	12.56
In preference shares		
Equity portion of Nil (31 December 2019: 58,707,866) redeemable preference shares in Varun Beverages (Lanka) Private Limited**	-	287.80
	13,521.64	**9,077.83**
Aggregate amount of unquoted investments	**13,521.64**	**9,077.83**

*During the year ended on 31 December 2020, loans given to Varun Beverages Morocco SA ("VBL Morocco") amounting to ₹ 999.17 million (31 December 2019: ₹ 1,182.46 million) and Interest receivable amounting to ₹ 257.45 million (31 December 2019: ₹ Nil) were converted into equity investment.

**During the year ended on 31 December 2020, redeemable preference shares (classified as loans) given to Varun Beverages Lanka (Private) Limited ("VBL Lanka") amounting to ₹ 2,626.57 million (31 December 2019: ₹ Nil) were converted into equity investment. Accordingly, the equity portion of ₹ 287.80 million of this investment has been added to the cost of equity investment in VBL Lanka.

***During the year ended on 31 December 2020, loans given to Varun Beverages (Zambia) Limited ("VBL Zambia") amounting to ₹ 560.62 million (31 December 2019: ₹ Nil) were converted into equity investment.

@The National Company Law Tribunal, through its order dated 22 May 2020 has approved the scheme of amalgamation of the subsidiary of the Company, namely, Angelica Technologies Private Limited ("Angelica") with Lunarmech Technologies Private Limited ("Lunarmech") (subsidiary of Angelica Technologies Private Limited). The approved scheme of amalgamation has been filed with the Registrar of Companies on 07 July 2020. Consequently, 98 (Ninety eight) fully paid-up equity shares of Lunarmech of the face value of ₹ 10 each have been allotted for every 10 (Ten) fully paid-up equity shares of the face value of ₹ 10 each of Angelica. This has no impact on the standalone financial statements.

^The Company, on 09 September 2019, has acquired 20% shareholding in Lunarmech for a purchase consideration of ₹ 150.38 million.

~The Company, on 04 November 2019, has acquired board control in its associate, Angelica. Consequently, both Angelica and Lunarmech became subsidiaries of the Company w.e.f. 04 November 2019.

#These investments were tested for impairment in accordance with Ind AS 36 "Impairment of Assets".

Refer note 54 for information required under Section 186 (4) of the Companies Act, 2013.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Information about investments along with proportion of ownership interest held and country of incorporation are as follows:

Name of the company/entity	Country of incorporation and principal place of business	Proportion of ownership interests held by the Company at year end	
		As at 31 December 2020	As at 31 December 2019
Varun Beverages (Nepal) Private Limited ('VBL Nepal')	Nepal	100%	100%
Varun Beverages Lanka (Private) Limited ('VBL Lanka')	Sri Lanka	100%	100%
Varun Beverages Morocco SA ('VBL Morocco')	Morocco	100%	100%
Ole Spring Bottlers (Private) Limited ('Ole')*	Sri Lanka	100%	100%
Varun Beverages (Zambia) Limited ('VBL Zambia')	Zambia	90%	90%
Varun Beverages (Zimbabwe) (Private) Limited ('VBL Zimbabwe')	Zimbabwe	85%	85%
Varun Beverages (Botswana) (Proprietary) Limited ^	Botswana	-	90%
Angelica Technologies Private Limited	India	-	47.30%
Lunarmech Technologies Private Limited∞	India	55%	55%

* subsidiary of VBL Lanka

^subsidiary of VBL Zambia till 12 May 2020

∞ subsidiary of Angelica Technologies Private Limited till 04 November 2019

7. Investments

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Fair value through Profit or Loss		
Investment in equity shares (unquoted)		
200 (31 December 2019: 200) shares of ₹ 50 each in The Margao Urban Co-operative Bank Limited	0.01	0.01
250 (31 December 2019: 250) shares of ₹ 10 each in The Goa Urban Co-operative Bank Limited**	0.00	0.00
	0.01	**0.01**
Aggregate amount of unquoted investments	0.01	0.01

**Rounded off to Nil.

8. Loans

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Loans carried at amortised cost		
Security deposits	390.41	421.22
Loans to related parties, considered good - Unsecured	2,310.09	5,621.55
	2,700.50	**6,042.77**
Loans to subsidiaries, in the ordinary course of business		
Varun Beverages (Zimbabwe) (Private) Limited	1,084.85	648.60
Varun Beverages (Zambia) Limited#	497.14	1,030.28
Varun Beverages Morocco SA#	728.10	1,676.77
Varun Beverages Lanka (Private) Limited#	-	2,265.90

#The loans granted were tested for impairment in accordance with Ind AS 109.

Refer note 54 for information required under Section 186 (4) of the Companies Act, 2013.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

9. Other non-current financial asset

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Financial asset at amortised cost		
Balance in deposit accounts with more than 12 months maturity#	1.21	8.90
	1.21	**8.90**

#Pledged as security with electricity department/banks.

10. Other non-current assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Unsecured, considered good)		
Capital advances	713.09	544.65
Advances other than capital advances		
- Income tax paid (includes amount paid under protest)	165.68	168.63
- Balance with statutory authorities (paid under protest)	140.54	166.03
- Prepaid expenses	34.17	37.60
	1,053.48	**916.91**

11. Inventories

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Valued at lower of cost or net realisable value)		
Raw and packing materials (including goods in transit of ₹ 74.39 (31 December 2019: ₹ 176.91))	2,525.43	2,651.70
Work in progress	81.57	61.18
Intermediate goods (including goods in transit of ₹ 28.76 (31 December 2019: ₹ 35.86))	1,643.18	1,836.56
Finished goods (including goods in transit of ₹ 10.31 (31 December 2019: ₹ 26.03))	1,205.16	1,095.62
Stores and spares	1,335.27	1,084.77
	6,790.61	**6,729.83**

The Company manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods, stock in trade values, which are not significant, are not separately ascertainable.

The cost of inventories recognised as an expense during the year is disclosed in Note 30, Note 31 and Note 32.

12. Trade receivables

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Trade receivable, considered good - Unsecured	1,643.31	1,198.33
Trade receivable, considered good - Secured	61.98	106.98
Trade receivable - Credit impaired	223.82	216.26
	1,929.11	**1,521.57**
Less : Allowance for expected credit loss	(223.82)	(216.26)
	1,705.29	**1,305.31**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Includes amounts due, in the ordinary course of business, from subsidiaries		
Varun Beverages (Zambia) Limited	30.77	10.61
Varun Beverages (Zimbabwe) (Private) Limited	28.10	22.79
Varun Beverages Morocco SA	7.98	1.59
Ole Spring Bottlers (Private) Limited	2.73	-
Varun Beverages (Nepal) Private Limited	391.23	476.05
Lunarmech Technologies Private Limited	37.44	2.92
Includes amounts due, in the ordinary course of business, from companies in which directors of the Company are also directors:		
Alisha Torrent Closures (India) Private Limited	9.13	3.20
Devyani Airport Services (Mumbai) Private Limited	0.26	0.57

Trade receivables are non-interest bearing and credit period generally falls in the range of 0 to 120 days terms.

13. Cash and cash equivalents

(also for the purpose of Standalone Cash Flow Statement)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Balance with banks in current accounts	250.98	261.63
Balance in deposits with original maturity of less than three months	9.23	2.11
Cheques/drafts on hand	100.01	54.37
Cash on hand	3.82	5.40
	364.04	**323.51**

14. Bank balances other than cash and cash equivalents

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Deposits with original maturity more than 3 months but less than 12 months *	0.11	-
Unpaid dividend account**	0.61	0.65
	0.72	**0.65**

*Pledged as security with statutory authorities/banks

**These balances are not available for use by the Company and corresponding balance is disclosed as unclaimed dividend in note 25.

15. Loans

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Loans carried at amortised cost		
Loans to related party, considered good - Unsecured	-	282.34
Security deposits	99.94	69.37
	99.94	**351.71**
Loans to a subsidiary, in the ordinary course of business		
Varun Beverages Lanka (Private) Limited#	-	282.34

#The loan granted was tested for impairment in accordance with Ind AS 109.

Refer note 54 for information required under Section 186 (4) of the Companies Act, 2013.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

16. Other financial assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Unsecured, considered good)		
Interest accrued on:		
- Loan to subsidiaries*	245.77	378.04
- Term deposits	0.23	0.21
- Others	15.68	11.88
Dividend receivable**	192.19	192.19
Guarantee commission receivable#	10.26	54.16
Government grant receivable	1,197.24	1,840.78
Claim receivables	350.56	277.12
Other receivables^	118.27	65.71
	2,130.20	**2,820.09**
*Amounts due from subsidiaries		
Varun Beverages (Zambia) Limited	92.40	84.57
Varun Beverages (Zimbabwe) (Private) Limited	94.26	45.15
Varun Beverages Morocco SA	59.11	248.32
	245.77	**378.04**
**Amount due from a subsidiary, namely, Varun Beverages (Nepal) Private Limited	192.19	192.19
# Amounts due from subsidiaries:		
Varun Beverages (Nepal) Private Limited	-	6.44
Varun Beverages Morocco SA	1.42	1.38
Varun Beverages (Zimbabwe) (Private) Limited	8.84	46.34
	10.26	**54.16**
^ Includes amounts due from subsidiaries:		
Varun Beverages Morocco SA	11.89	7.87
Varun Beverages (Zambia) Limited	6.45	12.43
Varun Beverages Lanka (Private) Limited	2.93	0.80
Varun Beverages (Zimbabwe) (Private) Limited	13.17	9.04
Varun Beverages (Nepal) Private Limited	0.33	1.61
	34.77	**31.75**

17. Other current assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Unsecured, considered good)		
Security deposits	1.27	1.28
Other advances :		
- Employees	40.99	69.08
- Contractors and suppliers	745.46	565.40
- Prepaid expenses	126.41	101.01
- Balance with statutory/government authorities	517.54	772.15
- Other advances	53.48	45.91
	1,485.15	**1,554.83**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

18. Equity share capital

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Authorised share capital:		
500,000,000 (31 December 2019: 500,000,000) equity shares of ₹10 each	5,000.00	5,000.00
	5,000.00	**5,000.00**
Issued, subscribed and fully paid up:		
288,688,720 (31 December 2019: 288,688,720) equity shares of ₹ 10 each	2,886.89	2,886.89
	2,886.89	**2,886.89**

a) Reconciliation of share capital

(₹ in million)

Particulars	No. of shares	Amount
Balance as at 01 January 2020	288,688,720	2,886.89
Add: Change during the year	-	-
Balance as at 31 December 2020	**288,688,720**	**2,886.89**

(₹ in million)

Particulars	No. of shares	Amount
Balance as at 01 January 2019	182,641,940	1,826.42
Add: Shares issued on exercise of employee stock options during the year	13,285	0.13
Add: Bonus shares issued during the year (Refer note (d) below)	91,327,613	913.28
Add: Shares issued pursuant to Qualified institutional placement ("QIP") (Refer note (h) below)	14,705,882	147.06
Balance as at 31 December 2019	**288,688,720**	**2,886.89**

b) Terms/rights attached to shares

The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

c) List of shareholders holding more than 5% of the equity share capital of the Company at the beginning and at the end of the year:

Shareholders as at 31 December 2020	No. of shares	%
R J Corp Limited	79,933,517	27.69%
Ravi Kant Jaipuria & Sons (HUF)	53,881,805	18.66%
Mr. Varun Jaipuria	50,663,250	17.55%

Shareholders as at 31 December 2019	No. of shares	%
R J Corp Limited	81,033,517	28.07%
Ravi Kant Jaipuria & Sons (HUF)	57,481,805	19.91%
Mr. Varun Jaipuria	50,663,250	17.55%

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

As per records of the Company, including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

During the year ended 31 December 2019, the Company has issued 91,327,613 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

e) Shares reserved for issue under options (Refer note 50)

Under Employee Stock Option Scheme, 2013:

	As at 31 December 2020	As at 31 December 2019
No. of equity shares of ₹ 10 each at an exercise price of ₹ 149.51 per share		
Options outstanding at the beginning of the year	-	23,285
Less: Options lapsed during the year	-	10,000
Less: Shares issued on exercise of employee stock options	-	13,285
	-	-

f) Shares held by holding and ultimate holding company

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
RJ Corp Limited, Parent* company	799.34	810.34
79,933,517 (31 December 2019: 81,033,517) fully paid equity shares of ₹ 10 each		
Ravi Kant Jaipuria & Sons (HUF), Parent* of RJ Corp Limited	538.82	574.82
53,881,805 (31 December 2019: 57,481,805) fully paid equity shares of ₹ 10 each		
	1,338.16	**1,385.16**

*as defined under Ind AS 110 - Consolidated Financial Statements ("Ind AS 110").

g) Preference share capital

The Company also has authorised preference share capital of 50,000,000 (31 December 2019: 50,000,000) preference shares of ₹ 100 each. The Company does not have any outstanding issued preference shares.

h) Pursuant to QIP, 14,705,882 equity shares of the Company of ₹ 10 each were allotted at ₹ 612 per equity share: (Refer note 58)

(₹ in million)

Date of allotment	Share capital	Securities premium
07 September 2019	147.06	8,852.93

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

19. Other equity

Refer Standalone Statement of Changes in Equity for detailed movement in Other Equity balance.

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Capital reserve	533.93	533.93
General reserve	444.26	444.26
Securities premium	26,178.17	26,178.17
Retained earnings	10,074.42	8,619.78
Foreign currency monetary item translation difference account	-	8.14
	37,230.78	**35,784.28**

Description of nature and purpose of each reserve:

Capital reserve - Created on merger of Varun Beverages (International) Limited with the Company pursuant to and in accordance with the Court approved scheme of amalgamation. Includes gain from bargain purchases.

General reserve - Created by way of transfer from debenture redemption reserve on redemption of debentures and is not an item of other comprehensive income.

Securities premium - Created to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Retained earnings - Created from the profit of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

Foreign currency monetary item translation difference account - Created for recording exchange differences arising on restatement of long term foreign currency monetary items, other than for acquisition of fixed assets, and is being amortised over the maturity period of such monetary items.

20. Borrowings

A. Non-current borrowings:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Term loans (secured) (Refer note 20D)		
- Foreign currency loans from banks	914.08	1,752.25
- Indian rupee loans from banks	17,710.27	20,364.53
- Indian rupee loan from a financial institutions	919.16	800.29
	19,543.51	**22,917.07**

Loans and borrowing above are recognised at amortised cost/ fair value taking into account any discount or premium on acquisition and fee or costs that are part of effective interest rate, accordingly the outstanding balances above may not necessarily reconcile with repayment amounts.

B. Current borrowings:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Loans repayable on demand		
Working capital facilities from banks (secured) (Refer footnote (a))	5,355.40	2,110.44
Working capital facility from bank (unsecured) (Refer footnote (b))	1,000.00	2,000.00
	6,355.40	**4,110.44**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(a) Working capital facilities from banks are secured by first charge on entire current assets of the Company ranking pari-passu amongst the banks and second charge on the movable and immovable assets of the Company pertaining to specific manufacturing units. One facility from bank is secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company and another facility from bank is secured by subservient charge over movable fixed assets of the Company. These facilities carry interest rates ranging between 4.75% to 5.90% (31 December 2019: 8.35% to 9.65%).

(b) During the current year, Company has availed a working capital facility from a bank carrying rate of interest of 5.60% per annum and is repayable in two equal instalments at the end of eight and nine month from the date of disbursement. During the previous year ended on 31 December 2019, working capital facility from a bank carried rate of interest of 7.15% per annum and was repayable in one instalment at the end of six month from the date of disbursement. The outstanding amount of ₹ 2,000.00 million were repaid during the year.

There are no defaults in repayment of principal borrowings or interest there on.

C. Other non-current financial liabilities:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Lease liabilities (Refer note 45)	79.50	-
	79.50	**-**

D. Terms and conditions/details of securities for loans:

(₹ in million)

Name of the bank/instrument	Loan outstanding			
	31 December 2020		31 December 2019	
	Non-current	Current	Non-current	Current
Term loans				
(i) Foreign currency loan from banks (secured)				
Loan carrying rate of interest of LIBOR+1.60% (31 December 2019: LIBOR+1.60%) and is repayable in two equal instalments of SGD 16.56 each in May 2021 and May 2022. The Company has executed a cross currency swap to hedge total loan of SGD 33.13 to USD 25.00 and interest rate swap to hedge its exposure.	914.08	914.08	1,752.25	-
Loan is secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory/franchisee rights acquired under the acquisition under slump sale basis except vehicles.				
	914.08	**914.08**	**1,752.25**	**-**
(ii) Indian rupee loan from banks (secured)				
Loans carrying weighted average rate of interest 6.86% (31 December 2019: 8.92%) depending upon tenure of the loans. For repayment terms refer note 20E.	17,600.10	3,598.41	20,283.64	4,942.71
These loan are secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory / franchisee rights acquired under the business acquisition except vehicles.				

(₹ in million)

Name of the bank/instrument	Loan outstanding			
	31 December 2020		31 December 2019	
	Non-current	Current	Non-current	Current
(iii) Vehicle rupee term loan (secured)				
Loans carrying rate of interest in range of 7.90%-9.25% (31 December 2019: 7.90%-10.15%). They are repayable generally over a period of three to five years in equal monthly instalments as per the terms of the respective agreements. Vehicle loans are secured against respective vehicles financed.	110.17	59.73	80.89	38.15
	17,710.27	**3,658.14**	**20,364.53**	**4,980.86**
(iv) Indian rupee loan from a financial institutions (secured)				
Interest free loan from The Pradeshiya Industrial & Investment Corporation of U.P. Limited are repayable in one instalment after expiry of seven years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid upto the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.52%-9.72%. The repayments are due as following: **Date of repayment** — **Amount** 25 December 2023 — 155.79 30 November 2024 — 177.83 01 November 2025 — 211.98	389.38	-	356.42	-
Interest free loan from The Director of Industries and Commerce, Haryana are repayable in one instalment after expiry of five years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid upto the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.33%. The repayments are due as following: **Date of repayment** — **Amount** 16 January 2023 — 94.01 30 March 2023 — 90.73 07 June 2023 — 175.00 25 October 2023 — 73.66 20 February 2024 — 91.36 27 May 2024 — 36.85 29 August 2024 — 39.10 17 February 2025 — 43.98 13 October 2025 — 23.96	529.78	-	443.87	-
	919.16	**-**	**800.29**	**-**
Total	**19,543.51**	**4,572.22**	**22,917.07**	**4,980.86**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

E. Repayment terms:

(₹ in million)

S. No	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
1	Term loan - 1	-	-	57.67	114.60	The loan was originally repayable in two instalments of ₹ 57.30 each due in May 2020 and June 2020 and one instalment of ₹ 57.84 due in May 2021. The outstanding amount of ₹ 172.44 was repaid during the year.
2	Term loan - 2	350.00	175.00	700.00	350.00	Pre payment of one instalment of ₹ 175.00 due in May 2021. One instalment of ₹ 175.00 due in June 2021, two instalments of ₹ 175.00 each due in May 2022 and June 2022.
3	Term loan - 3	598.59	-	996.56	-	Pre payment was for two instalments of ₹ 150.00 due in May 2021 and ₹ 250.00 due in June 2021 and two instalments of ₹ 300.00 each due in May 2022 and June 2022.
4	Term loan - 4	249.66	125.00	499.23	50.00	Pre payment was done for one instalment of ₹ 125.00 due in May 2021. One instalment of ₹ 125.00 due in June 2021 and two instalments of ₹ 125.00 each due in May 2022 and June 2022.
5	Term loan - 5	-	150.00	300.00	300.00	Pre payment was done for one instalment of ₹ 150.00 due in May 2021. One instalment of ₹ 150.00 due in June 2021.
6	Term loan - 6	589.25	294.63	1,178.45	392.83	Pre payment was done for one instalment of ₹ 294.63 due in May 2021. One instalment of ₹ 294.63 due in June 2021 and two instalments of ₹ 294.63 each due in May 2022 and June 2022.
7	Term loan - 7	321.09	-	581.36	-	Pre payment was done for two instalments of ₹ 76.96 due in May 2021 and of ₹ 183.31 due in June 2021. One instalment of ₹ 183.31 due in May 2022 and ₹ 137.78 due in June 2022.
8	Term loan - 8	101.60	-	217.50	115.90	Pre payment was done for two instalments of ₹ 57.95 each due in May 2021 and June 2021. Two instalments of ₹ 57.95 due in May 2022 and ₹ 43.65 due in June 2022.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

S. No	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
9	Term loan - 9	-	-	150.00	100.00	The loan was originally repayable in two instalments of ₹ 50.00 each due in May 2020 and June 2020, two instalments of ₹ 50.00 each due in May 2021 and June 2021 and one instalment of ₹ 50.00 due in May 2022. The outstanding amount of ₹ 250.00 was repaid during the year.
10	Term loan - 10	-	-	240.00	80.00	The loan was originally repayable in two instalments of ₹ 40.00 each due in May 2020 and June 2020, two instalments of ₹ 40.00 each due in May 2021 and June 2021, two instalments of ₹ 40.00 each due in May 2022 and June 2022 and two instalments of ₹ 40.00 each due in May 2023 and June 2023. The outstanding amount of ₹ 320.00 was repaid during the year.
11	Term loan - 11	-	150.00	150.00	150.00	Two instalments of ₹ 75.00 each due in May 2021 and June 2021.
12	Term loan - 12	238.30	297.88	536.18	297.88	Two instalments of ₹ 148.94 each due in May 2021 and June 2021 and two instalments of ₹ 119.15 each due in May 2022 and June 2022.
13	Term loan - 13	300.00	-	600.00	200.00	Pre payment was done for two instalments of ₹ 150.00 each due in May 2021 and June 2021. Two instalments of ₹ 150.00 each due in May 2022 and June 2022.
14	Term loan - 14	250.00	-	350.00	100.00	Pre payment was done for two instalments of ₹ 50.00 each due in May 2021 and June 2021. Two instalments of ₹ 50.00 each due in May 2022 and June 2022 and two instalments of ₹ 75.00 each due in May 2023 and June 2023.
15	Term loan - 15	999.75	250.00	1,499.74	500.00	Pre payment was done for one instalment of ₹ 250.00 due in May 2021. One instalment of ₹ 250.00 due in June 2021, two instalments of ₹ 250.00 each due in May 2022 and June 2022 and two instalments of ₹ 250.00 each due in May 2023 and June 2023.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

S. No	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
16	Term loan - 16	510.00	160.00	750.00	240.00	Pre payment of one instalment of ₹ 80.00 due in May 2021. Two instalments of ₹ 80.00 each due in June 2021 and July 2021, three instalments of ₹ 90.00 each due in May 2022, June 2022 and July 2022 and one installment of ₹ 90.00 due in May 2023 and of ₹ 150.00 due in June 2023.
17	Term loan - 17	245.00	150.00	395.00	150.00	Two instalments of ₹ 75.00 each due in June 2021 and July 2021, two instalments of ₹ 80.00 each due in June 2022 and July 2022 and one instalment of ₹ 85.00 due in June 2023.
18	Term loan - 18	434.91	-	628.21	193.30	Pre payment was done for one instalment of ₹ 193.30 due in May 2021. One instalment of ₹ 193.30 due in May 2022 and one instalment of ₹ 241.62 due in May 2023.
19	Term loan - 19	444.60	-	666.80	166.60	Pre payment was done for two instalments of ₹ 111.10 each due in May 2021 and June 2021. Two instalments of ₹ 111.10 each due in May 2022 and June 2022, one instalment of ₹ 111.10 due in May 2023 and one instalment of ₹ 111.30 due in June 2023.
20	Term loan - 20	1,166.09	145.80	1,457.55	291.60	Pre payment was done for one instalment of ₹ 145.80 due in June 2021. One instalment of ₹ 145.80 due in July 2021, two instalments of ₹ 145.80 each due in June 2022 and July 2022, two instalments of ₹ 145.80 each due in June 2023 and July 2023, two instalments of ₹ 145.90 each due in June 2024 and July 2024 and two instalments of ₹ 145.90 each due in June 2025 and July 2025.
21	Term loan - 21	1,496.79	-	1,495.36	-	Two instalments of ₹ 375.00 each due in May 2022 and June 2022 and two instalments of ₹ 375.00 each due in May 2023 and June 2023.

(₹ in million)

S. No	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
22	Term loan - 22	1,746.48	-	2,494.90	500.00	Pre payment was done for three instalments of ₹ 250.00 each due in May 2021, June 2021 and May 2022. One instalment of ₹ 250.00 due in June 2022, two instalments of ₹ 250.00 each due in May 2023 and June 2023, two instalments of ₹ 250.00 each due in May 2024 and June 2024 and two instalments of ₹ 250.00 each due in May 2025 and June 2025.
23	Term loan - 23	1,196.61	200.00	1,594.35	400.00	Pre payment was done for one instalment of ₹ 200.00 due in May 2021. One instalment of ₹ 200.00 due in June 2021, two instalments of ₹ 300.00 each due in May 2022 and June 2022 and two instalments of ₹ 300.00 each due in May 2023 and June 2023.
24	Term loan - 24	700.00	-	850.00	150.00	Pre payment was done for two instalments of ₹ 75.00 each due in May 2021 and June 2021. Two instalments of ₹ 75.00 each due in May 2022 and June 2022, two instalments of ₹ 75.00 each due in May 2023 and June 2023, two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
25	Term loan - 25	796.19	-	894.78	100.00	Pre payment was done for two instalments of ₹ 50.00 each due in May 2021 and June 2021. Two instalments of ₹ 100.00 each due in May 2022 and June 2022, two instalments of ₹ 100.00 each due in May 2023 and June 2023, two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
26	Term loan - 26	-	-	1,000.00	-	The loan was originally repayable in one instalment of ₹ 200.00 due in July 2022, two instalments of ₹ 200.00 each due in June 2023 and July 2023 and two instalments of ₹ 200.00 each due in June 2024 and July 2024. The outstanding amount of ₹ 1,000.00 was repaid during the year.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

S. No	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
27	Term loan - 27	750.00	500.00	-	-	Four instalments of ₹ 125.00 each due in April 2021, May 2021, June 2021 and July 2021 and four instalments of ₹ 125.00 each due in April 2022, May 2022, June 2022 and July 2022 and two instalments of ₹ 125.00 each due in April 2023 and May 2023.
28	Term loan - 28	500.00	500.00	-	-	Two instalments of ₹ 250.00 each due in May 2021 and June 2021 and two instalments of ₹ 250.00 each due in May 2022 and June 2022.
29	Term loan - 29	499.90	500.10	-	-	Three instalments of ₹ 166.67 each due in May 2021, June 2021 and July 2021 and three instalments of ₹ 166.67 each due in May 2022, June 2022 and July 2022.
30	Term loan - 30	1,800.00	-	-	-	One instalment of ₹ 1800.00 due in June 2024.
31	Term loan - 31	1,250.00	-	-	-	One instalment of ₹ 625.00 due in June 2022 and one instalment of ₹ 625.00 due in June 2023.
32	Term loan - 32	65.29	-	-	-	One instalment of ₹ 32.64 due in June 2022 and one instalment of ₹ 32.65 due in June 2023.
		17,600.10	**3,598.41**	**20,283.64**	**4,942.71**	

21. Provisions

(Refer note 38)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Non-current		
Defined benefit liability (net)	1,417.54	1,190.35
Other long term employee obligations	514.06	416.38
	1,931.60	**1,606.73**
Current		
Defined benefit liability (net)	107.56	112.30
Other short term employee obligations	215.28	176.49
	322.84	**288.79**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

22. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

(₹ in million)

Deferred tax liabilities/ (assets)	As at 01 January 2020	Recognised in other comprehensive income**	Recognised in Statement of Profit and Loss	As at 31 December 2020
Accelerated depreciation for tax purposes	4,701.04	-	(1,182.17)	3,518.87
Minimum alternate tax (MAT) credit*	(1,168.94)	-	291.72	(877.22)
Allowance for doubtful debts	(75.57)	-	19.24	(56.33)
Provision for bonus	(33.41)	-	10.96	(22.45)
Foreign currency monetary item translation difference account	(2.84)	-	2.84	-
Fair valuation of financial instruments	(230.53)	-	203.34	(27.19)
Provision for retirement benefits	(662.38)	(29.58)	218.58	(473.38)
Borrowings	(0.97)	-	(0.69)	(1.66)
Benefit accrued on government grants	274.03	-	(67.32)	206.71
Other expenses allowable on payment basis	(39.14)	-	(18.29)	(57.43)
	2,761.29	**(29.58)**	**(521.79)**	**2,209.92**

(₹ in million)

Deferred tax liabilities/ (assets)	As at 01 January 2019	Acquired on business combination (Refer note 49A)	Recognised in other comprehensive income**	Recognised in Statement of Profit and Loss	As at 31 December 2019
Accelerated depreciation for tax purposes	3,590.56	-	-	1,110.48	4,701.04
Minimum alternate tax (MAT) credit*	(1,047.74)	-	-	(121.20)	(1,168.94)
Allowance for doubtful debts	(89.22)	-	-	13.65	(75.57)
Provision for bonus	(18.65)	(11.47)	-	(3.29)	(33.41)
Foreign currency monetary item translation difference account	(19.38)	-	-	16.54	(2.84)
Fair valuation of financial instruments	(194.33)	-	-	(36.20)	(230.53)
Provision for retirement benefits	(394.45)	(119.34)	(33.05)	(115.54)	(662.38)
Borrowings	(0.16)	-	-	(0.81)	(0.97)
Benefit accrued on government grants	272.62	-	-	1.41	274.03
Other expenses allowable on payment basis	(72.98)	-	-	33.84	(39.14)
	2,026.27	**(130.81)**	**(33.05)**	**898.88**	**2,761.29**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

*MAT credit: (₹ in million)

	Recognised in profit and loss	Utilised from profit and loss
31 December 2020	-	(291.72)
31 December 2019	170.76	(49.56)

MAT credit recognised in a year is adjustable against income taxes payable under normal tax provisions over a period of 15 years.

MAT credit recognised on balance sheet date is accumulation of credit recognised (net of utilisation) as per below table:

(₹ in million)

Financial year	Credit available for carry forward (net of utilisation)	Expiry date
2015-16	103.08	31 March 2031
2016-17	385.62	31 March 2032
2017-18	217.76	31 March 2033
2019-20	170.76	31 March 2035
Total	**877.22**	

**The amounts recognised in other comprehensive income relate to the re-measurement of net defined retirement benefit liability. Refer note 37 for the amount of the income tax relating to these components of other comprehensive income.

All significant deferred tax assets (including tax losses and other tax credits) have been recognised in the balance sheet.

On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April 2019 subject to certain conditions.

During the year ended 31 December 2020, the Company made an assessment of the impact of the Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax (MAT) credit and expiry of other tax benefits/holidays available. In accordance with the Ind AS 12 “Income Taxes”, the Company is also required to remeasure its deferred tax balances, for amounts that are expected to reverse in future when the Company would migrate to the new tax regime. The Company has remeasured its outstanding deferred tax balances and written back an amount of ₹ 731.85 million to the Statement of Profit and Loss.

23. Other non-current liabilities

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Deferred revenue on government grant	7.34	8.23
	7.34	**8.23**

24. Trade payables

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Total outstanding dues of-		
Micro enterprises and small enterprises (Refer note 47)	90.61	17.79
Creditors other than micro enterprises and small enterprises	2,630.07	3,160.99
	2,720.68	**3,178.78**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

25. Other current financial liabilities

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Current maturities of long-term debts (Refer note 20D)	4,572.22	4,980.86
Current maturities of lease liabilities (Refer note 45)	44.29	-
Interest accrued but not due on borrowings	82.69	127.61
Payable for capital expenditure	680.29	746.97
Employee related payables	440.05	407.98
Unclaimed dividends#	0.61	0.65
Security deposits	1,575.12	2,152.67
Liability for foreign currency derivative contract	20.71	68.45
	7,415.98	**8,485.19**

#Not due for deposit to the Investor Education and Protection Fund.

26. Other current liabilities

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Advance from customers	460.14	1,033.08
Advance received for capital assets	1,074.43	-
Statutory dues payable	703.12	556.91
Deferred revenue	23.61	3.73
	2,261.30	**1,593.72**

27. Current tax liabilities/(Current tax assets) (net)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Provision for tax, net of prepaid taxes ₹ 254.34 (31 December 2019: ₹ 701.54)	(88.80)	114.23
	(88.80)	**114.23**

The key components of income tax expense for the year ended 31 December 2020 and 31 December 2019 are:

A. Statement of Profit and Loss:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(i) Profit and Loss section		
(a) Current tax	269.80	948.70
(b) Adjustment of tax relating to earlier periods	14.50	9.86
(c) Deferred tax	(521.79)	898.88
Income tax expense reported in the Statement of Profit and Loss	**(237.49)**	**1,857.44**
(ii) OCI section		
Deferred tax related to items recognised in OCI during the year:		
(a) Net loss on remeasurements of defined benefit plans	(29.58)	(33.05)
Income tax charged to OCI	**(29.58)**	**(33.05)**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

B. Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Accounting profit before tax	**2,026.80**	**6,342.91**
Tax expense at statutory income tax rate of 34.944% (31 December 2019: 34.944%)	708.24	2,216.47
Adjustments in respect of current income tax of previous years	14.50	9.86
Non deductible expenses	37.62	3.71
Deduction claimed u/s Chapter-VI A of Income-tax Act, 1961	(196.42)	(273.36)
Deferred tax on capital gain on asset sold	(4.29)	-
Income chargeable at lower tax rate	(35.35)	(43.51)
Income not chargeable to tax	(27.37)	(13.48)
Impact of remeasurement of deferred tax liability	(731.85)	-
Others	(2.57)	(42.25)
Income tax expense at effective tax rate reported in the Statement of Profit and Loss	**(237.49)**	**1,857.44**

During the year ended 31 December 2020 and 31 December 2019, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax to the taxation authorities. The Company believes that Dividend Distribution Tax represents additional payment to taxation authority on behalf of the shareholders. Hence, Dividend Distribution Tax paid for the year ended on 31 December 2019 was charged to equity. (Also refer note 40)

28. Revenue from operations

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Sale of products	47,601.02	54,555.93
Rendering of services to a subsidiary	298.36	375.23
Other operating revenue	865.13	1,225.48
	48,764.51	**56,156.64**

Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers:

A. Reconciliation of revenue recognised with the contracted price:

(₹ in million)

Particulars	Year ended 31 December 2020	Year ended 31 December 2019
Gross revenue/Contracted price	57,552.48	67,515.57
Less: Discounts and rebates*	(9,653.10)	(12,584.41)
Revenue from contracts with customers	**47,899.38**	**54,931.16**

*Includes discounts and rebates given on invoice to customers.

B. Contract balances:

The following table provides information about receivables and contract liabilities from contract with customers:

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Receivables

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Trade receivables	1,929.11	1,521.57
Less: Allowances for expected credit loss	(223.82)	(216.26)
Net receivables	**1,705.29**	**1,305.31**

Contract liabilities

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Advance from customers	460.14	1,033.08
	460.14	**1,033.08**

C. Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liabilities are on account of the advance payment received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 120 days from the completion of performance obligation.

There is no significant financing component in any transaction with the customers.

D. Changes in the contract liabilities balances during the year are as follows:

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Balance at the beginning of the year	1,033.08	638.07
Addition during the year	460.14	1,033.08
Revenue recognised during the year	(1,033.08)	(638.07)
Balance at the closing of the year	**460.14**	**1,033.08**

29. Other income

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Interest income on items at amortised cost:		
- term deposits	4.59	0.65
- loan to subsidiaries	223.38	254.39
- others	23.80	21.89
Net gain on foreign currency transactions and translations	165.16	161.98
Gain on sale of current investments	-	1.38
Excess provisions written back	-	150.18
Guarantee commission/commission income from:		
- subsidiary	36.13	41.80
Dividend income from non-current investment in subsidiary	202.31	248.80
Dividend income from current investments	-	0.20
Gain on sale of property, plant and equipment (net)	5.35	45.06
Miscellaneous	59.20	53.74
	719.92	**980.07**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

30. Cost of materials consumed

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Raw material and packing material consumed		
Inventories at beginning of the year	2,651.70	1,577.80
Purchases during the year (net)	22,779.19	26,651.92
	25,430.89	**28,229.72**
Sold during the year	1,592.15	2,097.80
Inventories at end of the year	2,525.43	2,651.70
	21,313.31	**23,480.22**

31. Purchases of stock-in-trade

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Beverages	565.14	3,776.90
Others	309.69	186.39
	874.83	**3,963.29**

32. Changes in inventories of finished goods, work-in-progress and traded goods

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
As at the beginning of the year		
- Finished goods	1,095.62	549.75
- Intermediate goods	1,836.56	1,259.93
- Work in progress	61.18	76.59
	2,993.36	1,886.27
As at the closing of the year		
- Finished goods	1,205.16	1,095.62
- Intermediate goods	1,643.18	1,836.56
- Work in progress	81.57	61.18
	2,929.91	2,993.36
Finished goods used as fixed assets*	(94.82)	(217.04)
	(31.37)	**(1,324.13)**

*The Company manufactures plastic shells at one of its manufacturing facilities at Alwar. The shells manufactured are used for beverages operations of the Company as property, plant and equipment (under the head "Containers"). These containers are also sold to third parties. The cost of manufacturing of plastic shells is being shown here separately with a corresponding debit to property, plant and equipment.

33. Employee benefits expense

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Salaries, wages and bonus	6,399.53	5,815.74
Contribution to provident fund and other funds	336.66	285.61
Staff welfare expenses	214.45	206.78
	6,950.64	**6,308.13**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

34. Finance costs

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Interest on items at amortised cost:		
- Term loans	1,893.82	2,372.71
- Working capital facilities	333.87	266.30
- Financial liabilities	87.57	65.33
- Others	87.93	11.47
Exchange differences regarded as an adjustment to borrowings	68.25	64.55
Other ancillary borrowing costs	18.71	22.12
	2,490.15	**2,802.48**

35. Depreciation and amortisation expense

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Depreciation on property, plant and equipment	4,080.77	3,820.72
Amortisation of intangible assets	47.40	51.30
	4,128.17	**3,872.02**

36. Other expenses

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Power and fuel	2,030.74	2,201.86
Repairs to plant and equipment	859.87	885.94
Repairs to buildings	54.67	73.61
Other repairs	483.83	404.00
Consumption of stores and spares	460.50	562.79
Rent (Refer note 45)	378.83	454.97
Rates and taxes	61.98	51.66
Insurance	87.06	46.61
Printing and stationery	29.68	40.51
Communication	45.84	53.99
Travelling and conveyance	436.68	731.37
Directors' sitting fee	3.60	7.60
Payment to auditors*	13.55	13.80
Vehicle running and maintenance	78.45	82.98
Lease and hire (Refer note 45)	175.56	147.31
Security and service charges	260.35	283.08
Legal, professional and consultancy	152.43	217.95
Bank charges	9.34	13.65
Advertisement and sales promotion	575.11	710.08
Meetings and conferences	15.28	11.54
Royalty	87.70	105.85
Freight, octroi and insurance paid (net)	3,489.91	3,558.61
Delivery vehicle running and maintenance	703.39	515.42
Distribution expenses	4.31	5.54
Loading and unloading charges	271.84	315.07

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Donations	2.35	0.39
Bad debts and advances written off	6.59	1.97
Allowance for expected credit loss	7.56	-
Corporate Social Responsibility expenditure (Refer note 48)	75.04	57.50
General office and other miscellaneous	204.57	136.14
	11,066.61	**11,691.79**

***Payment to auditors**

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Services rendered for:		
- Audit and reviews	11.50	11.40
- taxation matters	1.05	1.24
- other matters**	0.48	0.45
- reimbursement of expenses	0.52	0.71
	13.55	**13.80**

**Excludes expense of ₹ Nil (31 December 2019: ₹ 4.25 million) towards fee related to QIP of equity shares, which has been adjusted with the securities premium as share issue expense.

37. Other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserves in equity is shown below:

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Retained earnings		
Re-measurement losses on defined benefit plans	(117.51)	(94.59)
Tax impact on re-measurement losses on defined benefit plans (Refer note 22)	29.58	33.05
	(87.93)	**(61.54)**
Capital reserve		
Gain from a bargain purchase (Refer note 49A)	-	344.43
	-	**344.43**

38. Gratuity and other post-employment benefit plans

Gratuity:

The Company has a defined benefit gratuity plan governed by the Payments of Gratuity Act, 1972. Every employee who has completed five years or more of services is eligible for gratuity on separation at 15 days salary (last drawn salary) for each completed year of service. The Company has formed a Gratuity Trust to which contribution is made and an insurance policy is taken by the trust, which is a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity outflow during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (particularly, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset. The Company makes a provision of unfunded liability based on actuarial valuation in the Balance Sheet as part of employee cost.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Compensated absences:

The Company recognises the compensated absences expenses in the Statement of Profit and Loss based on actuarial valuation.

The following tables summaries the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet:

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Changes in present value are as follows:				
Balance at the beginning of the year	1,332.58	773.03	592.87	404.91
Acquired on business combination (Refer note 49A)	-	289.19	-	52.34
Current service cost	166.12	140.32	151.22	129.12
Interest cost	88.67	71.22	40.44	33.98
Benefits settled	(116.78)	(35.58)	(53.02)	(23.84)
Actuarial loss/(gain)	118.27	94.40	(2.17)	(3.64)
Balance at the end of the year	**1,588.86**	**1,332.58**	**729.34**	**592.87**

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Change in fair value of plan assets are as follows:				
Plan assets at the beginning of the year, at fair value	29.93	49.16	-	-
Expected income on plan assets	3.67	2.89	-	-
Actuarial gain/(loss)	0.76	(0.18)	-	-
Contributions by employer	50.00	2.06	-	-
Benefits settled	(20.60)	(24.00)	-	-
Plan assets at the end of the year, at fair value	**63.76**	**29.93**	**-**	**-**

The Company has taken an insurance policy against its liability towards gratuity, the same has been disclosed as plan assets above.

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Reconciliation of present value of the obligation and the fair value of the plan assets:				
Present value of obligation	1,588.86	1,332.58	729.34	592.87
Fair value of plan assets	(63.76)	(29.93)	-	-
Net liability recognised in the Balance Sheet	**1,525.10**	**1,302.65**	**729.34**	**592.87**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Amount recognised in Statement of Profit and Loss:				
Current service cost	166.12	140.32	151.22	129.12
Interest expense	88.67	71.22	40.44	33.98
Expected return on plan assets	(3.67)	(2.89)	-	-
Actuarial gain	-	-	(2.17)	(3.64)
Net cost recognised	**251.12**	**208.65**	**189.49**	**159.46**

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Amount recognised in Other Comprehensive Income:				
Actuarial changes arising from changes in financial assumptions	118.10	42.09	-	-
Actuarial changes arising from changes in demographic assumptions	-	(85.59)	-	-
Experience adjustments	0.17	137.91	-	-
Return on plan assets	(0.76)	0.18	-	-
Amount recognised	**117.51**	**94.59**	**-**	**-**

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Assumptions used:				
Mortality	IALM 2012-2014	IALM 2012-2014	IALM 2012-2014	IALM 2012-2014
Discount rate	5.85%	6.95%	5.85%	6.95%
Withdrawal rate	11.00%	11.00%	11.00%	11.00%
Salary increase	12.00%	12.00%	12.00%	12.00%
Rate of leave availment	-	-	20.00%	20.00%
Retirement age (Years)	58-70	58-70	58-70	58-70
Rate of return on plan assets	6.76-7.27%	7.36-7.65%	-	-

A quantitative sensitivity analysis for significant assumption as at 31 December 2020 is as shown below:

(₹ in million)

	Sensitivity level		Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Discount rate	+1%	+1%	(114.17)	(92.43)	(23.84)	(18.83)
	-1%	-1%	130.52	105.13	25.48	20.09
Salary increase	+1%	+1%	121.72	99.14	23.82	18.98
	-1%	-1%	(109.19)	(89.26)	(22.77)	(18.17)
Withdrawal rate	+1%	+1%	(37.00)	(25.48)	(9.15)	(6.90)
	-1%	-1%	41.52	28.46	9.67	7.23

The sensitivity analysis above has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Risk associated:	
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit.
Interest risk (discount rate risk)	A decrease in the bond interest rate (discount rate) will increase the plan liability.
Mortality risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2012-2014) (31 December 2019: (2012-14) ultimate table). A change in mortality rate will have a bearing on the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Effect of the defined benefit plan on the Company's future cash flows:

Funding arrangements and funding policy:

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

Expected contribution during the next annual reporting period:

The Company's best estimate of contribution during the next financial year approximates to ₹ 1,698.56 million (31 December 2019: ₹ 1,459.25 million).

The following are maturity profile of Defined Benefit Obligations in future years (before adjusting fair value of plan assets):

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
(i) Weighted average duration of the defined benefit obligation	8 years	7 years	3 years	3 years
(ii) Expected cash flows over the years (valued on undiscounted basis):				
Duration (years)				
1	171.32	142.25	215.28	176.49
2 to 5	623.22	572.20	453.15	387.98
Above 5	1,921.11	1,791.76	238.72	201.75
	2,715.65	**2,506.21**	**907.15**	**766.22**

Defined contribution plan:

Contribution to defined contribution plans, recognised as expense for the year is as under:

Employer's contribution to provident and other funds ₹ 336.66 million (31 December 2019 ₹ 285.61 million)

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

39. Earnings per share (EPS)

(₹ in million, unless otherwise stated)

	31 December 2020	31 December 2019
Profit attributable to the equity shareholders	2,264.29	4,485.47
Weighted average number of equity shares outstanding during the year for calculating basic earning per share (nos.)	288,688,720	278,613,350
Add: Employee stock options (nos.)	-	5,002
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (nos.)	288,688,720	278,618,352
Nominal value per equity shares (₹)	10.00	10.00
Basic earnings per share (₹)	7.84	16.10
Diluted earnings per share (₹)	7.84	16.10

40. Dividend:

(₹ in million)

	31 December 2020	31 December 2019
Interim dividend ₹ 2.50 per share (31 December 2019: ₹ 2.50 per share)	721.72	684.96
Dividend distribution tax on interim dividend	-	91.73

With effect from 01 April 2020, a domestic company is not required to pay Dividend Distribution Tax ("DDT") on any amount declared, distributed or paid by such company by way of dividend.

41. Contingent liabilities and commitments

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(a) Guarantees issued on behalf of subsidiaries for business purposes	2,918.22	2,583.14
(b) Claims against the Company not acknowledged as debts (being contested):-		
(i) Goods and Service Tax	4.23	2.16
(ii) For excise and service tax	69.98	50.12
(iii) For Customs	90.75	45.37
(iv) For sales tax / entry tax	594.81	760.02
(v) For income tax	110.00	85.80
(vi) Others*	339.61	315.28

*excludes pending matters where amount of liability is not ascertainable.

42. Capital commitments

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 713.09 (31 December 2019: ₹ 544.65)).	1,224.52	3,783.86

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

43. Pursuant to transfer pricing legislations under the Income-tax Act, 1961, the Company is required to use specified methods for computing arm's length price in relation to specified international and domestic transactions with its associated enterprises. Further, the Company is required to maintain prescribed information and documents in relation to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of updating its transfer pricing documentation for the current financial year. Based on the preliminary assessment, the management is of the view that the update would not have a material impact on the tax expense recorded in these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.

44. Related party disclosures (as per Ind AS-24)

Following are the related parties and transactions entered with related parties for the relevant financial year:

(i) List of related parties and relationships:-

I. Key managerial personnel (KMPs)	
Mr. Ravi Kant Jaipuria	Non-executive chairman and Karta of Ravi Kant Jaipuria & Sons (HUF)
Mr. Varun Jaipuria	Whole Time Director
Mr. Raj Pal Gandhi	Whole Time Director
Mr. Rajinder Jeet Singh Bagga (w.e.f. 02 May 2019)	Whole Time Director
Mr. Kapil Agarwal	Chief Executive Officer and Whole Time Director
Mr. Kamlesh Kumar Jain (till 01 August 2019)	Chief Financial Officer and Whole Time Director
Mr. Vikas Bhatia (w.e.f 01 August 2019)	Chief Financial Officer
Mr. Pradeep Khushalchand Sardana	Non-executive independent director
Mr. Naresh Kumar Trehan	Non-executive independent director
Mrs. Sita Khosla	Non-executive independent director
Dr. Ravi Gupta	Non-executive independent director
Mrs. Rashmi Dhariwal	Non-executive independent director
Mr. Ravi Batra	Company secretary
Mr. Mahavir Prasad Garg	Company secretary of the parent, namely RJ Corp Limited
II. Parent and ultimate parent	
RJ Corp Limited	Parent
Ravi Kant Jaipuria & Sons (HUF)	Ultimate parent
III. Subsidiaries/step down subsidiaries	
Varun Beverages Morocco SA	Subsidiary
Varun Beverages (Nepal) Private Limited	Subsidiary
Varun Beverages Lanka (Private) Limited	Subsidiary
Varun Beverages (Zambia) Limited	Subsidiary
Varun Beverages (Zimbabwe) (Private) Limited	Subsidiary
Lunarmech Technologies Private Limited (w.e.f. 04 November 2019)	Subsidiary
Angelica Technologies Private Limited (amalgamated with Lunarmech Technologies Private Limited by NCLT order dated 22 May 2020)	Subsidiary
Varun Beverages (Botswana) (Proprietary) Limited (w.e.f. 21 February 2019 to 11 March 2020)	Step down subsidiary
Ole Spring Bottlers (Private) Limited	Step down subsidiary

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

IV. Fellow subsidiaries and entities controlled by parent/ultimate parent*

Devyani International Limited

Devyani Food Industries Limited

Alisha Retail Private Limited (till 19 February 2020)

Varun Food and Beverages Zambia Limited

Wellness Holdings Limited

SVS India Private Limited

Lineage Healthcare Limited (w.e.f. 27 September 2019)

Diagno Labs Private Limited

V. Associate (or an associate of any member of the Company)

Lunarmech Technologies Private Limited (till 03 November 2019)

Angelica Technologies Private Limited (till 03 November 2019)

Lineage Healthcare Limited (till 26 September 2019)

VI. Relatives of KMPs*

Mrs. Dhara Jaipuria

Mrs. Devyani Jaipuria

Mrs. Shashi Jain (till 01 August 2019)

Mr. Kanishk Jain (till 01 August 2019)

Ms. Srishti Jain (till 01 August 2019)

Mrs. Aastha Agarwal

Mr. Ravindra Dhariwal

Mr. Kaustubh Agarwal

VII. Entities in which a director or his/her relative is a member/director/trustee*

Champa Devi Jaipuria Charitable Trust

Mala Jaipuria Foundation (Trust)

SMV Beverages Private Limited

Alisha Torrent Closures (India) Private Limited

Nectar Beverages Private Limited

Jai Beverages Private Limited

Sagacito Technology Private Limited

Medanta Institute of Education and Research

RJ Foundation (Trust)

Devyani Food Industries (Kenya) Limited

Devyani Airport Services (Mumbai) Private Limited

VIII. Entities which are post employment benefits plans

VBL Employees' Gratuity Trust

*With whom the Company had transactions during the current year and previous year.

(ii) Terms and conditions of transactions with related parties

The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(iii) Transactions with KMPs (Refer note 44A)

(iv) Transactions with related parties (Refer note 44B)

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

44A. Transactions with KMPs

(₹ in million)

		For year ended 2020	For year ended 2019
I.	**Remuneration paid**		
	Mr. Varun Jaipuria	43.65	31.45
	Mr. Raj Pal Gandhi	41.56	48.51
	Mr. Kapil Agarwal	68.31	57.12
	Mr. Kamlesh Kumar Jain	-	9.89
	Mr. Ravi Batra	9.13	8.23
	Mr. Rajinder Jeet Singh Bagga	31.55	18.44
	Mr. Mahavir Prasad Garg^	3.09	3.60
	Mr. Vikas Bhatia	22.53	7.72
II.	**Director sitting fees paid**		
	Mr. Pradeep Khushalchand Sardana	0.40	0.80
	Mrs. Sita Khosla	0.90	1.90
	Dr. Ravi Gupta	1.00	1.90
	Mrs. Rashmi Dhariwal	1.30	3.00
III.	**Dividend paid**		
	Mr. Varun Jaipuria	126.66	126.66
	Mr. Raj Pal Gandhi	1.53	1.53
	Mr. Kapil Agarwal	1.03	1.02
	Mr. Kamlesh Kumar Jain	-	0.06
	Mr. Rajinder Jeet Singh Bagga	0.32	0.32
	Mr. Vikas Bhatia	0.02	0.02
	Mr. Pradeep Khushalchand Sardana	-	0.00*
IV.	**Defined benefit obligation (cumulative) for KMP**		
	(i) Gratuity		
	Mr. Varun Jaipuria	43.73	25.88
	Mr. Raj Pal Gandhi	47.13	40.01
	Mr. Kapil Agarwal	61.97	48.79
	Mr. Ravi Batra	1.26	0.73
	Mr. Mahavir Prasad Garg	0.32	0.16
	Mr. Rajinder Jeet Singh Bagga	23.43	19.56
	Mr. Vikas Bhatia	0.02	0.01
	(ii) Compensated absences		
	Mr. Varun Jaipuria	14.82	8.22
	Mr. Raj Pal Gandhi	14.58	13.02
	Mr. Kapil Agarwal	18.53	15.84
	Mr. Ravi Batra	1.56	1.16
	Mr. Vikas Bhatia	1.42	0.54
	Mr. Mahavir Prasad Garg	0.61	0.35
	Mr. Rajinder Jeet Singh Bagga	7.52	7.09
V.	**Bonus Share issued (Face value of ₹ 10 each)**		
	Mr. Varun Jaipuria	-	16.89
	Mr. Raj Pal Gandhi	-	2.04
	Mr. Kapil Agarwal	-	2.03
	Mr. Kamlesh Kumar Jain	-	0.09
	Mr. Pradeep Khushalchand Sardana	-	0.00*
	Mr. Rajinder Jeet Singh Bagga	-	0.43
VI.	**Balances (payable)/receivable outstanding at the end of the year, net**		
	Mr. Varun Jaipuria	(2.15)	(1.56)
	Mr. Raj Pal Gandhi	(1.48)	(1.60)
	Mr. Kapil Agarwal	(2.63)	(2.12)
	Mr. Rajinder Jeet Singh Bagga	(1.31)	0.24
	Mr. Ravi Batra	(0.50)	(0.45)
	Mr. Mahavir Prasad Garg	(0.22)	(0.14)
	Mrs. Sita Khosla	-	(0.09)
	Mr. Vikas Bhatia	(0.66)	(0.75)

*Rounded off to Nil.
^Net of reimbursement

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

44B. Transactions with related parties

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Sale of goods																
- Varun Beverages (Nepal) Private Limited	-	-	42.03	61.29	-	-	-	-	-	-	-	-	-	-	**42.03**	**61.29**
- Ole Spring Bottlers (Private) Limited	-	-	12.35	18.86	-	-	-	-	-	-	-	-	-	-	**12.35**	**18.86**
- Varun Beverages Morocco SA	-	-	6.08	6.49	-	-	-	-	-	-	-	-	-	-	**6.08**	**6.49**
- Varun Beverages Lanka (Private) Limited	-	-	2.91	0.05	-	-	-	-	-	-	-	-	-	-	**2.91**	**0.05**
- Varun Beverages (Zambia) Limited	-	-	73.07	54.66	-	-	-	-	-	-	-	-	-	-	**73.07**	**54.66**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	164.23	206.91	-	-	-	-	-	-	-	-	-	-	**164.23**	**206.91**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	98.27	75.48	-	-	**98.27**	**75.48**
- Lunarmech Technologies Private Limited	-	-	55.19	2.46	-	-	-	12.17	-	-	-	-	-	-	**55.19**	**14.63**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	20.51	5.15	-	-	**20.51**	**5.15**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	27.05	-	-	**-**	**27.05**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	548.63	49.53	-	-	**548.63**	**49.53**
- Devyani International Limited	-	-	-	-	32.49	56.52	-	-	-	-	-	-	-	-	**32.49**	**56.52**
- Devyani Food Industries Limited	-	-	-	-	8.44	16.62	-	-	-	-	-	-	-	-	**8.44**	**16.62**
- Alisha Retail Private Limited	-	-	-	-	-	(0.29)	-	-	-	-	-	-	-	-	**-**	**(0.29)**
- Devyani Airport Services (Mumbai) Private Limited	-	-	-	-	-	-	-	-	-	-	1.58	2.63	-	-	**1.58**	**2.63**
- Lineage Healthcare Limited	-	-	-	-	0.05	0.05	-	-	-	-	-	-	-	-	**0.05**	**0.05**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	-	-	7.27	-	-	-	**7.27**	**-**
Sale of raw materials and stores																
- Varun Beverages (Nepal) Private Limited	-	-	5.13	2.95	-	-	-	-	-	-	-	-	-	-	**5.13**	**2.95**
- Varun Beverages Lanka (Private) Limited	-	-	5.62	33.98	-	-	-	-	-	-	-	-	-	-	**5.62**	**33.98**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	179.50	244.53	-	-	-	-	-	-	-	-	-	-	**179.50**	**244.53**
- Varun Beverages (Zambia) Limited	-	-	13.34	2.95	-	-	-	-	-	-	-	-	-	-	**13.34**	**2.95**
- Varun Beverages Morocco SA	-	-	5.71	-	-	-	-	-	-	-	-	-	-	-	**5.71**	**-**
- Lunarmech Technologies Private Limited	-	-	0.01	0.16	-	-	-	-	-	-	-	-	-	-	**0.01**	**0.16**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	0.00*	1.50	-	-	**0.00***	**1.50**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	110.36	-	-	**-**	**110.36**
- Devyani Food Industries Limited	-	-	-	-	32.76	33.54	-	-	-	-	-	-	-	-	**32.76**	**33.54**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	58.23	144.32	-	-	**58.23**	**144.32**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	-	-	4.74	-	-	-	**4.74**	**-**
Purchase of goods																
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	484.15	-	-	**-**	**484.15**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	263.65	278.63	-	-	**263.65**	**278.63**
- Devyani Food Industries Limited	-	-	-	-	251.62	142.00	-	-	-	-	-	-	-	-	**251.62**	**142.00**
Purchase of raw materials and stores																
- Lunarmech Technologies Private Limited	-	-	616.01	99.38	-	-	-	491.34	-	-	-	-	-	-	**616.01**	**590.72**
- Alisha Retail Private Limited	-	-	-	-	-	0.05	-	-	-	-	-	-	-	-	**-**	**0.05**
Promotional charges paid																
- Alisha Retail Private Limited	-	-	-	-	-	1.95	-	-	-	-	-	-	-	-	**-**	**1.95**
Loan given																
- Varun Beverages Morocco SA	-	-	-	211.23	-	-	-	-	-	-	-	-	-	-	**-**	**211.23**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	435.39	-	-	-	-	-	-	-	-	-	-	-	**435.39**	**-**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Interest received/(paid)																
- Varun Beverages Morocco SA	-	-	66.52	124.13	-	-	-	-	-	-	-	-	-	-	**66.52**	124.13
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	43.85	41.18	-	-	-	-	-	-	-	-	-	-	**43.85**	41.18
- Varun Beverages (Zambia) Limited	-	-	34.68	50.57	-	-	-	-	-	-	-	-	-	-	**34.68**	50.57
- Varun Beverages Lanka (Private) Limited	-	-	78.33	38.51	-	-	-	-	-	-	-	-	-	-	**78.33**	38.51
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	(4.00)	(4.00)	-	-	**(4.00)**	(4.00)
Contribution to corporate social responsibility activities																
- Mala Jaipuria Foundation	-	-	-	-	-	-	-	-	-	-	10.80	5.00	-	-	**10.80**	5.00
- Champa Devi Jaipuria Charitable Trust	-	-	-	-	-	-	-	-	-	-	20.00	50.00	-	-	**20.00**	50.00
- Medanta Institute of Education and Research	-	-	-	-	-	-	-	-	-	-	10.00	-	-	-	**10.00**	-
- RJ Foundation	-	-	-	-	-	-	-	-	-	-	33.59	-	-	-	**33.59**	-
Guarantee commission income																
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	34.73	38.26	-	-	-	-	-	-	-	-	-	-	**34.73**	38.26
- Varun Beverages (Nepal) Private Limited	-	-	1.40	3.59	-	-	-	-	-	-	-	-	-	-	**1.40**	3.59
Guarantee commission receivable written off																
- Varun Beverages (Nepal) Private Limited	-	-	7.63	-	-	-	-	-	-	-	-	-	-	-	**7.63**	-
Dividend income																
- Varun Beverages (Nepal) Private Limited	-	-	202.31	202.31	-	-	-	-	-	-	-	-	-	-	**202.31**	202.31
- Varun Beverages (Zambia) Limited	-	-	-	46.49	-	-	-	-	-	-	-	-	-	-	**-**	46.49
Redemption of preference shares (classified as loan given to subsidiary)																
- Varun Beverages Lanka (Private) Limited	-	-	-	89.15	-	-	-	-	-	-	-	-	-	-	**-**	89.15

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Conversion of loan into investment																
- Varun Beverages Morocco SA	-	-	1,256.62	1,182.46	-	-	-	-	-	-	-	-	-	-	**1,256.62**	**1,182.46**
- Varun Beverages (Zambia) Limited	-	-	560.62	-	-	-	-	-	-	-	-	-	-	-	**560.62**	**-**
Conversion of preference shares (classified as loan given to subsidiary) to investment																
- Varun Beverages Lanka (Private) Limited	-	-	2,626.58	-	-	-	-	-	-	-	-	-	-	-	**2,626.58**	**-**
Professional charges paid																
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	-	-	4.40	5.20	-	-	-	-	**4.40**	**5.20**
- Sagacito Technology Private Limited	-	-	-	-	-	-	-	-	-	-	-	4.00	-	-	**-**	**4.00**
Service rendered: management fees																
- Varun Beverages (Nepal) Private Limited	-	-	132.61	165.86	-	-	-	-	-	-	-	-	-	-	**132.61**	**165.86**
Travelling expenses paid																
- Wellness Holdings Limited	-	-	-	-	38.30	217.30	-	-	-	-	-	-	-	-	**38.30**	**217.30**
Licence fee paid																
- Devyani Food Industries Limited	-	-	-	-	1.20	-	-	-	-	-	-	-	-	-	**1.20**	**-**
Dividend paid																
- RJ Corp Limited	199.83	209.33	-	-	-	-	-	-	-	-	-	-	-	-	**199.83**	**209.33**
- Ravi Kant Jaipuria & Sons (HUF)	134.70	146.95	-	-	-	-	-	-	-	-	-	-	-	-	**134.70**	**146.95**
- Mrs. Aastha Agarwal	-	-	-	-	-	-	-	-	0.25	0.25	-	-	-	-	**0.25**	**0.25**
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	-	-	0.25	0.25	-	-	-	-	**0.25**	**0.25**
- Mr. Kanishk Jain	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Mrs. Shashi Jain	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Ms. Srishti Jain	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	0.01	0.01	-	-	-	-	**0.01**	**0.01**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	-	-	17.51	20.26	-	-	-	-	**17.51**	**20.26**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Service rendered: Technical know-how fees																
- Varun Beverages (Nepal) Private Limited	-	-	165.75	207.32	-	-	-	-	-	-	-	-	-	-	**165.75**	**207.32**
(Expenses incurred by the Company on behalf of others)/ expenses incurred by others on behalf of the Company																
- Devyani International Limited	-	-	-	-	8.17	6.11	-	-	-	-	-	-	-	-	**8.17**	**6.11**
- Diagno Labs Private Limited	-	-	-	-	-	0.10	-	-	-	-	-	-	-	-	**-**	**0.10**
- Lunarmech Technologies Private Limited	-	-	0.05	-	-	-	-	0.00*	-	-	-	-	-	-	**0.05**	**0.00***
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	-	(2.06)	-	-	-	-	-	-	-	-	-	-	**-**	**(2.06)**
- Alisha Retail Private Limited	-	-	-	-	-	0.01	-	-	-	-	-	-	-	-	**-**	**0.01**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	(0.20)	-	-	-	**(0.20)**	**-**
- RJ Corp Limited	(1.03)	-	-	-	-	-	-	-	-	-	-	-	-	-	**(1.03)**	**-**
- Devyani Food Industries Limited	-	-	-	-	1.27	(1.25)	-	-	-	-	-	-	-	-	**1.27**	**(1.25)**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	(1.17)	-	-	**-**	**(1.17)**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	-	-	(1.94)	-	-	-	**(1.94)**	**-**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	**0.00***	**-**
Amount paid by Company on behalf of others/(amount paid by others on behalf of the Company)																
- Devyani Food Industries Limited	-	-	-	-	-	1.56	-	-	-	-	-	-	-	-	**-**	**1.56**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	11.10	-	-	**-**	**11.10**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	2.49	(20.00)	-	-	**2.49**	**(20.00)**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Rent/ lease charges paid/ (received)																
- RJ Corp Limited	112.35	109.80	-	-	-	-	-	-	-	-	-	-	-	-	**112.35**	**109.80**
- Ravi Kant Jaipuria & Sons (HUF)	7.57	7.21	-	-	-	-	-	-	-	-	-	-	-	-	**7.57**	**7.21**
- SVS India Private Limited	-	-	-	-	1.20	1.05	-	-	-	-	-	-	-	-	**1.20**	**1.05**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	33.69	-	-	**-**	**33.69**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	27.00	17.10	-	-	**27.00**	**17.10**
- Mrs. Dhara Jaipuria	-	-	-	-		-	-	-	2.83	2.58	-	-	-	-	**2.83**	**2.58**
- Devyani Food Industries Limited	-	-	-	-	(1.33)	-	-	-	-	-	-	-	-	-	**(1.33)**	**-**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	(0.86)	(0.32)	-	-	**(0.86)**	**(0.32)**
Financial guarantees given																
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	710.34	213.82	-	-	-	-	-	-	-	-	-	-	**710.34**	**213.82**
- Varun Beverages (Nepal) Private Limited	-	-	-	280.99	-	-	-	-	-	-	-	-	-	-	**-**	**280.99**
Financial guarantees closed																
- Varun Beverages (Nepal) Private Limited	-	-	-	468.31	-	-	-	-	-	-	-	-	-	-	**-**	**468.31**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	430.15	-	-	-	-	-	-	-	-	-	-	-	**430.15**	**-**
Purchase of fixed assets																
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	1,075.94	-	-	**-**	**1,075.94**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	15.00	340.26	-	-	**15.00**	**340.26**
Sale of fixed assets																
- Varun Beverages (Nepal) Private Limited	-	-	8.31	15.66	-	-	-	-	-	-	-	-	-	-	**8.31**	**15.66**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	101.27	9.45	-	-	-	-	-	-	-	-	-	-	**101.27**	**9.45**
- Varun Beverages Lanka (Private) Limited	-	-	0.44	-	-	-	-	-	-	-	-	-	-	-	**0.44**	**-**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Marketing support fee																
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	98.90	-	-	**-**	**98.90**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	43.38	-	-	**-**	**43.38**
Contribution to gratuity trust																
- VBL Employees' Gratuity Trust	-	-	-	-	-	-	-	-	-	-	-	-	50.00	2.06	**50.00**	**2.06**
IT infrastructure support fee received																
- Varun Beverages (Nepal) Private Limited	-	-	1.86	2.99	-	-	-	-	-	-	-	-	-	-	**1.86**	**2.99**
- Varun Beverages Lanka (Private) Limited	-	-	4.36	2.82	-	-	-	-	-	-	-	-	-	-	**4.36**	**2.82**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	3.62	2.63	-	-	-	-	-	-	-	-	-	-	**3.62**	**2.63**
- Devyani International Limited	-	-	-	-	1.70	2.83	-	-	-	-	-	-	-	-	**1.70**	**2.83**
- Varun Food and Beverages Zambia Limited	-	-	-	-	0.34	0.63	-	-	-	-	-	-	-	-	**0.34**	**0.63**
- Varun Beverages (Zambia) Limited	-	-	3.08	3.98	-	-	-	-	-	-	-	-	-	-	**3.08**	**3.98**
- Varun Beverages Morocco SA	-	-	4.37	4.50	-	-	-	-	-	-	-	-	-	-	**4.37**	**4.50**
- Devyani Food Industries Limited	-	-	-	-	4.98	7.41	-	-	-	-	-	-	-	-	**4.98**	**7.41**
Advance paid for acquisition of assets																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	30.00	4.00	-	-	**30.00**	**4.00**
Capital commitments																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	252.00	282.00	-	-	**252.00**	**282.00**
Bonus share issued (Face value of ₹ 10 each)																
- RJ Corp Limited	-	279.11	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**279.11**
- Ravi Kant Jaipuria & Sons (HUF)	-	195.94	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**195.94**
- Mr. Kanishk Jain	-	-	-	-	-	-	-	-	-	0.01	-	-	-	-	**-**	**0.01**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
- Mrs. Shashi Jain	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Ms. Srishti Jain	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	-	0.01	-	-	-	-	**-**	**0.01**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	-	-	-	27.01	-	-	-	-	**-**	**27.01**
Balances outstanding at the end of the year, net including loan outstanding																
A. Receivable/(payable), net																
- Varun Beverages Morocco SA	-	-	808.50	1,935.94	-	-	-	-	-	-	-	-	-	-	**808.50**	**1,935.94**
- Varun Beverages (Nepal) Private Limited	-	-	583.75	676.29	-	-	-	-	-	-	-	-	-	-	**583.75**	**676.29**
- Ole Spring Bottlers (Private) Limited	-	-	2.73	0.00*	-	-	-	-	-	-	-	-	-	-	**2.73**	**0.00***
- Varun Beverages Lanka (Private) Limited	-	-	2.93	2,627.37	-	-	-	-	-	-	-	-	-	-	**2.93**	**2,627.37**
- Varun Beverages (Zambia) Limited	-	-	626.76	1,137.89	-	-	-	-	-	-	-	-	-	-	**626.76**	**1,137.89**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	1,229.22	771.93	-	-	-	-	-	-	-	-	-	-	**1,229.22**	**771.93**
- Devyani International Limited	-	-	-	-	10.35	1.42	-	-	-	-	-	-	-	-	**10.35**	**1.42**
- RJ Corp Limited	35.49	34.82	-	-	-	-	-	-	-	-	-	-	-	-	**35.49**	**34.82**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	1.27	1.21	-	-	-	-	**1.27**	**1.21**
- Wellness Holdings Limited	-	-	-	-	(9.77)	(31.00)	-	-		-	-	-	-	-	**(9.77)**	**(31.00)**
- Alisha Retail Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
- Lunarmech Technologies Private Limited	-	-	(104.24)	(89.98)	-	-	-	-	-	-	-	-	-	-	**(104.24)**	**(89.98)**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	47.53	(12.27)	-	-	**47.53**	**(12.27)**
- Varun Food and Beverages Zambia Limited	-	-	-	-	0.00*	0.56	-	-	-	-	-	-	-	-	**0.00***	**0.56**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	9.02	3.20	-	-	**9.02**	**3.20**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	0.30	-	-	**-**	**0.30**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	1.22	3.75	-	-	**1.22**	**3.75**
- Devyani Airport Services (Mumbai) Private Limited	-	-	-	-	-	-	-	-	-	-	0.26	0.57	-	-	**0.26**	**0.57**
- Devyani Food Industries Limited	-	-	-	-	(21.83)	0.00*	-	-	-	-	-	-	-	-	**(21.83)**	**0.00***
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	-	-	13.95	-	-	-	**13.95**	**-**
B. Financial guarantees																
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	2,637.23	2,302.15	-	-	-	-	-	-	-	-	-	-	**2,637.23**	**2,302.15**
- Varun Beverages (Nepal) Private Limited	-	-	280.99	280.99	-	-	-	-	-	-	-	-	-	-	**280.99**	**280.99**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

45. Disclosure on lease transactions pursuant to Ind AS 116 - Leases

The Company has adopted Ind AS 116 "Leases" w.e.f. 01 January 2020, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019, using modified retrospective method with right-of-use asset recognised at an amount equal to the lease liability in the balance sheet on the initial date of application. Accordingly, previous period information has not been restated. The Company's lease asset class primarily consists of leases for buildings and plant and equipment. With the exception of short-term leases, leases of low-value and cancellable long-term leases underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liability.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the weighted average borrowing rate on the date of adoption, i.e., 8.22%.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right of use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security against the Company's other debts and liabilities.

i Lease liabilities are presented in the balance sheet as at 31 December 2020:

(₹ in million)

	As at 31 December 2020
Current maturities of lease liabilities (Refer note 25)	44.29
Non-current lease liabilities (Refer note 20C)	79.50
Total	**123.79**

ii The recognised right of use assets relate to buildings and plant and equipments as at 31 December 2020:

(₹ in million)

	Total
Right of use assets - buildings and plant and equipments	
Balance as at 01 January 2020	-
Addition on account of transition to Ind AS 116 (Refer note 4)	200.47
Additions for the year	-
Disposals for the year	-
Depreciation charge for the year	(80.80)
Balance as at 31 December 2020	**119.67**

iii The following are amounts recognised in Standalone Statement of Profit and Loss:

(₹ in million)

	Year ended 31 December 2020
Depreciation charge on right of use assets	80.80
Interest expense on lease liabilities	13.57
Total	**94.37**

iv Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less), cancellable long-term leases and for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 554.39 million.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

v Refer Standalone Cash Flow Statement for total cash outflow for leases for the year ended 31 December 2020.

vi Maturity of lease liabilities

Future minimum lease payments were as follows:

(₹ in million)

	Lease payments	Interest expense	Net Present value
Not later than 1 year	52.39	8.10	44.29
Later than 1 year not later than 5 years	49.71	17.91	31.80
Later than 5 years	280.62	232.92	47.71
Total	**382.72**	**258.93**	**123.79**

vii The following is a reconciliation of total operating lease commitments at 31 December 2019 (as disclosed in the financial statements for the year ended 31 December 2019) to the lease liabilities recognised at 01 January 2020:

(₹ in million)

Particulars	Amount
Total operating lease commitments disclosed as at 31 December 2019	108.03
Leases with remaining lease term of less than 12 months	(29.81)
Leases identified at the time of transition	392.19
Operating lease liabilities before discounting	**470.41**
Discounting impact (using weighted average borrowing rate)	(272.49)
Total lease liabilities recognised as at 01 January 2020	**197.92**

viii Adjustments recognised in the balance sheet on 01 January 2020:

The change in accounting policy for leases impacted the following items in the balance sheet on 01 January 2020:

(₹ in million)

	Amount reported as at 31 December 2019	Impacts of adoption Ind AS 116	Adjusted amount as at 01 January 2020
Other non-current assets	37.60	(2.55)	35.05
Lease liabilities (including current liabilities)	-	197.92	197.92
Right of use assets - buildings and plant and equipments	-	200.47	200.47

The Company has recognised ₹ 197.92 million as right-of-use assets with corresponding impact of ₹ 197.92 million in lease liabilities and reclassification of deferred rent ₹ 2.55 million to right-of-use assets as at 01 January 2020.

Disclosure under Ind AS 17 - Leases for the year ended 31 December 2019

The Company has taken various premises and other fixed assets on operating leases. The lease agreements generally have a lock-in-period of 1-9 years and are cancellable at the option of the lessee thereafter. Majority of the leases have escalation terms after certain years and are extendable by mutual consent on expiry of the lease. There are no sub-leases or contingent rents. During the year, lease payments under operating leases amounting to ₹ 602.28 million have been recognised as an expense in the Statement of Profit and Loss.

Non-cancellable operating lease rentals payable (minimum lease payments) for these leases are as follows:

(₹ in million)

	As at 31 December 2019
Payable within one year	46.35
Payable between one and five years	61.68
Payable after five years	-
Total	**108.03**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

46. The business activities of the Company predominantly fall within a single reportable business segment, i.e., manufacturing and sale of beverages within India. There are no separately reportable business or geographical segments that meet the criteria prescribed in Ind AS 108 on Operating Segments. The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Company is seasonal.

47. Dues to Micro and Small Enterprises

The dues to Micro and Small Enterprises as required under the Micro, Small and Medium Enterprises Development ("MSMED") Act, 2006 to the extent information available with the Company is given below:

(₹ in million)

Particulars	31 December 2020	31 December 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	90.61	17.79
Interest due on above	0.28	0.04
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year*	670.87	128.57
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	4.58	1.60
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	4.58	1.60

*includes principal amounting to ₹ 670.87 million (31 December 2019: ₹ 128.57 million).

48. Details of Corporate Social Responsibility (CSR) expenditure

In accordance with the provisions of section 135 of the Companies Act, 2013, the Board of Directors of the Company had constituted CSR Committee. The details for CSR activities is as follows.

(₹ in million)

Particulars	For the year ended 31 December 2020	For the year ended 31 December 2019
(a) Gross amount required to be spent by the Company during the year	75.04	57.22
(b) Amount spent during the year on the following		
1. Construction / Acquisition of any asset	-	-
2. On purpose other than 1 above	75.04	57.50

1. Refer note 44B for amounts paid to Champa Devi Jaipuria Charitable Trust towards contribution for "Shiksha Kendra" for the education of underprivileged, to Mala Jaipuria Foundation for the vocational training to underprivileged and destitute to enhance their skills and talents to secure livelihood, to RJ Foundation (objective of the trust is to carry on CSR activities as per requirements laid down under Section 135 of the Companies Act, 2013) and to Medanta Institute of Education and Research for promoting health care.
2. The Company does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

49. Acquisitions and disposals

Acquisitions during the year ended 31 December 2019:

A. Acquisitions under business combination

The Company acquired franchise rights in South and West regions from PepsiCo India Holdings Private Limited ("PepsiCo") for a national bottling, sales and distribution footprint in 7 states and 5 Union Territories of India along with manufacturing units in Bharuch (Gujarat), Mahul (Maharashtra), Paithan (Maharashtra), Roha (Maharashtra), Mamandur (Tamil Nadu), Nelamangala (Karnataka), Palakkad (Kerala), Sangareddy (Telangana) and Sricity (Andhra Pradesh) for a total transaction value of ₹ 18,025 million on slump sale basis. The aforesaid transaction value excludes the consideration paid for working capital taken over amounting to ₹ 321.64 million and investment fund amounting to ₹ 2,095.09 million received on acquisition from PepsiCo.

The details of the business combination are as follows:

Name of seller	PepsiCo India Holdings Private Limited
Acquisition date	01 May 2019

Recognised amounts of identifiable net assets

(₹ in million)

Particulars	Amount
Property, plant and equipment	15,908.42
Other intangible assets (Franchise rights)	235.10
Deferred tax assets	130.81
Total non-current assets (a)	**16,274.33**
Non-current liabilities recognised	
Employee benefits payable (included under the head provisions)	(341.53)
Total non-current liabilities (b)	**(341.53)**
Net current assets acquired	
Other current financial liabilities	
- Security deposits from distributors	(252.05)
- Employee related payables	(32.82)
Other current liabilities	(399.59)
Other current assets:	
- Inventories	1,076.68
- Security deposits	213.93
- Others	57.03
Net current assets (c)	**663.18**
Identifiable net assets (d = a+b+c)	**16,595.98**
Amount paid (e)	16,251.55
Goodwill/(Gain from a bargain purchase) (e-d)	**(344.43)**

Gain from a bargain purchase

The above business combination has resulted in a bargain purchase due to the Company's manufacturing capabilities/distribution network and PepsiCo's focus on its core activities of research, brand building and market penetration.

B. Asset acquisitions

(i) On 14 February 2019, the Company has acquired PepsiCo's previously franchised rights for a total purchase consideration of ₹ 150.00 million from SMV Beverages Private Limited and Nectar Beverages Private Limited (together referred as 'SMV Group') to sell and distribute PepsiCo's beverage brands in 13 districts in State of Karnataka, 14 districts in State of Maharashtra and 3 districts in State of Madhya Pradesh.

(ii) On 03 October 2019, the Company has acquired a manufacturing unit at Dharwad, Karnataka along with certain assets for a total purchase consideration of ₹ 747.27 million from Nectar Beverages Private Limited.

(iii) On 30 October 2019, the Company has acquired a manufacturing unit at Tirunelveli, Tamil Nadu along with certain assets for a total purchase consideration of ₹ 200.00 million from Prathishta Business Solutions Private Limited.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

50. Share-based payments

Description of share based payments arrangements

During the year ended 31 December 2013, the Company granted stock options to certain employees of the Company and its subsidiaries. The Company has the following share-based payment arrangements for employees.

A. Employee Stock Option Plan 2013 (ESOP 2013)

The ESOP 2013 ("the Plan") was approved by the Board of Directors and the shareholders on 13 May 2013 and further amended by Board of Directors on 01 December 2015. The plan entitles key managerial personnel and employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. Stock options can be settled by issue of equity shares. As per the Plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 149.51, which is 1.14 % above the stock price at the date of grant, i.e., 13 May 2013.

The expense recognised for employee services received during the respective years is ₹ Nil.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and changes in, share options during the year:

Particulars	31 December 2020		31 December 2019	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	-	-	23,285	149.51
Options exercised during the year	-	-	(13,285)	149.51
Options lapsed during the year	-	-	(10,000)	149.51
Outstanding at the end of the year	**-**		**-**	
Exercisable at the end of the year	-		-	

The fair values of options granted under new plan were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The following principal assumptions were used in the valuation:

	Options vested and exercised	Options vested and unexercised
Number of options	2,006,550	668,850
Fair value on grant date (₹)	65.92	66.44
Share price at grant date (₹)	147.83	147.83
Exercise price (₹)	149.51	149.51
Expected volatility	16.63%	16.63%
Expected life	7.56 years	7.64 years
Expected dividends	0%	0%
Risk-free interest rate (based on government bonds)	7.53%	7.53%

The measure of volatility has been calculated based on the average volatility of closing market price of the BSE 500 during the period 01 January 2013 to 31 December 2013.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Particulars of Scheme	
Name of scheme	**Employee Stock Option Plan 2013**
Vesting conditions	668,850 options on the date of grant ('First vesting') 668,850 options on first day of January of the calendar year following the first vesting ('Second vesting') 668,850 options on first day of January of the calendar year following the second vesting ('Third vesting') 668,850 options on first day of January of the calendar year following the third vesting ('Fourth vesting') Notwithstanding any other clause of this Plan, no vesting shall occur until 01 December 2015 or fourth vesting, whichever is earlier
Exercise period	Stock options can be exercised within a period of 5 years from the date of vesting.
Number of share options	2,675,400
Exercise price	149.51
Method of settlement	Equity
Fair value on the grant date	Options vested: ₹ 65.92 Options to be vested : ₹ 66.44
Remaining life as on 31 December 2020	-
Remaining life as on 31 December 2019	-

The following share options were exercised during the previous year:

	Options series	Number exercised	Share price at exercise date	Exercise date
Granted on 13 May 2013	ESOP 2013	9,585	₹ 515.47	18 February 2019
Granted on 13 May 2013	ESOP 2013	3,700	₹ 630.40	03 June 2019

B. Employee Stock Option Plan 2016 ("ESOS 2016")

The ESOS 2016 ("the Scheme") was approved by the Board of Directors and the shareholders on 27 April 2016. The Scheme entitles key managerial personnel and employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. Stock options can be settled by issue of equity shares. No options under this Scheme have been granted in the current or previous years.

51. Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity shareholders of the Company.

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, non-current and current borrowings, deferred payment liabilities, current maturity of long-term debts and lease liabilities, less cash and cash equivalents, excluding discontinued operations, if any.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

The amounts managed as capital by the Company for the reporting periods are summarised as follows:

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Non-current borrowings (Refer note 20A)	19,543.51	22,917.07
Current borrowings (Refer note 20B)	6,355.40	4,110.44
Lease liabilities (Refer note 20C)	79.50	-
Current maturities of lease liabilities (Refer note 25)	44.29	-
Current maturities of long-term debts (Refer note 20D)	4,572.22	4,980.86
	30,594.92	**32,008.37**
Less: Cash and cash equivalents (Refer note 13)	(364.04)	(323.51)
Net debt (A)	**30,230.88**	**31,684.86**
Equity share capital (Refer note 18)	2,886.89	2,886.89
Other equity (Refer note 19)	37,230.78	35,784.28
Total capital (B)	**40,117.67**	**38,671.17**
Capital and net debt (C=A+B)	**70,348.55**	**70,356.03**
Gearing ratio (A/C)	**42.97%**	**45.04%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 31 December 2019.

Breaches in meeting the financial covenants of the borrowings would permit the banks to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowing in the reporting periods.

52. Assets pledged as security

The carrying amount of assets pledged as security are:

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Inventories and trade receivable (Refer note 11 and 12)	8,495.90	8,035.14
Other bank deposits (Refer note 14)	0.72	0.65
Current loans (Refer note 15)	99.94	351.71
Other current financial assets (Refer note 16)	2,130.20	2,820.09
Other current assets (Refer note 17)	1,485.15	1,554.83
Other intangible assets (Refer note 5B)	5,553.03	5,598.47
Property, plant and equipment (Refer note 4A)	47,061.67	48,399.67
Capital work-in-progress (Refer note 4B)	390.05	585.75

53. Recent accounting pronouncements (Ind AS issued but not yet effective)

Ministry of Corporate Affairs ("MCA") notifies new accounting standards or amendments to the existing accounting standards. There is no such notification which would be applicable to the Company from 01 January 2021.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

54. Information under Section 186 (4) of the Companies Act, 2013 and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements), 2015

(₹ in million)

(i)

Name of the Loanee	Rate of Interest	Secured/ Unsecured	Maximum balance outstanding during the year 2020	As at 31 December 2020	Maximum balance outstanding during the year 2019	As at 31 December 2019
Varun Beverages Morocco SA	3.50% + Libor	Unsecured	1,776.82	728.10	2,805.70	1,676.77
Varun Beverages Lanka (Private) Limited*	Zero to 2% + Libor	Unsecured	2,626.57	-	2,608.65	2,548.24
Varun Beverages (Zambia) Limited	4% + Libor	Unsecured	234.53	-	221.32	221.32
Varun Beverages (Zambia) Limited	2.25% + Libor	Unsecured	857.23	497.14	808.96	808.96
Varun Beverages (Zimbabwe) (Private) Limited	4% + Libor	Unsecured	1,121.58	1,084.85	648.60	648.60

The above loans are given for business purposes.

*Represents debt component of investments in redeemable preference shares.

(₹ in million)

(ii)

Name of the Investee	As at 31 December 2020	As at 31 December 2019
Varun Beverages Morocco SA	6,179.18	4,922.56
Varun Beverages (Nepal) Private Limited	798.91	798.91
Varun Beverages Lanka (Private) Limited	3,149.55	522.97
Varun Beverages (Zambia) Limited	3,231.01	2,670.39
Angelica Technologies Private Limited	-	12.56
Varun Beverages (Zimbabwe) (Private) Limited	0.06	0.06
Lunarmech Technologies Private Limited	162.93	150.38

The above investments are made for business purposes.

(₹ in million)

(iii)

Guarantees outstanding, given on behalf of	As at 31 December 2020	As at 31 December 2021
Varun Beverages (Nepal) Private Limited	280.99	280.99
Varun Beverages (Zimbabwe) (Private) Limited	2,637.23	2,302.15

The above financial guarantees are given on behalf of subsidiaries for business purposes.

The above transactions are in the ordinary course of business.

55. Financial instruments risk

Financials risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of financial risks are market risk, credit risk and liquidity risk.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

The management of the Company monitors and manages the financial risks relating to the operations of the Company on a continuous basis. The Company's risk management is coordinated at its head office, in close cooperation with the management, and focuses on actively securing the Company's short to medium-term cash flows and simultaneously minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

55.1 Market risk analysis

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The functional currency of the Company is Indian Rupees ('INR' or '₹'). Most of the Company's transactions are carried out in Indian Rupees. Exposures to currency exchange rates mainly arise from the Company's overseas sales and purchases, lending to overseas subsidiary companies, external commercial borrowings etc. which are primarily denominated in US Dollars ('USD'), Lankan Rupee (LKR), Pound Sterling ('GBP'), Singapore Dollars ('SGD') and Euro.

The Company has limited exposure to foreign currency risk and thereby it mainly relies on natural hedge. To further mitigate the Company's exposure to foreign currency risk, non-INR cash flows are continuously monitored and derivative contracts are entered into wherever considered necessary.

The carrying amounts of the Company's foreign currency denominated monetary items are restated at the end of each reporting period. Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are as follows:

(₹ in million)

	USD	LKR	GBP	SGD	Euro
31 December 2020					
Financial assets					
(i) Loans (non-current and current)					
(a) Loans to related parties	31.62	-	-	-	-
(ii) Trade receivables (current)	1.21	-	-	-	-
(iii) Other financial assets (current)					
(a) Interest accrued on loan to related parties	3.36	-	-	-	-
(b) Guarantee commission receivable	0.14	-	-	-	-
(c) Other receivables	0.47	-	-	-	-
(iv) Other assets (non-current and current)	0.31	-	0.01	-	1.55
Total financial assets	**37.11**	**-**	**0.01**	**-**	**1.55**
Financial liabilities					

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	USD	LKR	GBP	SGD	Euro
(i) Borrowings (non-current)					
(a) Foreign currency loans from banks	-	-	-	33.13	-
(ii) Trade payables	2.99	-	0.00*	-	0.06
(iii) Other current financial liabilities					
(a) Interest accrued but not due on borrowings	-	-	-	0.06	-
(b) Payable for capital expenditure	0.64	-	-	-	1.15
Total financial liabilities	**3.63**	**-**	**0.00***	**33.19**	**1.21**
*Rounded off to Nil.					
31 December 2019					
Financial assets					
(i) Loans (non-current and current)					
(a) Loans to related parties	47.08	5,701.67	-	-	-
(ii) Trade receivables (current)	0.58	-	-	-	-
(iii) Other financial assets (current)					
(a) Interest accrued on loan to related parties	5.30	-	-	-	-
(b) Guarantee commission receivable	0.67	-	-	-	-
(c) Other receivables	0.42	-	-	-	-
(iv) Other assets (non-current and current)	1.81	-	-	-	2.24
Total financial assets	**55.86**	**5,701.67**	**-**	**-**	**2.24**
Financial liabilities					
(i) Borrowings (non-current)					
(a) Foreign currency loans from banks	-	-	-	33.13	-
(ii) Trade payables	5.91	-	-	-	-
(iii) Other current financial liabilities					
(a) Interest accrued but not due on borrowings	-	-	-	0.11	-
(b) Payable for capital expenditure	0.57	-	-	-	0.12
Total financial liabilities	**6.48**	**-**	**-**	**33.24**	**0.12**

The following table illustrates the foreign currency sensitivity of profit and equity with regards to the Company's financial assets and financial liabilities considering 'all other things being equal' and ignoring the impact of taxation. It assumes a +/- 1% change of the INR/USD, INR/LKR, INR/GBP, INR/SGD and INR/Euro exchange rate for the year ended at 31 December 2020 (31 December 2019: 1%). These are the sensitivity rates used when reporting foreign currency exposures internally to the key management personnel and represents management's assessment of the reasonably possible changes in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at end of each period reported upon. A positive number indicates an increase in profit or equity and vice-versa.

If the INR had strengthened against the USD by 1% (31 December 2019: 1%), LKR by 1% (31 December 2019: 1%), GBP by 1% (31 December 2019: 1%), SGD by 1% (31 December 2019: 1%) and Euro by 1% (31 December 2019: 1%), the following would have been the impact:

(₹ in million)

	Profit for the year		Equity	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
USD	(24.46)	(35.19)	(24.46)	(35.19)
LKR	-	(22.18)	-	(22.18)
GBP	(0.00)	-	(0.00)	-
SGD	18.32	17.58	18.32	17.58
Euro	(0.31)	(1.69)	(0.31)	(1.69)

If the INR had weakened against the USD by 1% (31 December 2019 1%), LKR by 1% (31 December 2019: 1%), GBP by 1% (31 December 2019: 1%), SGD by 1% (31 December 2019: 1%) and Euro by 1% (31 December 2019: 1%), the following would have been the impact:

(₹ in million)

	Loss for the year		Equity	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
USD	24.46	35.19	24.46	35.19
LKR	-	22.18	-	22.18
GBP	0.00	-	0.00	-
SGD	(18.32)	(17.58)	(18.32)	(17.58)
Euro	0.31	1.69	0.31	1.69

Exposures to foreign exchange rates vary during the year depending on the volume of the overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Company is exposed to changes in market interest rates as some of the bank and other borrowings are at variable interest rates and also loans have been advanced to subsidiary companies at variable interest rates. All the Company's term deposits are at fixed interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (31 December 2019: +/- 1%). These changes are considered to be reasonably possible based on management's assessment. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(₹ in million)

	Profit/(loss) for the year		Equity	
	+1%	-1%	+1%	-1%
31 December 2020	(189.05)	189.05	(189.05)	189.05
31 December 2019	(218.97)	218.97	(218.97)	218.97

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of pet chips and sugar and therefore require a continuous supply. In view of volatility of pet chips and sugar prices, the Company also executes into various advance purchase contracts.

Commodity price sensitivity

The following tables shows the effect of price change in sugar and pet chips

(₹ in million)

Particulars	Change in yearly average price		Effect on profit before tax		Effect on equity	
31 December 2020						
Sugar	+1%	-1%	(55.96)	55.96	(55.96)	55.96
Pet chips	+1%	-1%	(27.55)	27.55	(27.55)	27.55

(₹ in million)

Particulars	Change in yearly average price		Effect on profit before tax		Effect on equity	
31 December 2019						
Sugar	+1%	-1%	(63.14)	63.14	(63.14)	63.14
Pet chips	+1%	-1%	(39.43)	39.43	(39.43)	39.43

Other price sensitivity

The Company is not exposed to any listed equity or listed debt price risk as it does not hold any investments in listed entities.

55.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is operating through a network of distributors and other distribution partners based at different locations. The Company is exposed to this risk for various financial instruments, for example loans granted, receivables from customers, deposits placed etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at end of each reporting period, as summarised below:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Classes of financial assets-carrying amounts:		
Investments (current)	0.01	0.01
Loans (current and non-current)	2,800.44	6,394.48
Trade receivables	1,705.29	1,305.31
Cash and cash equivalents	364.04	323.51
Bank balances other than mention above	0.72	0.65
Other financial assets (current and non-current)	2,131.41	2,828.99
	7,001.91	**10,852.95**

The Company continuously monitors receivables and defaults of customers and other counterparties, and incorporates this information into its credit risk controls. Appropriate security deposits are kept against the supplies to customers and balances are reconciled at regular intervals. The Company's policy is to deal only with creditworthy counterparties.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty. Trade receivables consist of a large number of customers of various scales and in different geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables. In case the receivables are not recovered even after regular follow up, measures are taken to stop further supplies to the concerned customer. The expected credit loss is based on the five years historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Movement in expected credit loss allowance on trade receivables

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Balance at the beginning of the year	216.26	255.93
Loss allowance measured at lifetime expected credit loss	7.56	(39.67)
Balance at the end of the year	**223.82**	**216.26**

The credit risk for cash and cash equivalents, bank deposits including interest accrued thereon and Government grant receivables is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and State Government bodies. The credit risk for loans advanced to subsidiary companies including interest accrued thereon is also considered negligible since operations of these entities are regularly monitored by the Company and these companies have shown considerable growth.

In respect of financial guarantees provided by the Company, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of each reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

55.3 Liquidity risk analysis

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and considering the maturity profiles of financial assets and other financial liabilities as well as forecast of operational cash inflows and outflows. Liquidity needs are monitored in various time bands, on a day-to-day basis, a week-to-week basis and a month-to-month basis. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the Company's ability to avail further credit facilities subject to creation of requisite charge on its assets. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

As at 31 December 2020, the Company's non-derivative financial liabilities have contractual maturities as summarised below:

(₹ in million)

31 December 2020	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	10,013.54	18,941.16	
Trade payables	2,720.68	-	-
Other financial liabilities (current and non-current)	2,871.60	49.71	280.62
Total	**15,605.83**	**18,990.87**	**280.62**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

This compares to the maturity of the Company's non-derivative financial liabilities in the previous reporting periods as follows:

(₹ in million)

31 December 2019	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	9,091.30	20,133.22	1,403.78
Trade payables	3,178.78	-	-
Other financial liabilities (current)	3,504.33	-	-
Total	**15,774.41**	**20,133.22**	**1,403.78**

As at 31 December 2020, the contractual cash flows (excluding interest thereon) of the Company's derivative financial instruments are as follows:

(₹ in million)

31 December 2020	1 to 12 months	1 to 5 years
Cross currency interest rate swap	914.08	914.08

This compares to the contractual cash flows (excluding interest thereon) of the Company's derivative financial instruments in the previous year as follows:

(₹ in million)

31 December 2019	1 to 12 months	1 to 5 years
Cross currency interest rate swap	-	1,752.25

55.4 Risk due to outbreak of COVID-19 pandemic

The outbreak of Coronavirus disease (COVID-19) pandemic in India has caused significant disturbances and slowdown of economic activity. The nationwide lockdowns ordered by the Governments in the first half of the year has resulted in operating constraints leading to significant reduction in economic activities and also the business operation of the Company in terms of sales. However, the recent phased nationwide unlocking ordered by the Governments has resulted in signs of improvement in economic activities consequent to which our business operations have also shown uptick during the second half of the year. The management has considered the possible effects that may result from the pandemic on the carrying amount of receivables including contract assets, goodwill, intangibles, inventories and investments. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of these assets. However, the management will continue to closely monitor any material changes to future economic conditions depending upon how the situation evolve henceforth.

56. Fair value measurements

Financial instruments by categories

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

Particulars	Notes	Carrying value		Fair value/amortised cost	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial assets					
Fair value through profit and loss ('FVTPL')					
(i) Non-current financial assets					
(a) Investment (non-current)	7	0.01	0.01	0.01	0.01
Amortised cost					
(i) Non-current financial assets					

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Particulars	Notes	Carrying value		Fair value/amortised cost	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
(a) Loans	8	2,700.50	6,042.77	2,700.50	6,042.77
(b) Other	9	1.21	8.90	1.21	8.90
(ii) Current financial assets					
(a) Trade receivables	12	1,705.29	1,305.31	1,705.29	1,305.31
(b) Cash and cash equivalents	13	364.04	323.51	364.04	323.51
(c) Bank balances other than (b) above	14	0.72	0.65	0.72	0.65
(d) Loans	15	99.94	351.71	99.94	351.71
(e) Other	16	2,130.20	2,820.09	2,130.20	2,820.09
Total		**7,001.91**	**10,852.95**	**7,001.91**	**10,852.95**
Financial liabilities					
FVTPL					
(i) Current financial liability					
(a) Liability for foreign currency derivative contract	25	20.71	68.45	20.71	68.45
Amortised cost					
(i) Non-current borrowings (excluding those disclosed under FVTPL category above)	20A	19,543.51	22,917.07	19,543.51	22,917.07
(ii) Other non-current financial liabilities	20C	79.50	-	79.50	-
(iii) Current financial liabilities					
(a) Borrowings	20B	6,355.40	4,110.44	6,355.40	4,110.44
(b) Trade payables	24	2,720.68	3,178.78	2,720.68	3,178.78
(c) Other	25	7,395.27	8,416.74	7,395.27	8,416.74
Total		**36,115.07**	**38,691.48**	**36,115.07**	**38,691.48**

Valuation technique to determine fair value

Cash and cash equivalents, other bank balances, trade receivables, loans, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the long term borrowings, loans and other deferred payments are determined by using discounted cash flow method using the appropriate discount rate. The discount rate is determined using other similar instruments incorporating the risk associated.
- The Company executed derivative financial instruments such as cross currency interest rate swap being valued using valuation techniques, which employs use of market observable inputs. The Company uses mark to market valuation provided by bank for its valuation.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Fair value hierarchy

The financial assets measured at fair value are grouped into the fair value hierarchy as on 31 December 2020 and 31 December 2019 as follows: (also refer note 3.1)

(₹ in million)

31 December 2020	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2020	0.01	-	-	0.01
Liabilities measured at fair value:					
(a) Liability for foreign currency derivative contract	31 December 2020	20.71	-	20.71	-

There have been no transfers of financial assets and financial liabilities between the levels during the year 2020

(₹ in million)

31 December 2019	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2019	0.01	-	-	0.01
Liabilities measured at fair value:					
(a) Liability for foreign currency derivative contract	31 December 2019	68.45	-	68.45	-

57. Details of hedged and unhedged exposure in foreign currency denominated monetary items

A. Exposure in foreign currency - hedged

The Company executed derivative financial instruments such as cross currency interest rate swap contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

Outstanding foreign currency exposure hedged (excluding interest thereon):

(in million)

Particulars	Period	Foreign currency		Hedged currency	
ECB Loan	31 December 2020	SGD	33.13	USD	25.00
	31 December 2019	SGD	33.13	USD	25.00

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

B. Exposure in foreign currency - unhedged

Outstanding foreign currency exposure not being hedged against adverse currency fluctuation:

(in million)

Particulars	Period	Foreign currency		Local currency	
Trade receivable	31 December 2020	USD	1.21	INR	88.14
	31 December 2019	USD	0.58	INR	41.02
Advance to vendors	31 December 2020	USD	0.31	INR	22.90
	31 December 2019	USD	1.81	INR	126.69
	31 December 2020	EURO	1.55	INR	124.51
	31 December 2019	EURO	2.24	INR	175.87
	31 December 2020	GBP	0.01	INR	0.71
	31 December 2019	GBP	-	INR	-
Loan given	31 December 2020	USD	31.62	INR	2,310.09
	31 December 2019	USD	47.08	INR	3,355.65
	31 December 2020	LKR	-	INR	-
	31 December 2019	LKR	5,701.67	INR	2,548.24
Loan taken (ECB loan)	31 December 2020	USD	25.00	INR	1,828.15
	31 December 2019	USD	25.00	INR	1,752.25
Other receivables	31 December 2020	USD	3.98	INR	290.48
	31 December 2019	USD	6.40	INR	455.91
Other payables	31 December 2020	USD	0.06	INR	3.53
	31 December 2019	USD	0.09	INR	6.05
Trade payables	31 December 2020	USD	2.99	INR	218.16
	31 December 2019	USD	5.91	INR	421.73
	31 December 2020	GBP	0.00	INR	0.35
	31 December 2019	GBP	-	INR	-
	31 December 2020	EURO	0.06	INR	5.18
	31 December 2019	EURO	-	INR	-
Payable for capital expenditure	31 December 2020	USD	0.64	INR	47.50
	31 December 2019	USD	0.57	INR	40.64
	31 December 2020	EURO	1.15	INR	103.52
	31 December 2019	EURO	0.12	INR	9.56

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

58. During the year ended 31 December 2019, pursuant to Qualified institutions placement ("QIP"), the Company has raised ₹ 8,999.99 million through fresh issue of 14,705,882 equity shares of ₹ 10 each at a premium of ₹ 602 per share. The Audit committee and the Board of Directors noted the utilisation of funds raised through such fresh issue of equity shares to be in line with the object of the issue, the details of which are as follows:

(₹ in million)

Particulars	Amount
Gross proceeds received from QIP	8,999.99
Less: Share issue expenses	(164.36)
Net proceeds received from QIP	8,835.63
Amount utilised for:	
Repayment of debts	(8,835.63)
Unutilised amount	-

59. The exceptional items for the year ended 31 December 2020 amounting to ₹ 665.29 million, represents write off of certain plant and equipment, glass bottles and plastic shells which are not in use. In quarter ended 31 March 2020, the Company has provided for the impairment of these assets which are subsequently written off.

60. No adjusting or significant non-adjusting events have occurred between 31 December 2020 and the date of authorisation of these standalone financial statements.

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership No.: 520078

For and on behalf of the Board of Directors of
Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer
and Whole Time Director
DIN 02079161

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F-5746

Place : Gurugram
Dated : 16 February 2021

Notes

VARUN BEVERAGES

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WYATT Prism COMMUNICATIONS
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VARUN BEVERAGES

Annual Report 2023

Varun Beverages Limited

GROW CONSISTENTLY.
SUSTAIN CONSTANTLY.

Contents

Grow Consistently. Sustain Constantly.

At Varun Beverages Limited (VBL), we embrace growth as an enduring journey characterized by continual evolution. Our commitment to sustained growth is woven into the very fabric of our ethos, reflecting a profound dedication to sustained progress amidst change.

Read or download the report at:
www.varunbeverages.com

Through strategic expansions in both manufacturing capacity and geographic reach, we demonstrate our pursuit of operational excellence, poised to meet the dynamic needs of our diverse consumer base. With a diverse portfolio of non-alcoholic beverages, we extend our influence across borders, fostering meaningful connections between cultures and communities. Yet, our pursuit of growth is not just about expansion; it is deeply rooted in our commitment to sustainability. Anchored by principles of environmental stewardship, social responsibility, and corporate governance, every expansion undertaken by VBL is guided by a conscious effort to positively impact both the planet and society at large.

As our journey evolves, it is defined by the harmonious balance between expansion and responsible stewardship. Our actions today are driven by a commitment to shaping a better tomorrow for generations to come.

Growing and Sustaining Our Numbers

Our operational excellence affirms our leadership in the beverage industry. Committed to sustained growth, we drive forward, fostering an inclusive stakeholder-driven culture.

PepsiCo's International Bottler of the Year 2022

Award received for operational excellence, strong governance principles, and sustainability endeavors

1.4
Billion+
Target Consumers

3.8
Million+
Retail outlets catered

6
Countries
Geographical presence

13,500+
People
Total employee count

913
Million
Cases sold*
(Grew by 13.9% in CY 2023)

40
State-of-the-art production facilities around the globe

₹21,018
Million
Net profit (35.6% growth registered compared to CY 2022)

100%
rPET (recycled plastic) bottle Piloted

1.54
Times
Water usage ratio achieved in CY 2023 (With a target of 1.40 in 2025)

**A unit case is equal to 5.678 liters of beverage divided in 24 bottles of ~ 237 ml each*

Growing with the Fundamentals Sustaining Our Organizational Prodigy

Varun Beverages Limited (hereinafter referred to as 'we' or 'our') occupies a prestigious position in the beverage industry as one of the largest franchisee of PepsiCo globally (outside the USA). With a diverse portfolio encompassing non-alcoholic, carbonated, and non-carbonated beverages, we serve nearly 1/6th of the world's population through our extensive national and international presence.

About us

We have been maintaining a successful business association with PepsiCo over three decades. To expand our business further, we are increasing our number of licensed territories and sub-territories to produce and distribute a wider range of PepsiCo beverages. Currently, our operations span six countries across the Indian sub-continent and Africa, collectively serving over 1.4 billion customers.

Enduring Partnership with PepsiCo

32+ Years

Of business association

Accounting for

90%+

PepsiCo beverages sale volume in India

Demand creation and delivery

Based business model

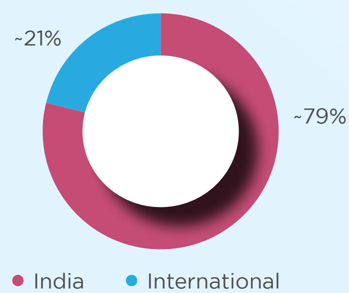
5 International countries

Presence across

Our primary market stronghold lies within India, where a substantial ~79% of our revenue originates, with the remaining earnings stemming from diverse international markets. Seeking to bolster our footprint within the African market, VBL has entered into a binding agreement to acquire 100% stake in The Beverage Company (Proprietary) Limited (BevCo) in South Africa for carrying out manufacturing and distribution activities and incorporated a new subsidiary 'VBL Mozambique, SA' in Mozambique to carry on the distribution business of beverages. Through these strategic endeavors, we aim to consolidate our standing and reinforce our market presence within the dynamic beverage industry.

Performance Indices

Contribution to Net Revenue

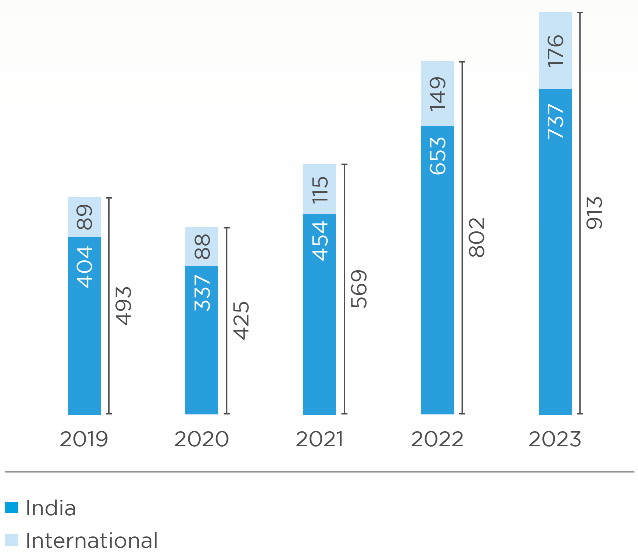


22.5%

Registered revenue CAGR between 2019-23

Growth in sales volume (In Million Cases)

2019-23 Sales Volume CAGR ~ 17%



Sustainability Ingrained

We elevate concepts such as commitment, growth, and sustainability to a level where they extend seamlessly to our surrounding environment and society. Within this sphere, every endeavor we undertake aims for inclusive growth, enriching both our organization and the broader community. This philosophy of holistic well-being serves as our guiding principle, anchoring us to our responsibilities and grounding our actions in the pursuit of collective prosperity.

Interplay of Growth and Sustenance Words from our Chairman

Dear Shareholders,

It gives me immense pleasure to place before you the 29th Annual Report of the Company.

Ravi Jaipuria

Promoter & Non-Executive Chairman

Overview of the Year

CY 2023 has been a year marked by healthy operational and financial progress for Varun Beverages Limited (VBL). Despite the abnormally high unseasonal rains in the peak season, we are pleased to conclude CY 2023 on a strong note. The performance is a testament to the resilience and adaptability of the Company in navigating dynamic market conditions.

One of the key objectives this year was to build upon the strong demand we experienced in CY 2022. To this end, we embarked on a strategic expansion program, commissioning multiple greenfield and brownfield facilities across India. Along with this, we also expanded our distribution network and chilling infrastructure. These strategic investments have not only fortified our manufacturing footprint but also opened avenues into previously untapped markets, allowing us to extend our reach and enhance our market presence.

The year saw us achieving an impressive YoY volume growth of 13.9%, reflecting the strong and consistent demand for our products. Our proactive approach in expanding our product portfolio, particularly with the addition of the energy drink 'Sting', and our endeavors in Dairy, Hydration, and Juice segments, have played a role in assisting this growth. Financially, the year was equally successful, with a healthy increase in our top line by 21.8%. Our EBITDA and PAT also saw strong growth of 29.5% and 35.6% respectively, underscoring our financial strength and operational efficiency.

Strategic Expansion and Future Initiatives

As we move into CY 2024, VBL continues to build on the strong operational foundation laid during the year. We successfully commissioned new production facilities at Bundi; Rajasthan and at Jabalpur; Madhya Pradesh, as well as expanded our capacity at six existing locations namely Pathankot, Kosi, Bharuch, Tirunelveli, Begusarai and Guwahati. The commissioning of multiple greenfield and brownfield beverage manufacturing lines in CY 2023 was a significant step in enhancing our operational capabilities. These expansions are vital for meeting increasing consumer demand and tapping into new market opportunities and have set the stage for our continued growth in the beverage industry.

Central to our expansion strategy for CY 2024 is the further development of manufacturing facilities, with a focus on adapting to evolving consumer preferences and market trends. We are particularly concentrating on increasing our production capacities in the juices and value-added dairy products segments. Moreover, an integral part of our growth strategy involves continuously strengthening our distribution network and chilling infrastructure. This is essential for enhancing our presence in existing and under-penetrated markets.

Sustainability Initiatives

At VBL, we are deeply committed to integrating sustainability into every aspect of our operations. Our approach to sustainability is comprehensive, addressing environmental, social, and economic dimensions. We strive to minimize our environmental footprint through initiatives such as investing in PET recycling, enhancing energy efficiency, and improving water conservation in our manufacturing processes. These efforts are not only part of our endeavor to achieve a net positive environmental impact but are also aligned with PepsiCo's global PEP+ objectives.

A highlight of this year's sustainability initiatives is our participation in a groundbreaking project with PepsiCo India. In a significant move towards environmental stewardship, PepsiCo India has introduced 100% recycled plastic PET (excluding label and cap) bottles for certain carbonated beverages. As a key partner of PepsiCo, VBL takes immense pride in actively participating in this transformative initiative.

Furthermore, our commitment extends to social responsibility. We engage in meaningful community development projects, focusing on education, health, and well-being, aimed at uplifting local communities and contributing to their sustainable development. Ensuring the well-being of our employees and fostering an inclusive, safe work environment is also a crucial part of our sustainability ethos.

Acquisition of the Beverage Company (BevCo)

This year represents a landmark achievement in our international operations, VBL has entered into a binding agreement to acquire 100% stake in The Beverage Company (Proprietary) Limited (BevCo) in South Africa. Valued at approximately ZAR 3 Billion (~INR 13.20 billion), the acquisition is a significant step towards expanding our presence in the African market. BevCo holds franchise rights from PepsiCo Inc. in South Africa, Lesotho and Eswatini, along with distribution rights for Namibia and Botswana.

This acquisition, which aligns perfectly with our strategic goals, offers an excellent opportunity to significantly enhance our presence in the African market — a region known for high demand for soft drinks and favorable demographics. The integration of BevCo into VBL's operations is expected to yield substantial synergistic benefits in the future.

Recognitions

This year, VBL has been distinguished with the prestigious title of "PepsiCo's International Bottler of the Year 2022". This esteemed recognition, which we are proud to receive for the second time, underscores our unwavering commitment to operational excellence, robust governance practices, and sustainability initiatives. The International Bottler of the Year award from PepsiCo is the highest annual honor bestowed upon a bottling partner, acknowledging VBL's exceptional all-around market performance and our significant investments in enhancing operations and capabilities.

Dividend & Share-Split

At VBL, managing our business efficiently for the benefit of all stakeholders is a cornerstone of our philosophy. A critical element in delivering value to our shareholders and securing their long-term confidence is through a consistent and transparent return of capital. In alignment with this approach, our Board of Directors established a formal dividend distribution policy following the Company's listing in November 2016.

For CY 2023, adhering to the guidelines of this dividend policy, the Board of Directors recommended a total dividend of ₹ 2.50 per equity share with a face value of ₹ 5 each. This decision aligns with our commitment to consistent shareholder value creation and reflects our solid financial performance over the year.

Additionally, we decided to sub-divide/split the existing equity shares of VBL to broaden our shareholder base and increase the accessibility of our shares to a diverse range of investors. Each equity share, previously with a face value of ₹ 10 fully paid-up, were divided into two shares, each having a new face value of ₹ 5 fully paid-up.

Message to Stakeholders

As we reflect on this year's achievements, we extend our sincere gratitude to our stakeholders for their support and trust. Your confidence in VBL has been a driving force behind our success. As we continue to navigate through dynamic market environments, we remain committed to delivering sustainable growth and value. Our focus on innovation, strategic expansion, and sustainability initiatives is firm, and we are dedicated to upholding our standards of excellence. We look forward to a future of continued success and shared prosperity.

Vote of Thanks

We express our deepest appreciation to our shareholders, investors, bankers, and creditors for their support and belief in our vision. A special thanks to our dedicated employees, whose tireless efforts and commitment have been instrumental in our achievements. We are also immensely grateful to our Board of Directors for their guidance and strategic insights, helping steer the Company towards new opportunities and sustained growth. Your collective contributions have been invaluable in our journey, and we look forward to your continued partnership.

Warm regards,

Ravi Jaipuria

Promoter & Non-Executive Chairman

Growing Since 1990s Sustaining for Ages

Since our foundation in the 1990s, our focus at Varun Beverages Limited has always been on attaining sustained growth. Our journey is a testament to the importance we place on maintaining healthy relationships with our stakeholders. For over three decades, we have continually evolved, strategically curating every endeavor to deliver value both internally and externally. This approach allows us to maximize our reach and foster a culture of inclusive and sustainable growth.

Journey towards Sustainable Evolution

1991

- Received licensing agreement from PepsiCo through a group Company for trademark and bottling

1995

- Incorporated as a public limited company

1996

- Commenced operations in Jaipur

1998

- PepsiCo acquired 26% stake in Varun Beverages Limited

2004

- Devyani Beverages Limited merged with VBL in 2004

2011 & 2012

- Investment made by Standard Chartered PE in Varun Beverages (International) Limited (VBIL)* (*Merged with VBL in 2012)

2012

- Consolidated the sub-territories of Goa, three districts of Maharashtra and North-East India subsequent to merger of a group company
- Three companies having the territories of Nepal, Sri Lanka and Morocco became Subsidiaries
- PepsiCo sold 26% stake in VBL to VBIL

2013

- Acquired the Delhi sub-territory (remaining parts)

2014 & 2015

- Capital infusion of ₹ 4,500 million by promoter group

2015

- Received investment from AION Investment
- Acquired sub-territories (Parts of Uttar Pradesh and Haryana, along with Uttarakhand, Himachal Pradesh, Punjab and the Union Territory of Chandigarh)

2016
- Acquired 60% shareholding in Varun Beverages (Zambia) Limited
- Got listed on NSE and BSE

2017
- Acquired sub-territories across the States of Madhya Pradesh (certain parts) and Odisha
- Acquired the incremental 30% shareholding in Varun Beverages (Zambia) Limited

2018
- Acquired sub-territories in the State of Jharkhand, Chhattisgarh and Bihar
- Granted sales and distribution rights of Tropicana and Gatorade
- Set up a Greenfield production facility in Nepal and Zimbabwe

2019
- Acquired sub-territories in the parts of Maharashtra (14 districts), parts of Karnataka (13 districts) and parts of Madhya Pradesh (3 districts)
- Acquired sub-territories across seven States*

2021
- Incorporated a new subsidiary – Varun Beverages RDC SAS in the Democratic Republic of Congo

2022
- Entered into an agreement to distribute and sell Lays, Doritos and Cheetos for PepsiCo in the territory of Morocco
- Commenced commercial production of Kurkure Puffcorn at the manufacturing plant in Kosi, Uttar Pradesh for PepsiCo

2023
- Entered into a binding agreement to acquire 100% stake in 'The Beverage Company (Proprietary) Limited', South Africa along with its wholly-owned subsidiaries ("BevCo")
- Incorporated new subsidiary - VBL Mozambique, SA, South Africa, to carry on the business of distribution

**Gujarat, parts of Maharashtra, parts of Karnataka, Kerala, Tamil Nadu, Telangana and parts of Andhra Pradesh and five union territories of Daman & Diu, Dadra and Nagar Haveli, Puducherry (except Yanam), Andaman & Nicobar Islands and Lakshadweep*

Growing Portfolio
Sustaining Customer Delight

We are committed to enriching our portfolio with products poised for substantial scalability. To achieve this, we have meticulously organized our beverage line-up into 9 key categories, strategically curating global and regional brands with immense potential to scale. Our strategic focus revolves around product categories closely aligned with evolving consumer preferences, driven by burgeoning consumption trends.

Brands that Scaled the Vivid Consumer Preferences

Brands licensed by PepsiCo:

Carbonated Soft Drinks

Pepsi | Pepsi Black | Mountain Dew | Mirinda | 7UP

Energy Drink | Club Soda | Carbonated Juice-based Drinks

Sting | Sting Blue | Evervess | Dukes | 7UP Nimbooz Masala Soda

Fruit Pulp/Juice-based Drinks | Lipton Ice Tea

Tropicana 100% | Tropicana Delight | Slice | 7UP Nimbooz | Peach | Lemon

Sports Drink | Packaged Drinking Water

Gatorade Blue Bolt | Gatorade Lemon | Gatorade Orange | Aquafina | Aquavess

Value-added Dairy-based Beverages

Mango Shake | Belgian Choco | Kesar Badam | Cold Coffee | Elaichi | Rose | Butter Scotch

Growing Footprints Sustaining Market Share

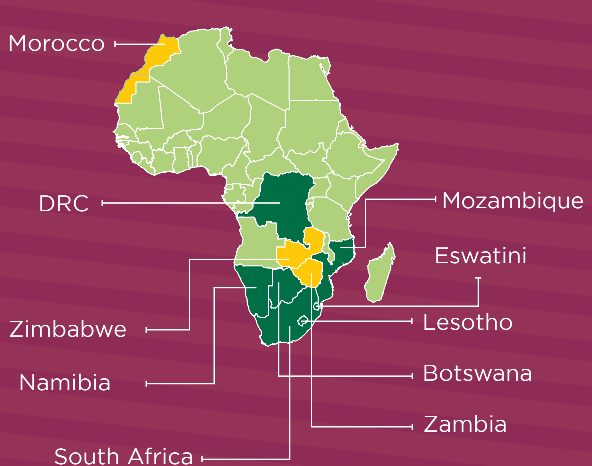
We have established our presence on the global stage, where our products possess favorable dynamics. India serves as our primary playing field, contributing significantly to our overall revenue share. In addition to India, we have successfully penetrated five other international markets, including neighboring Indian subcontinental countries such as Nepal and Sri Lanka, as well as African nations such as Morocco, Zambia, and Zimbabwe.

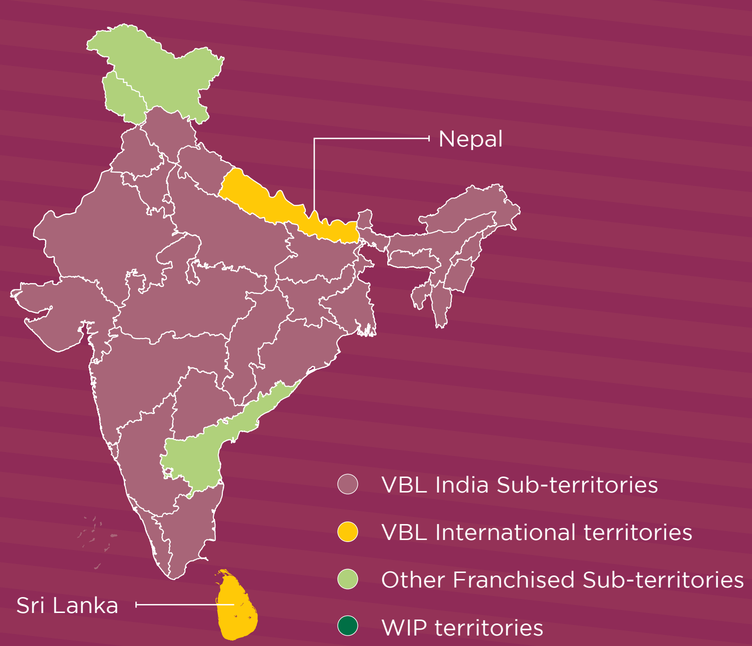
Continental Presence

South Asia	India	Nepal	Sri Lanka		
Africa	Morocco	Zambia	Zimbabwe	DRC	South Africa
	Eswatini	Lesotho	Namibia	Botswana	Mozambique

Presence Across Sub-territories

1 Punjab
2 Himachal Pradesh
3 Uttarakhand
4 Delhi
5 Haryana
6 Rajasthan
7 Arunachal Pradesh
8 Assam
9 Meghalaya
10 Manipur
11 Mizoram
12 Nagaland
13 Tripura
14 Uttar Pradesh
15 West Bengal
16 Maharashtra
17 Goa
18 Chandigarh
19 Madhya Pradesh
20 Odisha
21 Chhattisgarh
22 Jharkhand
23 Bihar
24 Sikkim
25 Gujarat
26 Karnataka
27 Kerala
28 Tamil Nadu
29 Telangana
30 Daman & Diu
31 Dadra and Nagar Haveli
32 Puducherry (except Yanam)
33 Andaman & Nicobar Islands
34 Lakshadweep





Map not to scale

Continental Presence

While prioritizing geographical penetration, we also dedicate ourselves to fortifying local infrastructure, including manufacturing units and supply chains, to sustain business operations effectively. Throughout the year, we've successfully commissioned numerous greenfield and brownfield facilities across strategic geographies. Simultaneously, our distribution network and chilling infrastructure have undergone significant expansion. This concerted effort ensures streamlined business management and fosters extensive market reach.

Manufacturing Landscape

We have our manufacturing facilities strategically positioned throughout our operating regions.

40

State-of-the-art manufacturing facilities (34 in India & 6 in international territories)

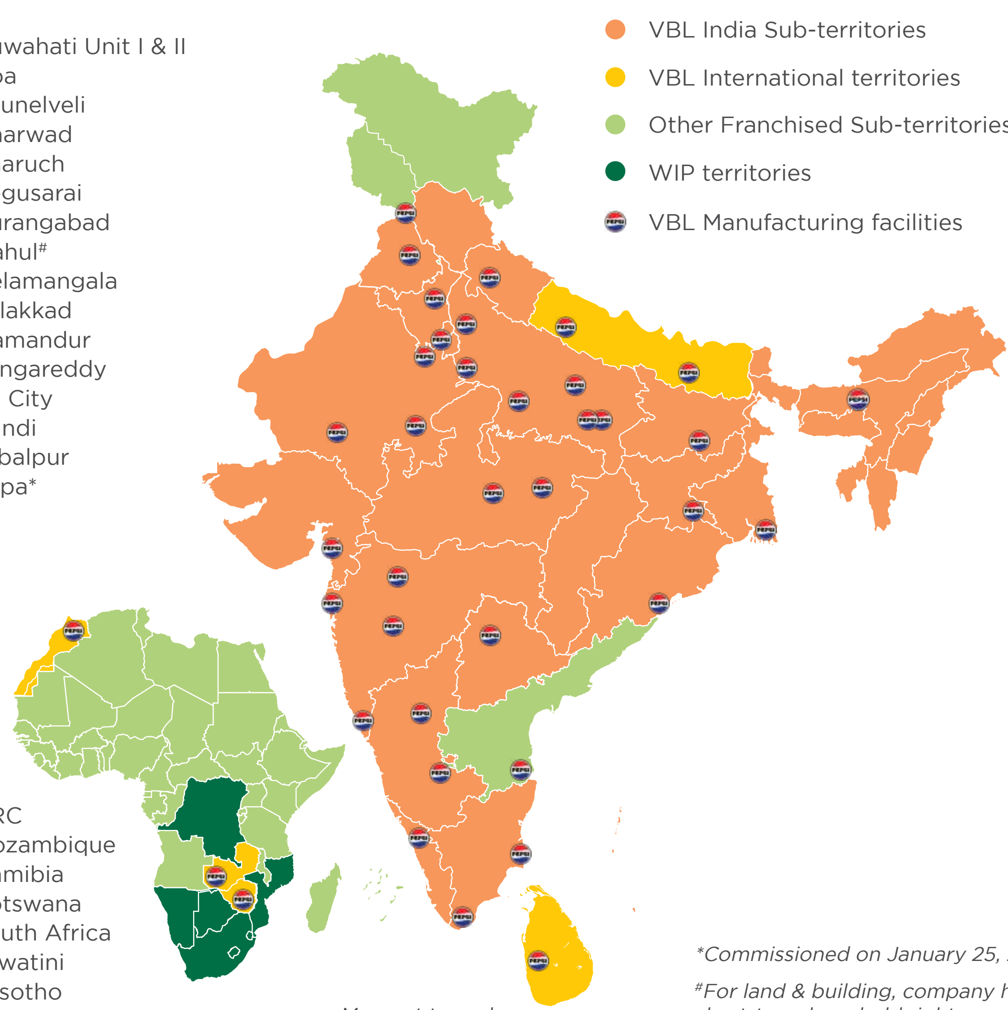
Enduring Partnership with PepsiCo

120+	2,400+	2,500+	1,000,000+
Depots	Primary distributors	Owned vehicles	Visi-coolers installed

Manufacturing Facilities

India

Pathankot	Guwahati Unit I & II
Phillaur	Goa
Nuh	Tirunelveli
Panipat	Dharwad
Greater Noida I	Bharuch
Greater Noida II	Begusarai
Jainpur	Aurangabad
Bazpur	Mahul#
Sathariya	Nelamangala
Sathariya II	Palakkad
Kosi	Mamandur
Sandila	Sangareddy
Jodhpur	Sri City
Bhiwadi	Bundi
Mandideep	Jabalpur
Jamshedpur	Supa*
Cuttack	
Kolkata	



International

Nepal I	DRC
Nepal II	Mozambique
Sri Lanka	Namibia
Morocco	Botswana
Zambia	South Africa
Zimbabwe	Eswatini
	Lesotho

Map not to scale

**Commissioned on January 25, 2024*

#For land & building, company has short-term leasehold rights

Growing Credibility
Sustaining Executional Excellence

In our pursuit of sustaining executional excellence, every operational activity at Varun Beverages Limited is meticulously designed to enhance value for the business and its stakeholders. Our strategies are honed towards achieving operational excellence, driving efficiency and effectiveness across all facets of our operations. The symbiotic relationship we nurture with business associates empower us to thrive within the dynamic market landscape, leveraging synergies for mutual growth and success.

Driving Excellence Through

Robust Infrastructure

(Foundation that supports operational efficiency and growth)

Key Co-relation: Manufacturing

40
state-of-the-art production facilities
(34 in India & 6 in international territories)

Sturdy Supply Chain

(Resilient network ensuring seamless flow of goods and services)

Sturdy Supply Chain

120+
depots

2,400+
primary distributors

2,500+
owned vehicles

Excellent Demand Delivery

(Consistent and timely fulfillment of customer expectations)

Key Co-relation: Customer Engagement

Installed
1,000,000+
visi-coolers

VBL
local level promotion and in-store activation

PepsiCo
brand development & consumer marketing

Extensive Market Share Gain

(Significant expansion in market presence and influence)

Key Co-relation: In-Market Execution

Experienced region-specific sales team

Path created for reaching out to every 6th person in the world

Healthy Margin Expansion

(Sustained growth in profit margins indicating financial strength and stability)

Key Co-relation: Cost Efficiencies

Production optimization

Innovation (Piloted 100% rPET bottles)

Backward integration (3 exclusive + 10 integrated plants)

Prudent ROE Expansion / Future Growth

(Increase in Return on Equity driving sustainable future expansion)

Key Co-relation: Cash Management

Working capital efficiencies

Territory acquisition

Disciplined capex investment

Symbiotic Relationship that Drives Synergy

PepsiCo – Demand Creation

- Trademarks
- Formulation through Concentrate
- Product & Packaging innovation through investment in R&D
- Consumer Pull Management (ATL) - Brand Development

VBL – Demand Delivery

- Production Facilities
- Sales & Distribution – GTM & Logistics
- In-outlet Management – Visi-Coolers
- Consumer Push Management (BTL) - Market Share Gains

Stakeholders Impacted

Consumers
Delivering wide range of carbonated and non-carbonated beverages to cater the dynamic demands

Investors
Providing best-in-class returns on investment to maintain the ecosystem of trust

Business Partners
Fostering an inclusive growth culture for all-round benefit

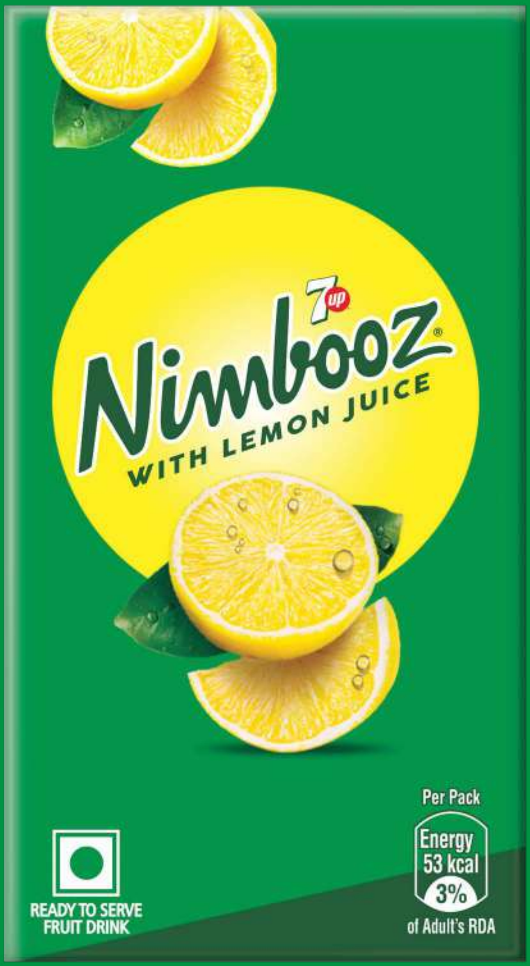
Employees
Providing growth opportunities to become the future leader

Environment
Adhered to prudent water management methodologies to offset the environment footprint

Growing with Financial Sustenance

We have posted prudent financial performance previously. CY 2023 is no exception to that as well. Despite the unprecedented rains in the peak season time, we have achieved a healthy revenue growth of 21.8% compared to CY 2022. The same is reflected in our PAT (Profit After Tax) that grew by 35.6% on a year-on-year basis. This growth is primarily driven by the robust consumption pattern among our consumers which ultimately contributed in gaining 13.9% and 7% increase in consolidated sales volume and net realization per case respectively.

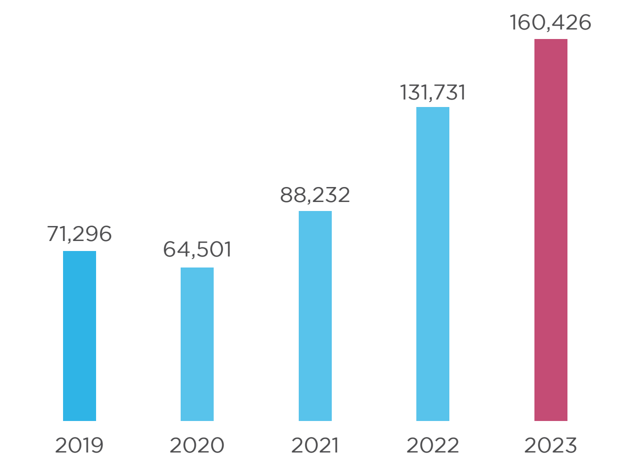
Segments	Carbonated Soft Drinks (CSD)	Juice Based Drinks	Packaged Drinking Water	Total
Sales Volume (Million-unit cases)	656	58	199	**913**
Share	72%	6%	22%	**100%**



5-Year Financial Highlights

Net Revenue

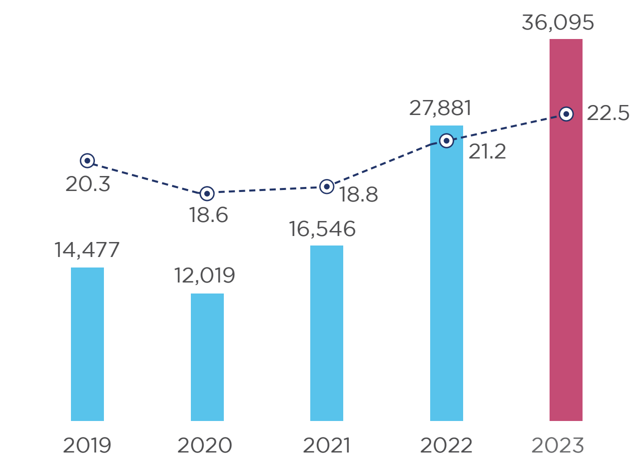
Compound Annual Growth Rate (2019-23): 22.5%



(₹ in Million)

EBITDA and EBITDA Margin

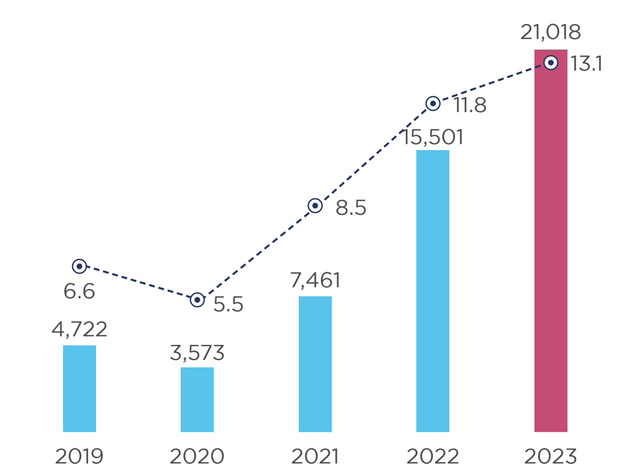
Compound Annual Growth Rate (2019-23): 25.7%



(₹ in Million) (%)

PAT and PAT Margin

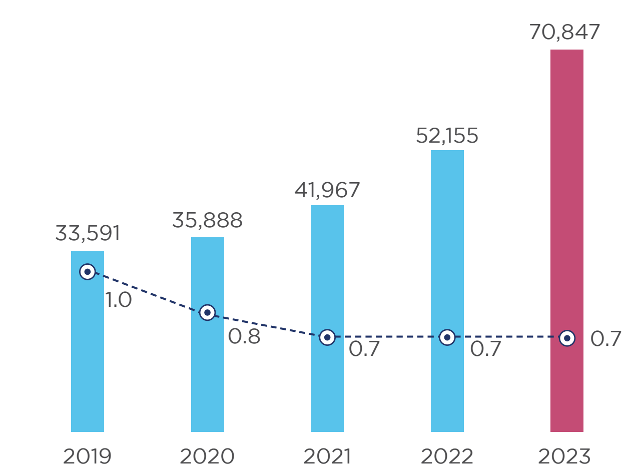
Compound Annual Growth Rate (2019-23): 45.2%



(₹ in Million) (%)

Net Worth and Net Debt Equity Ratio

Compound Annual Growth Rate (2019-23): 20.5%



(₹ in Million) (%)

Guiding the Growth Sustaining the Momentum

Ravi Jaipuria

Promoter & Non-Executive Chairman

He is the Promoter & Chairman of the Company and has over four decades of experience in conceptualizing, executing, developing and expanding food, beverages and dairy business in South Asia and Africa. He has an established reputation as an entrepreneur and business leader and is the only Indian Company's promoter to receive PepsiCo's award for International Bottler of the Year, awarded in 1997. He was also awarded the 'Distinguished Entrepreneurship Award' at the PHD Chamber Annual Awards for Excellence 2018.

Varun Jaipuria

Promoter, Executive Vice-Chairman and Whole-time Director

Mr. Varun Jaipuria is the Promoter & Executive Vice Chairman of the Company. He has been actively working with the Company since 2009 and has been instrumental in comprehensive development of Company's business including acquisitions and integration of acquired territories. Under his leadership, Varun Beverages was awarded PepsiCo's International Bottler of the Year in 2023 and Best Bottler in AMESA (Africa, Middle East and South Asia) sector in 2021 in recognition of Company's operational excellence, governance practices and sustainability initiatives. He attended Bachelor's degree program in international business from the Regent's University, London. He is a Harvard Alumni and had attended Program for Leadership Development (PLD), 2018-2019 batch from Harvard Business School, Boston.

Raj Gandhi

Whole-time Director

Mr. Raj Gandhi is working as Whole-time Director of the Company. Out of his total 43 years of experience, 31 years of experience is with the RJ Corp Group. He is instrumental in formulating company's strategy towards diversification, expansion, mergers and acquisitions, capex planning including capital/fund raising. He enjoys longstanding relationship with institutional investors and lenders. He is a qualified Chartered Accountant of 1980 batch and also did management program with Harvard Business School, Boston.

Rajinder Jeet Singh Bagga

Whole-time Director

He holds a master's degree in mechanical engineering from the Indian Institute of Technology, Kanpur. He has been associated with the Company since 1996 and is currently heading technical operations since 2003. He has an experience of 27 years with the Company in managing technical operations and execution of projects. Prior to this, he was associated with Eveready Industries India Limited for approximately 10 years and was last working in the capacity as their production manager.

Dr. Ravi Gupta

Independent Director

He holds a Bachelor's degree and a Master's degree in commerce from the University of Delhi. He also holds a Bachelor's degree in law from the University of Delhi, a diploma in labor law from the Indian Law Institute, a Master's degree in business administration from the Faculty of Management Studies, University of Delhi and a doctorate in philosophy for his thesis on 'Country Risk Analysis in Investment Financing Decision Making' from the University of Delhi. He was employed as an Associate Professor in the commerce department of Shri Ram College of Commerce, University of Delhi. He was appointed by the Government of India as a member of the committee constituted for simplification of Income Tax Act. He was also nominated by the government to the Central Council of the Institute of Chartered Accountants of India. He is Founder and President of Tax Law Educare Society, a non-profit making voluntary organization, with the main objective to educate general public and professionals on Taxation, Law and Allied Matters for last 15 years.

Sita Khosla

Independent Director

She holds Bachelor's of Arts degree from St. Stephen's College and LLB from the Faculty of Law, University of Delhi and is enrolled with the Bar Council of Delhi. She practices in the areas of corporate, contract and commercial laws since 1992. She has been involved in providing advice on a wide range of issues from company formation, corporate governance and regulatory compliance to mergers and acquisitions, corporate restructuring, joint ventures, foreign investments, exchange control regulations and securities laws. She has acted as India legal advisor to major players in the civil aviation sector including international commercial airlines, MRO organizations and ground handling operators in respect of their operations in India.

Rashmi Dhariwal

Independent Director

She holds a bachelor's degree in Arts from the University of Delhi and is a practising advocate at the Calcutta High Court since 1978. She is also the chairperson of a non-profit organization called Prayatn which provides education to underprivileged children. She has also worked in several leading firms in India including Khaitan & Co, Calcutta and Delhi, Mulla & Mulla, Mumbai and also in the Philippines.

Abhiram Seth

Independent Director

Mr. Abhiram Seth is a graduate in Economics from Delhi University and Masters in Management Studies from Jamnalal Bajaj Institute, Bombay University with specialization in marketing. He is the Managing Director of Aquagri since 2008 that is focused on promoting Aqua Agriculture through self-help groups amongst the coastal communities. He started his career with Hindustan Lever Limited in 1975 where he worked in the Sales and Marketing function and then moved on to the MGF group, where he looked after the industrial gases business. Since 1993, he was the Executive Director – Exports and External Affairs for PepsiCo India and in 2001, at PepsiCo he took on additional responsibility of driving the sustainability agenda and external affairs.

Anil Kumar Sondhi

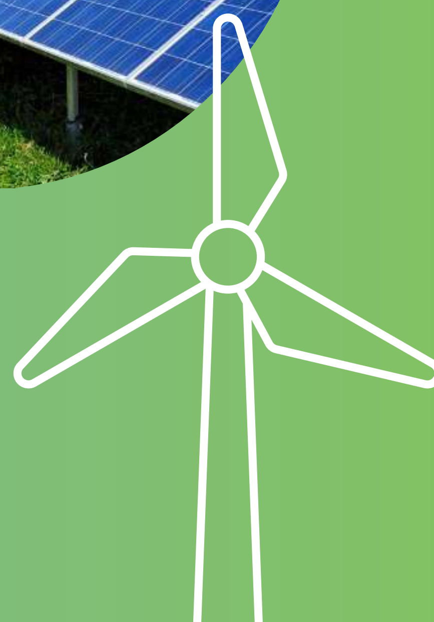
Independent Director

Mr. Anil Kumar Sondhi is B.Tech from IIT Delhi and Master of Business Administration from Faculty of Management Studies, Delhi University. He has more than 45 years experience in the areas of Projects, Manufacturing & Technical operations of process industry. He has worked as Director – Projects, Director – Quality & Food Safety for PepsiCo India Holdings Pvt. Ltd., Chief of Technical Operations & Supply Chain for NourishCo Beverages Pvt. Ltd. (Tata PepsiCo JV) and Vice President – Operations of Safe Water Network. During the early years of career, he worked for manufacturing as well as projects for heavy chemicals like Acids, Oleums, Caustic Soda, Chlorine, Edible Oils, Fats and Calcium Carbide with Shriram Industrial Enterprises Limited.

Key Skills, Expertise and Competencies

- Leadership / Operations
- Strategic Planning
- Industry Experience, Technical, Research & Development and Innovation
- Global Business
- Finance & Legal
- Corporate Governance, Compliance & Risk Management

Consistent Actions for a Sustainable Tomorrow



Deeply embedded into our business ethos, sustainability is our guiding force. Over the years, we have intricately woven sustainable practices into the fabric of our diverse businesses and consistently fostered global partnerships to spearhead the transition towards a sustainable economy and society.

Consistent efforts during the year helped us to improve energy and water efficiency and recycle plastic waste, in alignment with our objective of achieving carbon positivity.

About the Report, Scope and Boundary

As we embark on the second year of reporting our business performance alongside sustainability metrics, our commitment to cultivating sustainable practices and position it at the core of our business strategy remains resolute.

ESG: Our Approach

Being a responsible corporate citizen, we understand the long-term impact that diverse aspects may have on our business and the communities that we operate in as well as recognize the need to manage such issues for delivering higher value to our consumers. To achieve this, we actively engage with our consumers, employees, communities, government, and other stakeholders, enabling suitable handling of the issues and taking sustainable action.

Refer to Page 30 for more information on how we engage with our stakeholders.

Reporting Guidelines and Principles

This report discloses the sustainability initiatives taken by Varun Beverages Limited across the identified material topics and captures their impact on our stakeholders. Our performance against such initiatives have also been measured and recorded. We have also gathered comprehensive data on the measures followed by us as a responsible corporate citizen, a trusted beverage business, a people-centric organization, and a sustainability advocate.

We have also made disclosures of our data and processes in line with SEBI's new mandate through our Business Responsibility and Sustainability Report exclusive of our ESG report.

Details of it can be found in our Business Responsibility and Sustainability Report.

Content of the Report

We have identified 10 specific areas in which our ESG issues can be classified. These are Water Management, Carbon Footprint & Emissions, Product Safety & Quality, Consumer Health & Nutrition, Corporate Citizenship, Employee Health & Safety, Packaging Lifecycle Management, Business Performance, Corporate Governance, and Business Ethics.

Scope and Boundary of Reporting and Reporting Period

The Report covers financial and non-financial information and activities of Varun Beverages Limited for the period January 1, 2023 to December 31, 2023. The financial information has been audited by M/s. J.C. Bhalla & Co. and M/s. O.P. Bagla & Co LLP, our joint statutory auditors.

The reporting scope and boundary for our disclosures, unless otherwise stated, covers the operations of Varun Beverages Limited.

Geographies Covered

Our entire operations in India and International markets.

Executive Vice Chairman's Message

Dear Stakeholders,

Varun Beverages considers sustainability to be of utmost importance; not just as a crucial element to meet its regulatory requirements and propel business growth but also as a significant contributor to safeguard the planet and life on it. Our ESG principles, therefore, remain the guiding force behind the way we do business. We are proud to have consistently met our ESG goals in the past few years and remain committed to forge sustainable pathways for the future, in collaboration with our valued stakeholders.

Varun Jaipuria
Promoter, Executive Vice-Chairman and
Whole-time Director

Sustainable action has never been more critical. Today, the need for embracing sustainability transcends beyond - combating climate change and creating social equality - to foster innovation, build trust and steer long-term profitability. In this evolving business landscape, Varun Beverages, along with refreshing billions of consumers through its ever-expanding portfolio of beverages, prioritizes environmental stewardship, social responsibility and robust governance practices.

> As a responsible business, we take significant initiatives to optimize resource efficiency, reduce and manage waste and increase our share of renewable energy.

Together, these will help us meet our ESG Goals of optimizing carbon footprints, promoting social equity, and adding more value to our employees, vendors, suppliers and other stakeholders.

Grow Consistently. Sustain Constantly.

Growth and sustainability are mutually inclusive concepts at Varun Beverages; one cannot happen without the other. In this context, our business strategy and growth enablers are closely tied to our ESG priorities and its key pillars: Environmental Protection, Social Capital, Human Capital Development, Business Model & Innovation, and Leadership & Governance. Prioritizing the material aspects under each of these pillars help us to consistently focus on most significant sustainability issues and create long-term value for our stakeholders.

This report covers the sustainability initiatives taken and progress made in CY 2023 in detail. Flipping through the pages will give you an insight on the processes initiated and actions taken across environment, social and governance aspects of our ESG policy. It also defines our plans for the future, establishing our ambitious goals to recycle plastic waste by 2025, achieve water positivity as well as improve our renewable energy share by 2030.

Demonstrating Environmental Stewardship

Refreshing billions of consumers comes with the responsibility to ensure that we leave minimum environmental footprints as we do so. As a responsible business, we take significant initiatives to optimize resource efficiency, reduce and manage waste and increase our share of renewable energy.

Reduce, reuse and recycle served as a key mantra across the value chain in CY 2023. Continued engagement with GEM Enviro Management Pvt. Ltd. built up awareness about waste management and pushed waste collection. In addition, alliance with Deutsch Quality Systems (India) Private Limited enabled measurement and improvement in the Company's carbon footprint and water footprint assurance.

Achieving water positivity through focused initiatives for water stewardship, including pond adoption, maintenance and rejuvenation, continued to remain a key priority during the year. This resulted in positive water recharge and reaped multiple benefits for the farmer community. Emphasis on responsible sourcing of raw materials from suppliers who follow PepsiCo's Global Supplier Code of Conduct also helped us to achieve desirable environmental and social impact.

Upholding Social Responsibility

Our deep-rooted commitment and care for our employees, contractors, and consumers reflects through a bunch of health, safety and quality measures that we took throughout the year. An ESG-linked incentive framework was implemented to steer our employees to follow sustainable practices and contribute to the Company's ESG goals. Consistent efforts towards building a safe, nurturing and inclusive work-environment supported by continuous training and development resulted in a culture of diversity, performance and growth. Equal efforts were placed towards boosting employee health and wellness.

Safety is paramount to us. DuPont Safety Solutions was engaged for implementing best practices in safety at all of our manufacturing plants in India. A robust safety strategy supported by an incident management system, continuous trainings, and strict vigilance has also been put in place to drive zero incidents at workplace. An Employee Passport and Contractor Safety Management System further tracks and ensures contractor safety.

Manufacturing and distributing safe and high-quality products forms the core of our social responsibility. Year after year, we have successfully achieved this goal with our commitment to responsible and ethical sourcing and manufacturing practices; conformation with global quality standards; transparent product labelling; and sustainable marketing strategy. Persistent focus on aligning with the changing needs of our consumers have also inspired us to provide an assortment of product mix with healthier and low sugar beverage options for refreshment.

Robust Governance Practices

Our robust governance framework and well-structured policies and practices serve an instrumental role in driving ethical conduct, accountability and transparency within the system and all its stakeholders. We take pride in expanding the reach of our rigorous policies to include contractors and suppliers, prioritizing an ESG-centric approach. A crisis management team has also been formed and is regularly trained to ensure business continuity in case of an adversity. Our commitment to corporate governance has garnered many awards and accolades.

Our sustainability agenda includes uplifting the underprivileged and beneficiaries from economically weaker sections through initiatives that provide them better access to education, health and livelihoods. In the education sphere, we collaborated with Shiksha Kendra School to provide free education and related resources to 32,500+ underprivileged students.

Ten AARU Clinics in India and one in Nepal were set-up near our manufacturing sites with the objective of providing free healthcare services to marginalized communities

Our robust governance framework and well-structured policies and practices serve an instrumental role in driving ethical conduct, accountability and transparency within the system and all its stakeholders.

residing in the rural areas. 110,000+ beneficiaries received free medical assistance, medicines and underwent diagnostic tests under this initiative. Pravah, another initiative by VBL, empowered the unemployed youth through skill development and provision of sustainable livelihood opportunities. 17,000+ youth were trained under this initiative.

Paving the way for a Sustainable Future

For the world to become a better place, each of us needs to take consistent sustainable action. Our steadfast commitment to sustainability in the recent years is demonstrated through our initiatives and their significant impact. Through an indomitable spirit and continuous innovations, we aspire to steer our ESG journey further and inspire several others to pave the way towards a brighter, more sustainable future.

Together, let us make responsible decisions and take conscious action to protect our environment and create equal and consistent opportunities for the communities we live and operate in.

Warm Regards,

Varun Jaipuria

Promoter, Executive Vice-Chairman and Whole-time Director

Our ESG Team

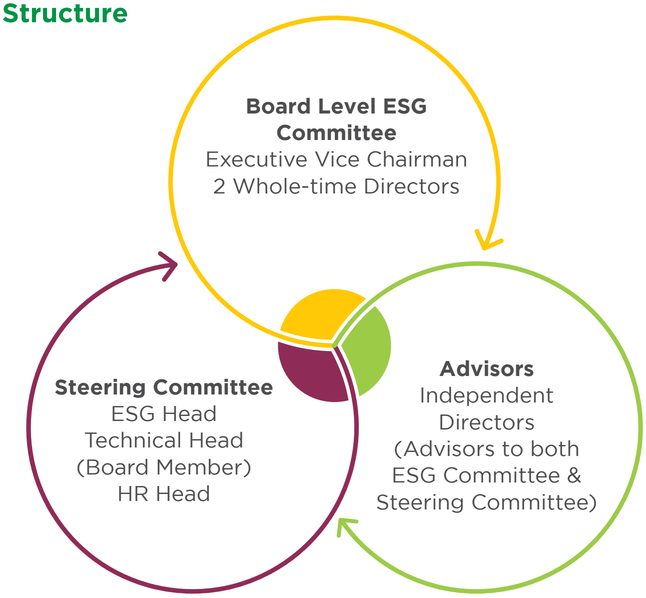
Synergy to sustain constantly

Environment, Social and Governance (ESG) is not just a consideration for us; it is our top priority. To sensitize and instill its importance within our businesses and their multifaceted aspects, our ESG team is handpicked and represented by people from diverse business functions across the organizational structure. Their extensive experience and varied exposure empower us to seamlessly navigate through the increasing demand for transparency and associated regulatory risks, alongside enhancing the effectiveness of our ESG efforts.

An ESG Committee, constituted by the Board, identifies the Company's risks and opportunities, and charters VBL's ESG journey, its reputation and its corporate responsibility. The Company's existing strengths and capabilities as well as the existing gaps within the system, process and data is identified by the Steering Committee. Based on these, the Steering Committee develops a strategic ESG roadmap and executes it responsibly.

The ESG Committee holds a critical role in championing ESG principles within the organization. At the Board level, Vice-Chairman Mr. Varun Jaipuria, also a member of the ESG Board Level Committee, shoulders ultimate responsibility for overseeing the implementation of all the ESG initiatives including water stewardship, improving energy efficiency, waste management and water management strategy, ensuring its alignment with broader environmental objectives. Furthermore, the Board-level committee actively shapes strategic direction, oversees risk management, and fosters accountability for health and safety and diversity within the social pillar of ESG. Meanwhile, the Steering Committee assumes a pivotal role in executing and monitoring the water stewardship, improving energy efficiency, waste management, diversity and health & safety strategy. Their concerted efforts ensure the organization navigates challenges adeptly, mitigates risks, and upholds its commitment to sustainable practices. Through the collective dedication of both the Board-level and Steering Committee, the organization reinforces its pledge to responsible business practices and comprehensive sustainability across all facets of its operations.

ESG Structure



Overall Management: ESG Head & Investor Relations Head

	Environment	Social	Governance
Functional Leads	Lead Plant Managers (North/East/South/West)	Head of Industrial Relations	Chief Risk Officer & Group Company Secretary
Functional Team	AVP - ESG Quality Head Packaging Head	Central HR Team Plant HRs	CFO Taxation Head
	Annual Audit DQS	Best Practices DuPont (H&S)	Business Excellence (Corporate Governance) of The Year 2022 Best Corporate Governance Practices award under Business Brand Awards

Different Teams. One Goal.

At VBL, the unified objective of sustainable growth binds people from different teams and diverse functions. Together, they play a crucial role in the successful implementation of the Company's ESG strategy and elevating its outcome. Backed by individual strengths and experiences, our unique taskforce enriches the ESG journey through their varied perspectives and expertise.

The cross-functional representatives collaborate to develop a shared understanding of the ESG strategy and concepts, formulate the foundation principles, and unanimously implement the ESG initiatives. The collective harmony paves way for uniform and seamless communication with our shareholders and accurate reporting to the regulators.

Strategic ESG Priorities

To mitigate the key challenges and make a positive, long-term difference to our people, planet and businesses, we have identified four key areas of action - Environmental Protection, Inclusion & Diversity, Community and Governance. These comprise our strategic ESG priorities and guide us in our efforts to create a better world.

Our Mission

While refreshing billions of consumers with a vast portfolio of beverages touching all age groups, we shall ensure a sustainable ecosystem with a positive impact on our planet and well-being.

Key ESG Priorities

ENVIRONMENT	SOCIAL	GOVERNANCE
Water Stewardship	Human Capital Management and Diversity	Corporate Governance
Waste Management	Health & Safety	Code of Conduct, Anti-bribery, FCPA & POSH
Renewable Energy	Community Engagement	Transparency, Responsibility & Accountability
Carbon Emission Reduction	Nutrition and Product Safety	Risk Management

The ESG way of doing business

Embedding our ESG priorities into our daily processes and policies underscores our commitment to create a sustainable ecosystem for our stakeholders. Having made considerable progress on our ESG milestones in CY 2023, we have crafted an aspirational roadmap for the future. This includes our 2025 goals for reducing plastic waste and achieving water positivity and 2030 goals for reducing our carbon footprint and enhancing renewable energy.

2023 ESG Achievements

1.54 Liters
of water used per liter of beverage production (Improvement of ~9% over 2022)

86%
Recycling of used PET bottles (6% points increase over 2022)

44%
Reduction of carbon emissions/liter over base year - 2020 (12% reduction over 2022)

~58 Million
units from renewable resources (~176% increase over 2022)

Aspirational goals for tomorrow

Water Positivity

Sustaining Water Recharge of more than **2.00x**

Reducing Water Usage Ratio from 1.92x in 2020 to **1.40x** by 2025

Plastic Waste Management

100% recycling of used PET bottles by 2025 **(66%** in 2020)

Carbon Footprint Reduction

Reducing Carbon Emissions per liter of beverage produced by **50%** by 2030 over base year - 2020

Enhancing Renewable Energy

Increasing contribution from Renewable Energy to **25%** by 2030 (Vs **7%** in 2020)

Stakeholder Communication: Involving those who Matter Most

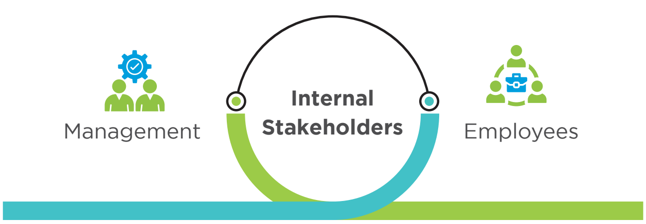
Consistent dialogues with our key stakeholders play an instrumental role in staying abreast and relevant to the current and evolving business needs, thereby creating a powerful strategy for collective and sustainable growth.

Safeguarding the interest of our stakeholders and creating sustained value for them is a priority at Varun Beverages. To ensure this and align our ESG strategy with their ever-changing needs, we encourage an open and honest communication with our key stakeholders. Ongoing conversations, other than paving way for mutual trust and respect, help us to make the right choices and significantly contribute towards the advancement of a sustainable society and planet.

Five key stakeholder groups have been identified and engaged in materiality assessment. The groups comprise a healthy mix of internal and external stakeholders, capable of directly participating and influencing the Company's decisions.

Separate communication strategies and engagement patterns with each stakeholder group have been thoughtfully chartered by the Deutsch Quality Systems, depending upon their accessibility and available time. A comprehensive list of ESG-related key issues and issue-wise improvement targets have also been set and communicated to the stakeholders.

Key Stakeholder Groups



- Identify and prioritize materiality issue by conducting a materiality analysis
- Deploy standard reporting frameworks to report impact
- Set realistic, clear and measurable goals with the help of industry standard framework
- Ensure that the sustainability strategy is well-aligned with the business goals
- Engage teams and empower them to make decisions based on sustainability strategy

Stakeholder	Engagement Pattern	Key Concerns
Management	Interviews, Board meetings	Business Performance Business Ethics Supply Chain Management Carbon Footprint & Emissions Energy Management Waste Management Resource Use & Conservation
Employees	Facilitated discussions, Surveys, Townhall meetings, Leadership meetings, Email communications, Employee engagement activities, Webinars	Occupational Health & Safety Freedom of Association Diversity & Inclusion Talent Management Community Engagement Employee Engagement & Development Human Rights & Fair Labor Practices
Suppliers	Individual and broad-based communications, Supplier trainings, assessments, and remediation processes	Product Safety & Quality Human Rights & Fair Labor Practices Responsible Sourcing Sustainable Agriculture Packaging Lifecycle Management Regulation & Taxation Environmental Stewardship Diversity & Inclusion
Retailers/ Consumers	Surveys, Corporate websites, Marketing activities & communication, Social media	Product Labelling Responsible Marketing Consumer Health & Nutrition Corporate Citizenship Product Safety & Quality
Industry Association	Surveys, Annual & Sustainability Reports, Ratings, rankings and other indices, Social media	Business Performance Innovation and R&D Human Rights & Fair Labor Practices Sustainable Initiatives

Materiality Assessment for Sustainable Action

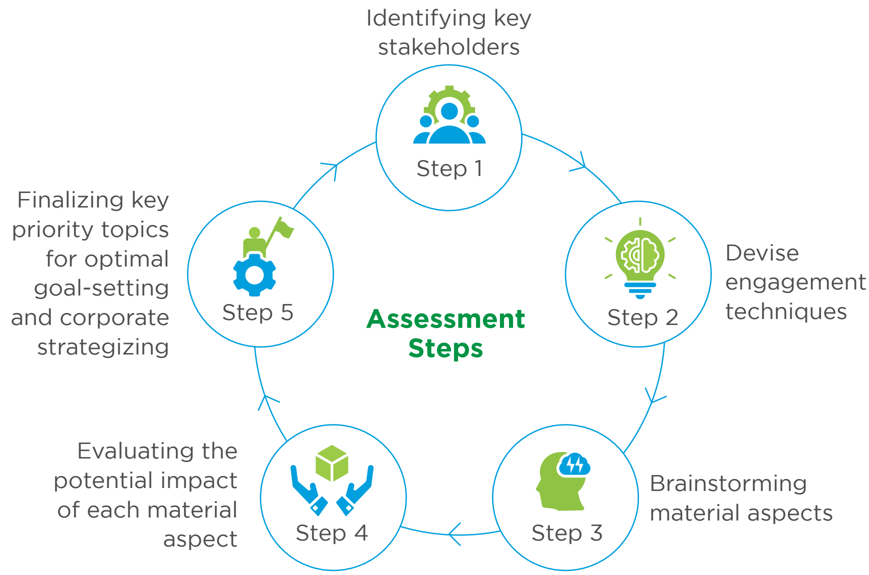
With the objective to identify material aspects crucial to our overall performance and sustainability impact; moreover, shift our focus on key ESG areas in line with our business goals, a materiality assessment was conducted by the Company. The assessment was aligned with the GRI principles and conducted in collaboration with Deutsch Quality Systems (DQS).

About DQS

DQS India is an internationally reputed independent field expert and the Indian subsidiary of DQS Holding GmbH, one of the leading Management System Certification, Assessment and Training organizations globally.

Key Goal

Determining economic, social, and environmental aspects material to the Company.



Consistent Re-evaluation

The evolving business landscape and changing stakeholder concerns warrant recurrent re-evaluation of material topics to ensure that they remain consistent with the latest corporate goals and industry demands. In view of this, we are committed to hold continuous dialogues with our stakeholders and realign the material aspects periodically.

Finalizing Material Aspects: The Process

VBL, in collaboration with DQS, took a two-pronged approach to conclude the material aspects – stakeholder engagement and impact assessment. Once the five key stakeholder groups were identified, they were diversely engaged and surveyed. This fructified in developing an understanding about the material aspects that were most significant for each group.

29 metrics of these were selected to assess their potential impact on our businesses. The metric and material aspects may however change over time depending upon different internal and external factors.

The 5 Pillars of Material Aspects: VBL's ESG Focus Areas

The identified material aspects can be distinctly divided into 5 categories in alignment with GRI and United Nations Sustainable Development Goals (UNSDG's). At VBL, we call it the '5 pillars of material aspects' – Environmental, Social Capital, Human Capital, Business Model & Innovation, and Leadership & Governance.

A comprehensive review of various materiality assessments conducted within the beverages industry has been crucial in the selection process.

Environmental

- Water management
- Carbon footprint
- Energy management
- Waste management
- Ecological impact

UNSDG's Catered to:

6 Clean Water and Sanitation, 7 Affordable and Clean Energy, 11 Sustainable Cities and Communities, 13 Climate Action, 14 Life Below Water

Social Capital

- Product safety and quality
- Consumer health and nutrition
- Corporate citizenship
- Human rights and fair labor practices
- Product labelling
- Responsible marketing
- Sanitation and hygiene
- Data privacy and information security
- Rural livelihood and generation

UNSDG's Catered to:

1 No Poverty, 2 Zero Hunger, 3 Good Health and Well-Being, 4 Quality Education, 5 Gender Equality, 6 Clean Water and Sanitation, 7 Affordable and Clean Energy, 8 Decent Work and Economic Growth, 10 Reduced Inequalities

Human Capital

- Employee health and safety
- Diversity, equity and inclusion
- Employee engagement and development
- Talent recruitment and retention

UNSDG's Catered to:

3 Good Health and Well-Being, 6 Clean Water and Sanitation, 8 Decent Work and Economic Growth, 10 Reduced Inequalities

Business Model & Innovation

- Packaging lifestyle management
- Business performance
- Responsible sourcing
- Supply chain management
- Innovation and R&D
- Sustainable agriculture
- Resource use and conservation

UNSDG's Catered to:

8 Decent Work and Economic Growth, 9 Industry, Innovation and Infrastructure, 17 Partnerships for the Goals

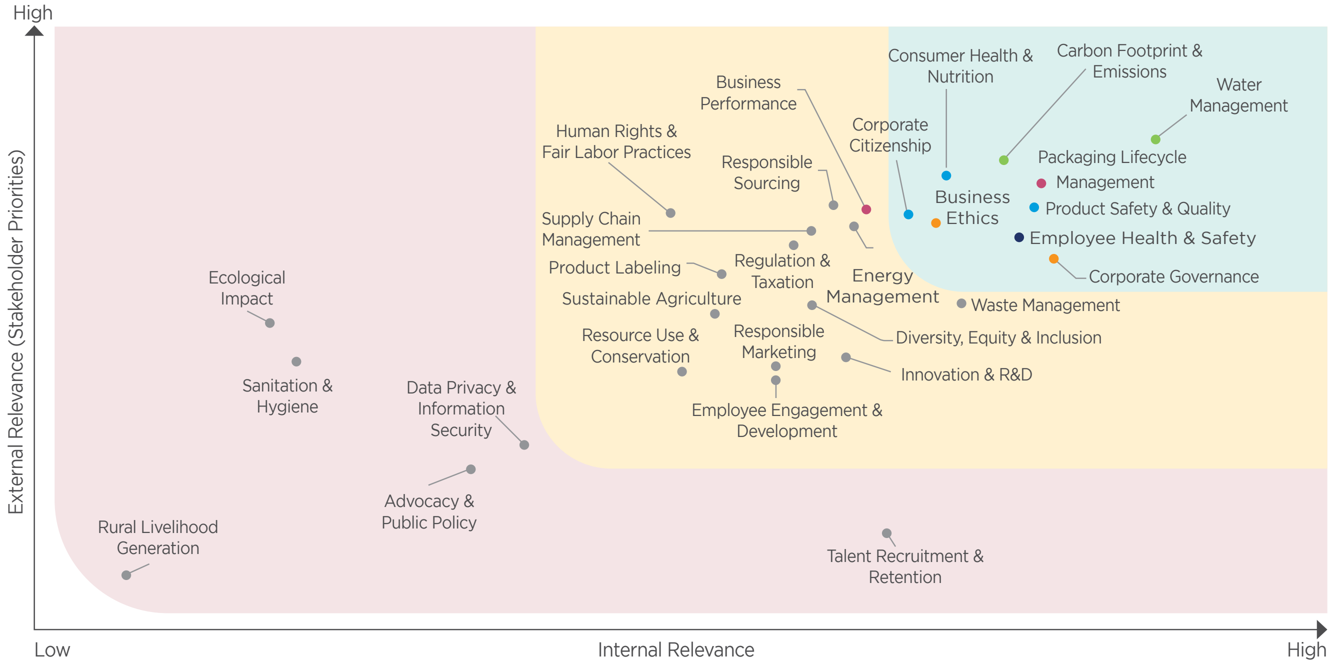
Leadership and Governance

- Corporate governance
- Business ethics
- Regulation and taxation
- Advocacy and public policy

UNSDG's Catered to:

11 Sustainable Cities and Communities, 16 Peace, Justice and Strong Institutions, 17 Partnerships for the Goals

Materiality Matrix



Ranking

Pillar	Material Aspects	Ranking
Environmental	Water Management	1
	Carbon Footprint & Emissions	2
Social Capital	Product Safety & Quality	4
	Consumer Health & Nutrition	5
	Corporate Citizenship	9

- Environment
- Social Capital

Pillar	Material Aspects	Ranking
Human Capital	Employee Health & Safety	6
Business Model and Innovation	Packaging Lifecycle Management	3
	Business Performance	10
Leadership & Governance	Corporate Governance	7
	Business Ethics	8

- Human Capital
- Business Model and Innovation
- Leadership and Governance

Environment


REFRESHING LEMONY TASTE
7up

Replenishing Earth

Water is vital for existence. Unarguably, one of the most precious gifts on Earth, it demands responsible management and preservation.

India receives adequate rainfall every year. Most of the rainwater freely flows back into the ocean without adding much to the Earth's groundwater level. Being an environmental steward, Varun Beverages takes assorted measures to harvest rainwater and replenish the groundwater table.

We remain committed to enhance the water recharge levels in proportion to our growth in volume. It will be steered through key emphasis on reducing the water usage adding to the water bodies and strengthening our portfolio of ponds for rejuvenating, maintenance and upkeep.

It has been our constant endeavor to recharge double the water than we consume in producing our beverages, nurturing sustainable balance in Earth's underground reservoirs.

What we achieved:

12.95 Bn Liters of water recharged in CY 2023 against 6.39 Bn Liters consumed (2.02 times recharged in CY 2023)

Our target:

Sustain/surpass **2.0** times of Water Recharge: Water Drawn

Conserving Water: A Long-term Commitment to Sustainability

Worldwide, water levels are depleting. Swelling global population, rapid economic development, urbanization and climate change are straining the natural balance in water bodies, calling for urgent and sustainable action. As a beverage company that values an individuals' entitlement to water, we focus on optimizing water efficiency, treating wastewater effectively, rejuvenating fresh water sources, and replenishing more water than we consume in manufacturing of beverages.

Key Highlights 2023

1.54 Liters

of water per 1 liter of final product for beverage production (~9.0% Improvement since 2022)

2.02 times

Water Recharge Ratio

12.95 Billion

Liters Water replenished in 2023

124

Water Bodies adopted & maintained

Water Conservation: Key Focus Areas

We have identified four core areas to realize our water conservation goals. They are:

- Rainwater harvesting
- Adoption and maintenance of ponds & check dams
- Wastewater management
- Process improvements

Focused Initiatives for Water Stewardship

Reduce. Reuse. Recycle.

The triple-sided strategy focused on reduce, reuse, and recycle forms the cornerstone of our water management and conservation strategy. Key measures include reducing water consumption per liter of beverage produced and cutting down wastage; improving water efficiency through reuse and multiple process improvements; and rainwater harvesting to recycle and replenish groundwater levels.

Additionally, freshwater demand in perennially water-stressed areas is being actively managed by VBL without putting further burden on the underground reserves. Concentrated efforts are also being made to minimize the negative impacts of water on the environment, ecosystems and human health.

Staying Water Positive

Sustainable water management fosters meeting the current water needs while ensuring adequate water reserves for our future generations. Aligned with this, we are committed to remain water positive and replenish more water than we consume. In 2023, we consumed only half of the replenished water for production.

The Right to Clean Water

For every living thing to enjoy access to clean water, we must use it responsibly. In this context, we are fostering water resilience and making extensive efforts towards reducing water usage and increasing efficiency across our value chain.

Wastewater Management

It's our responsibility to ensure that the water discharged from our plants back into the ecosystem is of sufficient quality. To fulfil this, 100% of the water discharged from all VBL's manufacturing facilities across India is treated in effluent treatment plants.

33

Total manufacturing plants in India as of CY 2023

Categorization done by "Central Ground Water Authority"

26

Plants are categorized as Safe/Semi-Critical/ Use Surface Water

7

Plants categorized as 'Critical' or 'Over exploited'

84%

Plants are categorized as Safe/Semi-Critical/ Use Surface Water.

Contribution made to overall production

Out of the 33 plants in India, 7 plants fall in "over-exploited" / "critical" category of Central Ground Water Authority of India which contributed only 16% of total production in CY 2023. The balance 26 plants contributed ~84% of the total production in CY 2023.

Water Audit

To monitor our water footprint and validate our efforts and outcome towards water stewardship, water audit is regularly conducted by DQS India. All our manufacturing plants in India are covered under the scope of this audit.

Audit Report Key Findings

	Water consumption (In Billion Liters)	Beverage production (In Billion Liters)	Water usage ratio	Water recharge (In Billion Liters)	Water recharge ratio	No. of water bodies adopted
CY 2019	4.12	2.12	1.94 times	7.22	1.75 times	103
CY 2020	3.74	1.95	1.92 times	10.19	2.72 times	108
CY 2021	4.86	2.57	1.89 times	11.10	2.28 times	110
CY 2022	6.32	3.72	1.70 times	12.79	2.02 times	116
CY 2023	6.39	4.14	1.54 times	12.95	2.02 times	124

Strategic Drivers for Achieving Water Sustainability in 2023

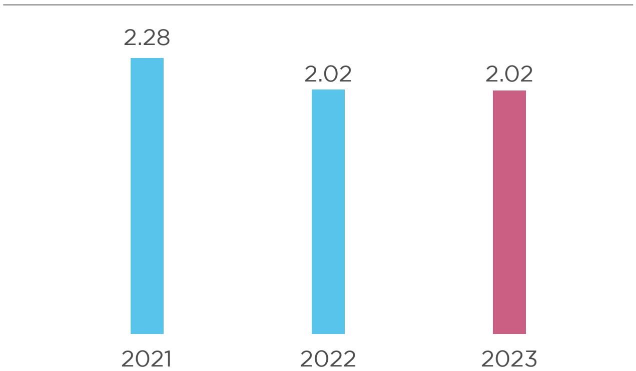
Positive water recharge	Reducing water usage
12.95 Billion Liters rainwater recharged back to ground Adopted 118 ponds and 6 check dams 47% ponds rejuvenated in water-stressed zones	Implemented process improvements such as: Connected all filters (ACF/ PSF) for water recovery Optimized drainage timing at ACF / PSF Bottle washer recovery in glass lines Reuse ETP water in utilities Improved RO efficiency wherever RO recovery is less than designed recovery Sensors / Foot operated taps for hand wash at plants Completed Air Scoring across all manufacturing plants

Continuing Water Efficiency

(In Million Liters)

	CY 2023	CY 2022
Water withdrawal by source		
(i) Surface water	1,826	1,928
(ii) Groundwater	4,571	4,393
(iii) Third-party water	–	–
(iv) Seawater/ desalinated water	–	–
(v) Others	–	–
Total volume of water withdrawal (i + ii + iii + iv + v)	**6,397**	**6,321**
Total volume of water consumption	**4,143**	**3,728**
Water intensity per rupee of turnover (Water consumed/ turnover)	0.033	0.035
Water intensity (Liters of water consumed per liter of beverage produced)	1.54	1.70

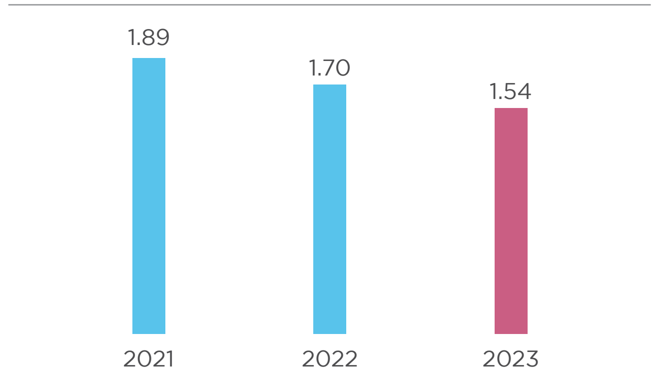
Water Recharge Ratio^



^Total water recharged per liter of water consumed

Target sustain above 2.00

Water Usage Ratio*



**Liters of water consumed per liter of beverage produced*

Target 2025 min. 1.40

Water Bodies: Impact Assessment

Aligned with our water conservation efforts, we have adopted 118 ponds and constructed 6 check-dams for their maintenance and rejuvenation. This report aims to assess the current situation of such ponds and analyze the impact of Water Rejuvenation Project on the life and livelihoods of local communities in one of our manufacturing plant in Sandila.

Framework

The IRECS Framework (Inclusiveness, Relevance, Expectation, Convergence and Service Delivery) was implemented for impact assessment.

The Process

1. **Step 1: Survey –** A primary household survey was conducted in nearby villages. It aimed to assess the impact of the intervention at socio-economic and environmental levels.

2. **Step 2: Questionnaire –** A detailed survey questionnaire was prepared based on interactions with the VBL team and secondary references.

3. **Step 3: Data Collection –** Survey CTO app, a digital data collection tool with features such as offline data collection, image capturing and geo-tagging, was deployed for efficiency and data was collected from the relevant stakeholders.

4. **Step 4: Extensive Sampling –** Interactions held with more than 180 households for ascertaining the project's holistic impact on the community. Deeper insights on socio-economic and environmental impact were gained through unstructured interviews and FGDs.

The Impact

Construction, deepening and maintenance of ponds by VBL created a significant socio-economic and environmental impact. It considerably eased and improved the lives of communities, while providing sustained opportunities for farming and livelihood. The measures also steered biodiversity and improved water level in Earth's natural reservoirs.

1. Socio-Economic Impact

In an agrarian community like ours, ponds serve as a crucial source of water for irrigation and directly impact the livelihood of our farmers, other than facilitating groundwater recharge and boosting biodiversity.

Efforts towards construction and maintenance of ponds led to –

- Better access to irrigation facilities
- Increase in crop productivity
- Enhanced crop diversification
- Increased area under irrigation
- Better land productivity and soil fertility
- Increase in green cover and biodiversity
- Increase in water storage and conservation
- Increase in level of ground water and surface water level
- Increase in livestock productivity and product yield
- Increase in income and savings of the household

Impact

- Sustained management of natural resources
- Climate change mitigation
- Improved quality of life
- Boost to sustainable livelihoods

Small and marginal farmers reaped multiple benefits

68%
Ability to take up water-intensive crop

93%
Ability to take-up crops in multiple seasons

87%
Increase in variety of crops in same season

28%
Increase in household consumption of crops

Key metric reflecting improved quality of life

3%
Experienced personal development

17%
Improved inter-personal relations

31%
Mental well-being

95%
Physical well-being

52%
Material well-being

Greater Earnings. Enriched Living

As communities enjoyed the benefits of additional income, they utilized it to further improve their income, quality of life, education, health, and interpersonal relationships. Savings and asset building percentage also improved in view of a better and secured future.

19%
Savings

19%
Investment in additional income generation activities

56%
Social & family functions

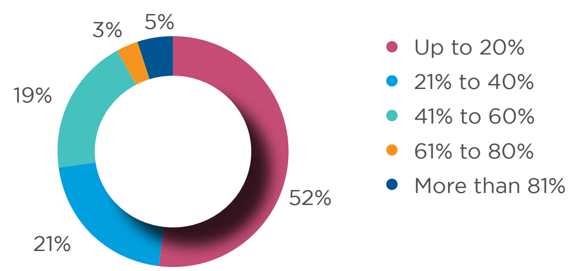
10%
Better food & household consumption

63%
Child education

60%
Family health & well-being

31%
Purchase of household assets

Improved crop yield



Change in cropping pattern

	Before	After
Spices	13%	16%
Oilseeds	54%	57%
Flowers	3%	2%
Fruits	4%	9%
Vegetables	37%	49%
Commercial	21%	22%
Pulses	54%	56%
Cereals	100%	100%

Key takeaways

- Several farmers took up the practice of cultivating cash crops in pre-monsoon
- Several households took up subsistence farming of fruits and vegetables
- Several farmers adopted farming of commercial crops such as maize and peppermint

2. Environmental Impact

Ponds serve as important habitats for various aquatic species and boost diverse forms of life, positively contributing to biodiversity and ecological balance. Prominent increase in green cover, improvement in groundwater level, reduction in soil erosion and sedimentation, and improvement in micro-climate are a few other benefits of our pond rejuvenation initiatives.

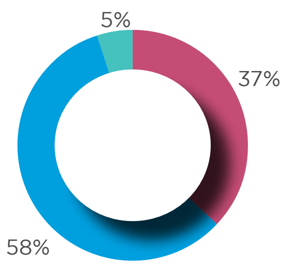
Efforts towards construction and maintenance of ponds led to -

- Increase in birds and insects
- Increase in riverine/ aquatic animals
- Increase in terrestrial animals
- Increase in types of flowers
- Increase in green cover
- Increase in tree/plant species

Impact

- Efforts to access water from handpumps decreased significantly
- Accessibility to water in ponds improved
- Wells showed increase in water level throughout the year
- Time required for irrigation from borewells decreased

Improvement in groundwater level



Sources showing increase in water level

Hand pump	61%
Water body	50%
Farm pond	31%
Dug well	55%
Borewell	81%

Sustained water supply throughout the year reaped multiple benefits for farmers

18%
Farmers took up cropping in lean season

44%
Families stopped migration

66%
Households increased area under irrigation

66%
Farmers enjoyed reduced cost of irrigation

43%
Enjoyed higher cost-efficiency on irrigation

65%
Experienced an increase of up to ₹ 50,000 on income

Positive environmental impact - Key metrics

38%
Improved aesthetic beauty

17%
Improvement in micro-climatic condition

46%
Improvement in fertility and quality of soil

93%
Increase in groundwater level

9%
Water Conservation

9%
Resilience to water logging/floods during rain

91%
Increase in level of surface water sources

Augmented biological diversity

Biodiversity facilitates a resilient ecosystem, essential for health, food security, climate control, economic stability, and sustaining life. Through our pond rejuvenation initiatives, we aspire to maintain the delicate balance between Earth's interconnected systems and foster overall well-being of the planet and its people.

39%
Increase in birds and insects

72%
Increase in livestock

31%
Increase in types of flowers

91%
Increase in tree/ plant species

15%
Increase in riverine/ aquatic animals

50%
Increase in terrestrial animals

90%
Increase in green cover

Plastic Waste Management and Recycling

Optimizing plastic waste is imperative for a sustainable and habitable planet for the generations to come. We are committed to reducing plastic waste and retain its value through responsible management. Fostering circular economy solutions, we advocate reduce, reuse and recycle of plastic at every opportunity coupled with innovative engineering and sustainable solutions to extend its lifespan.

Fulfilling our strategic priorities - Key enablers

- Weight reduction of preforms
- Recycling of plastic waste

1. Key Enabler: Weight Reduction

Reduction in weight of preforms and closures translates to reduction in material consumption and lower energy requirements, contributing to a long-term impact on sustainability.

Weight reduction of Preforms (Grams)

Reduction of 10% to 20%

In packs of 600 ml to 2.25 liters (2010 to 2023)

Weight reduction of Closures (Grams)

Reduction of 20% to 25%

In packs of CSD/Juices/Water (2010 to 2023)

Weight Reduction of Preforms (In grams)

Pack size	2010-14	2015-19	2020-23	Net reduction (%)
600 ML	25.5	22.2	22.2	12.9
750 ML	34.7	30.7	27.1	21.9
1.0 L	21.0	21.0	19.0	9.5
1.25 L	36.0	34.7	32.5	9.7
2.25 L	52.5	50.7	47.0	10.5

Weight Reduction of Closures (In grams)

Pack size	2010-14	2015-19	2020-23	Net reduction (%)
1.25 L	3.15	2.75	2.35	25.4
2.25 L	1.70	1.50	1.35	20.6

Recycling Process of Plastic Waste

Used PET bottles are collected and cleansed → PET bottles are sliced into small flakes → They are then converted into fiber → The fiber is converted into yarn → Fabric is made out of the recycled yarn → The fabric is finally stitched into various products

2. Key Enabler: Manufacturing of r-PET

Our global sustainability reputation takes a significant step forward through the integration of responsible sourcing practices into our packaging operations, recognizing packaging as a critical aspect for our identity as a beverage company. By embedding sustainability principles into such large-scale operational endeavors, we bolster our commitment to environmental stewardship. To this end, we've established a target to incorporate 30% r-PET in our total PET packaging by 2025 through a joint venture (JV) with Indorama. Moreover, we've introduced 100% recycled PET bottles for Pepsi Black in select sub-territories.

3. Key Enabler: Recycling of Plastic Waste

We consider recycling of plastic waste our basic responsibility towards the environment; a reason why we go beyond compliance and conduct several initiatives in collaboration with specialized pollution-control organizations and government authorities.

Our Progress in CY 2023

- Recycled 4.04 lakh MT of used PET bottles till CY 2023
- Implementing 100% phased recycling of used PET bottles and collection from end-users

30% r-PET

To be utilized in total PET packaging by 2025

Products and packaging reclaimed at end-of-life products

Input material	CY 2022			CY 2023		
	Reused	Recycled	Safely disposed*	Reused	Recycled	Safely disposed*
Plastics (in metric tons)	-	118,392 (80%)	-	-	150,982 (86%)	-
Hazardous waste - Sludge	-	-	1,152	-	-	1,426

Safely disposed through authorized vendors.


PEPSICO
TSL


World Environment Day 2023
Beat Plastic Pollution

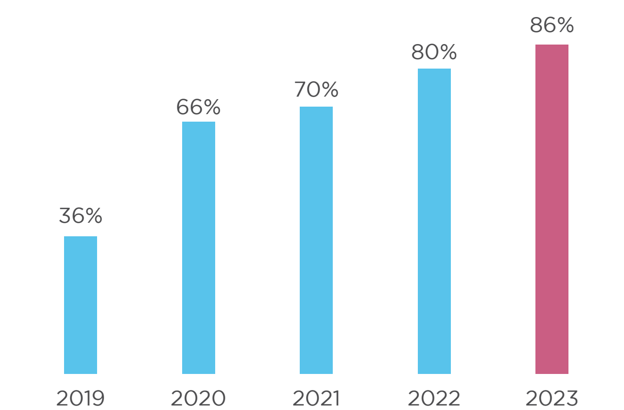
Plastic Recycling Initiatives taken

- Placed dustbins on direct vending machines
- Enabled direct collection from institutions
- Spread awareness through government agencies
- Collaborated with IDVB Recycling Operations Pvt. Ltd. for manufacturing of r-PET

Recycling plastic waste: Progress made

We recycled 86% of the total PET bottles consumed during CY 2023, much ahead of the Extended Producer Responsibility (EPR) Regulations laid down by CPCB. PET bottles consumed during the year were 175,292 MT and those recycled during the same period stood at 150,982 MT.

Plastic Waste Recycling %*



Target 2025

100%

**Plastic waste recycled per Kg of PET sold in finished products. Plastic waste includes PET, shrink film, plastic closures, labels and laminates post consumption*

Best out of waste with GEM Enviro Management

Our collaboration with GEM Enviro Management Pvt. Ltd. furthers our mission of 100% recycling of used PET bottles in a phased manner. GEM Enviro is a Central Pollution Control Board (CPCB) recognized Producer Responsible Organization (PRO), headquartered in Delhi. It specializes in collection and recycling of packaging waste as well as promotion of recycled green products, and is involved in making T-shirts and bags from recycling of used PET bottles and other waste materials.

Impact

- Awareness created for 250+ Ragpickers in CY 2023
- 1,300+ General public sensitized through awareness programs
- Higher waste collection through incentives for ragpickers
- Increased income for ragpickers by establishing seamless connect with buyers requiring recyclable waste
- Safe, clean and plastic-free environment

VBL & GEM in Action

Together, we have taken the following actions for sustained waste management:

- **Direct waste collection:** Collected waste from end users through reverse vending machines, placing dustbins, and direct collection from institutions (such as hotels, banquet halls and exhibitions)
- **Plastic waste disposal awareness program:** 1,300+ participants were sensitized on proper plastic waste disposal through a combination of welfare initiatives including Swacchta Abhiyan, talks, slogan writing, display, distribution of pet-recycled products and creative programs
- **Ragpickers Awareness Program:** Healthy working conditions and fair price for waste collected by ragpickers were provided for sustained livelihood and better living
- General awareness raised on proper disposal of plastic waste
- General awareness on clean and green city
- Skill development programs
- Distribution of recycled merchandise such as t-shirts, masks, safety kits and food items
- Installation of bottle crushing machine
- Supported PLOG Run 2023, where over 5000 participants across 8 cities gathered waste in celebration of Swach Bharat Diwas

Enhancing Energy Performance

Energy consumption directly impacts our environment and overall sustainability. Aligned with our goal of net-zero transition, we pledge to make a positive difference in this area by increasing our renewable energy (RE) share in fulfilling VBL's energy requirements and advancing our renewable energy portfolio.

Constant efforts to further energy efficiency across the value chain are being made at all our offices, warehouses and manufacturing facilities across India, innovation and process improvements being some of them.

Key Enablers for Solar/Wind Energy

Installing Rooftop Solar Panels

Open Access RE Contracts

Latest Technology Energy Efficient Machines

Process Improvements

Progression in 2023

Generated **~58** Million Units of electricity through renewable sources – this is equivalent to annual power consumption of **25,000+*** households

(*as per Company estimates)

Planted **~108,000** tree saplings in 2023 vs **~80,000** saplings in 2022

Boosting energy efficiency through innovation & process optimization

A multi-pronged and sustainable approach is deployed in most of our plants as well as products to infuse the concept of energy conservation. Some of the energy conservation measures adopted across the manufacturing units were:

1. Use of frequency drive in ammonia and air compressor which saves electric energy.
2. Use of frequency drive in boiler for ID and FD fan which saves electric energy.
3. Heat recovery from hot compressed gases and used for heating water.
4. Recovery of treated hot water from three stage syrup transfer PHE.
5. Beverage filling at ambient temperature leading to huge power savings in refrigeration.
6. Replacement of CFL/FTL lamps with LED lamps.
7. Replacement of low efficiency pump with high energy efficient pump.
8. Improving efficiency on critical resources like water and energy by doing water recoveries and optimizing energy consumption.
9. Optimizing the resource consumptions and minimizing wastages by automations and controls.
10. Installation of steam operated pump trap - SOPT for better steam condensate recovery across all units.
11. Direct Coupled HP Compressors (No gear box).
12. IE 5 permanent magnet motor.
13. Adiabatic cooling tower.
14. Improving condensate recovery by installation of SOPT and better technology equipment which helped in improving boiler efficiency.
15. Heat recovery from High Pressure Air Compressors and Ammonia Refrigeration Compressors.
16. Installation of de-superheaters.
17. Installation of Godrej Control Air-IFC for optimizing HP requirements at preform blow moulding machines and Cold CIP which requires no heat during operation.

Energy-efficient beverage distribution

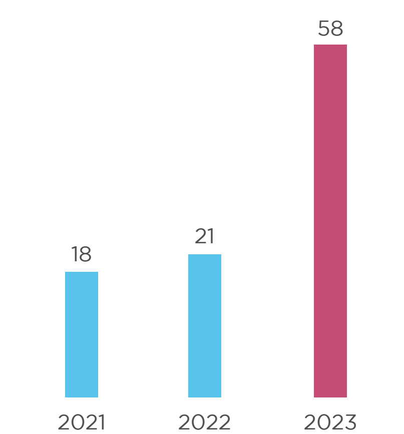
Aspiring to optimize energy efficiency across our value chain, we are building a fleet of **~1,200 electric vehicles**, in partnership with our distributors. The investments are directed towards sustainable last mile delivery of our beverages and reduce our carbon footprint by 2 Million ton carbon emissions per year.

Energy Consumption: An Overview

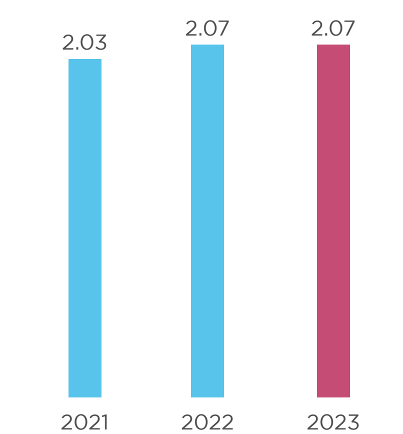
Renewable and Non-Renewable Sources

RENEWABLE SOURCES	CY 2022	CY 2023
Electricity consumption	21 mn kWh	58 mn kWh
Fuel consumption (Briquette, Firewood, LPG, PNG)	74 mn Kg	64 mn Kg
NON-RENEWABLE SOURCES		
Electricity consumption	283 mn kWh	382 mn kWh
Fuel consumption (HSD Diesel)	5.5 mn Liters	4.4 mn Liters

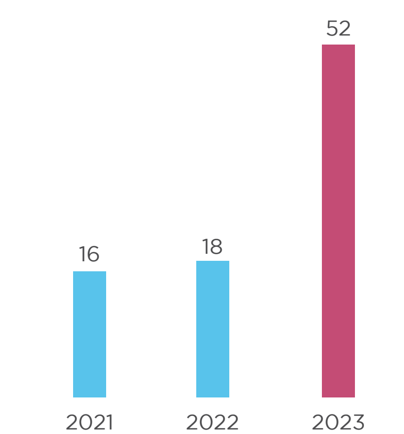
Renewable Energy Generated (in Million kWH)



Energy Efficiency (8 Oz cases produced per kWh of energy consumed)

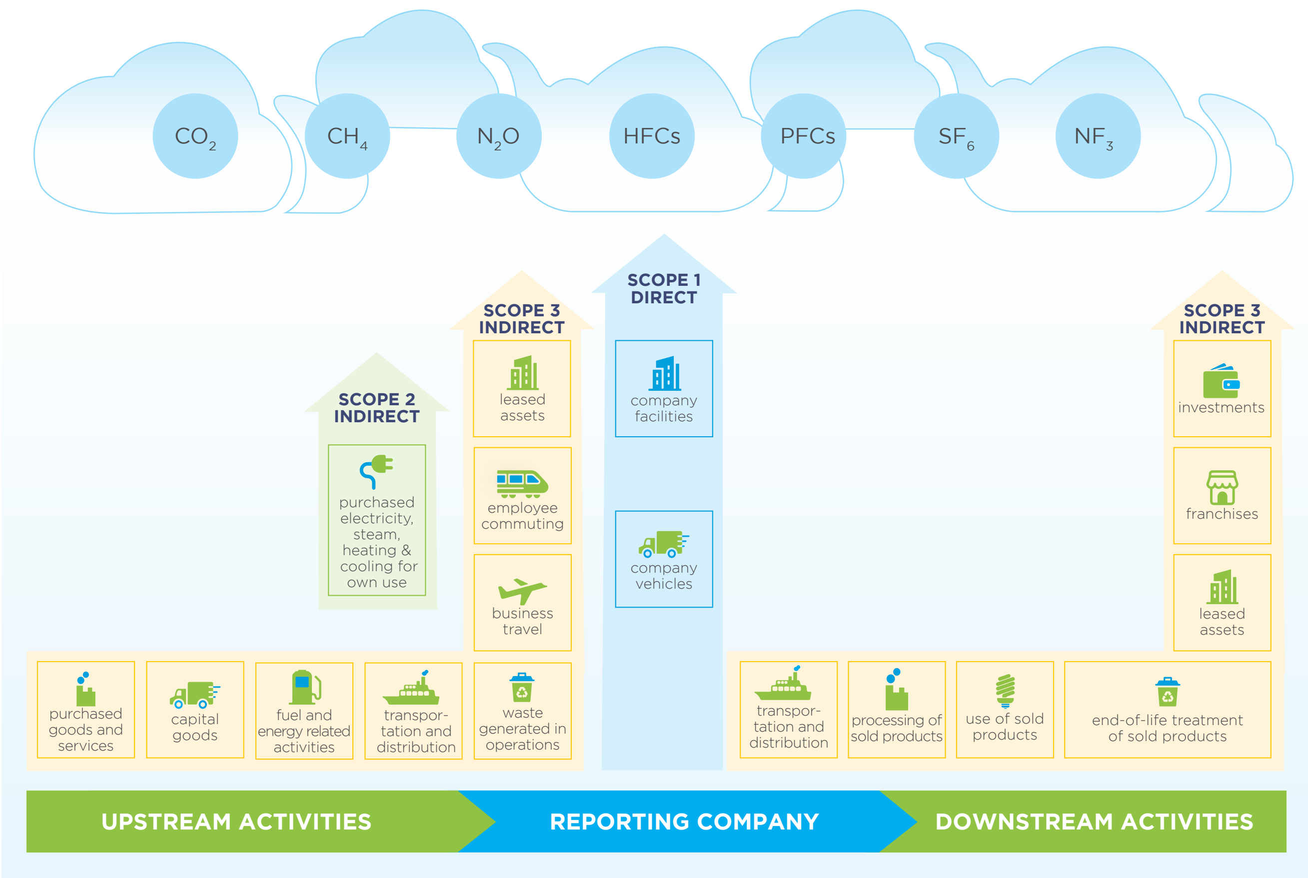


Increase in Solar Power (in MW)



Sustained Climate Action: Reducing our Carbon Footprint

As climate change accelerates and affects our planet and its ecosystems, we deepen our commitment to ensure a positive environmental footprint through sustained climate action. Our multi-faceted initiatives in the areas of energy efficiency, innovation, process optimization, tech-adoption, and operational efficiency, among others, are continually helping us to conserve natural resources and reduce our carbon footprints.



GHG Emissions: Snapshot

As a responsible corporate citizen, we conducted a carbon footprint emission assessment for 33 manufacturing facilities across India, in collaboration with Deutsch Quality Systems (India) Pvt. Ltd. (DQS India). GHG protocol and ISO 14064:2006 standards were stringently followed during the assessment.

Operational boundaries across different scopes

SCOPE 1

10.36	13.93	11.50
2023	2022	2021

(Includes direct emissions from fuels and gases consumed by sources owned or controlled by VBL)

SCOPE 2

50.79	60.20	69.50
2023	2022	2021

(Includes indirect emissions associated with purchase of electricity)

SCOPE 3

140.47	155.67	243.40
2023	2022	2021

(Includes energy consumption, refrigerant emission of visi-coolers placed with retailers and fuel consumption from employee commuting, business travel by air, rail and road, and upstream and downstream transportation)

TOTAL

201.63	229.80	324.40
2023	2022	2021

(Total GHG Emissions from Scope 1, 2 & 3)

Figures in grams of CO_2e/liter

Intensity of GHG emissions per liter production of beverages - Key observations

0.32 $KgCO_2e$/Liter	0.23 $KgCO_2e$/Liter	0.20 $KgCO_2e$/Liter
CY 2021	CY 2022	CY 2023

~44% Reduction Achieved in CY 2023 vs CY 2020 (base year)

Climate Action: Achievement 2023

~12%

Reduction in carbon emissions from CY 2022

Target 2030

Reducing GHG Emissions:
50% Reduction in absolute greenhouse gas (GHG) emission over base year 2020

Increase in Renewable Energy share:
25% Contribution of electricity from renewable sources

Goal Enablers

A four-pronged approach is instrumental in achieving our 2030 goal of reducing the absolute greenhouse gas (GHG) emission by 50% and increasing the renewable energy share in electricity by 25%.

1. Increasing the use of renewable energy
2. Optimizing product transportation
3. Vending and cooling
4. Tree plantation

1. Higher Renewable Energy Share

- Increasing contribution of renewable energy through rooftop solar and open access Power Purchase Agreements
- Reducing emissions by improving energy efficiency; deploying energy-efficient hi-tech machines, and; process improvements using less units of electricity
- Deploying best practices for energy efficiency including chiller optimization, air compressors, high efficiency motors and drives, LED lights, among others

2. Optimized Downstream Transportation

Downstream Transportation

Optimizing Network Route

- To service market more efficiently
- Less miles driven to result in lesser fuel consumption

Optimizing Existing Fleet

- Improving efficiency by reducing static weight and better aero-dynamics
- Maintaining and servicing trucks for better performance

Using Alternative Fuels

- Moving to lower carbon intensive fuels
- Electrification using renewable electricity

3. Vending and Cooling

Accelerating roll-out of energy-efficient visi-coolers, including invertor-based technology, better insulation and green refrigerants

Establishing mechanism to better track and record utilization of coolers.

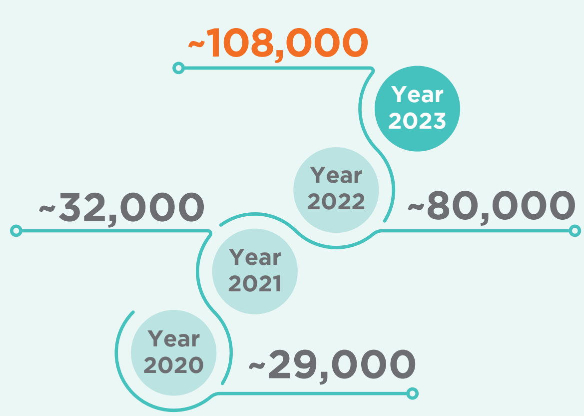
Evaluating options and rollout renewable energy based visi-coolers.

4. Tree Plantation

Planting saplings is a pivotal climate mitigation strategy. Apart from serving as an excellent measure to reduce our carbon footprint, the initiative reflects our long-term dedication to biodiversity, environmental resilience and holistic wellness.

Tree Plantation

Increase in saplings plantation



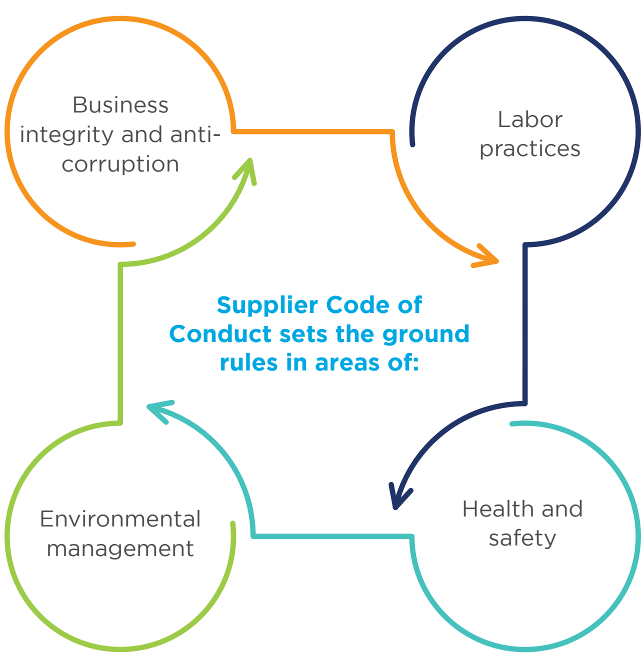
Sourcing with Care

Prioritizing responsible sourcing of resources are fundamental to fulfil our long-term sustainability goals. Raw material across VBL's supply chain are sourced from suppliers who follow stringent sustainability practices, ensuring that we minimize our ecological footprints while encouraging support to local communities.

Over the years, we have adopted fair and ethical business practices to secure a sustainable supply chain. Our commitment to eco-friendly value system has been instilled in our major ingredient suppliers, who continually endeavor to adopt diverse initiatives to meet their sustainability targets across water and energy efficiency, waste management and transition to net-zero. This is crucial to our long-term growth and sustained impact.

Supplier Code of Conduct

Procuring raw materials ethically and responsibly is an integral part of supply chain management within the Company. To enable this, we have adopted PepsiCo's Global Supplier Code of Conduct. This, along with all other policies is stringently applicable to all suppliers, agents, consultants, vendors and contractors as a condition of doing business with PepsiCo and its affiliates.



Environmental Impact Assessment

Guided by the Suppliers Code of Conduct, the suppliers are constantly engaged in finding innovative and green ways to procure high-quality raw material while utilizing latest technologies to minimize their impact on the environment.

> We are actively monitoring the progress of our responsible sourcing goals with respect to our key raw material and packaging suppliers, who represent almost 90% of our overall purchase in these categories. This will help us to align them with our sustainability goals in the future.

Stringent sustainability criteria in line with the statutory guidelines are being followed to remain compliant and sustain responsible sourcing. This includes appropriate waste disposal and conformity to air and water pollution acts. There is a particular focus on enhancing energy efficiency, with dedicated efforts to reduce dependency of conventional methods and accelerate use of renewable energy, supported by solar panels and windmills. Conventional fuel for steam production in boiler is also replaced by eco-friendly briquettes. Plantation drives for a balanced and resilient future are being consistently encouraged. Further, water requirement are being fulfilled with the help of third-party water suppliers while ground water is being used in some cases, depending upon availability.

Value Chain Partners Assessed for Environmental and Social Impact

90%+
Raw material suppliers

90%+
Distributors covered

90%+
Capex suppliers

Key Initiatives on Responsible Sourcing by Suppliers:

- Electricity generation from renewable energy sources like solar power and wind power
- Installation of energy efficient machineries in production lines

- Installation of water treatment plants
- Implementing Pressurized Jet Sprays for cleaning purpose instead of direct water usage
- Use of treated water for gardening and sanitation purposes

- Adoption of ponds in nearby villages and recharging groundwater
- Tree plantation drives to maintain green belt around manufacturing units
- Rainwater harvesting to improve groundwater level
- Using bagasse cane residue as biofuel for generating steam through boilers
- Proper recycling of all kinds of waste like plastic waste, e-waste, hazardous waste

Supplier	Material Supplied	Initiatives Taken
PepsiCo India	Concentrate	PepsiCo has taken various initiatives on environment, social and sustainable practices including: • Reduction in energy consumption • Reduction in water usage • Developing rainwater harvesting pits and ponds • Manure Machine for recycling of food waste
Reliance Industries Limited	PET Resin	As a part of the Net Zero and New Energy plans, Reliance has committed to establishing 20 GW of solar energy generation capacity by 2025, which will be entirely consumed for our captive needs of round-the-clock (RTC) power and intermittent energy for Green Hydrogen.
DCM Shriram	Sugar	• Sets rotary dryer for bagasse drying, utilizing waste flue gas from boilers. Fresh bagasse's moisture content of 48% to 50% is reduced to 12% with more efficient utilization of bagasse biofuel. This is a unique, one-of-its-kind initiative to reduce fuel consumption. • Owns Bio-Lab which produces bio-fungicides and bio-pesticides instead of chemical fungicides and pesticides used by farmers for cane crop. • Awarded Best Energy Efficient Plant in sugar sector by Bureau of Energy Efficiency (BEE), for being the lowest power consumption per ton cane.
Triveni Engineering	Sugar	Diverts B-category heavy molasses to distillery for ethanol blending in petroleum products.
Tetra Pak	Packaging material	Procures 100% paper board from Forest Stewardship Council certified supplier and 100% Aluminum foil from Aluminum Stewardship Initiative member supplier.
Tasa Foods	Fruit pulp	Uses dried mango seeds as biofuel and decomposing fruit waste into manure provided to farmers.
SIDEL Blowing Services S.A.S.	Manufacturing lines	• Committed to ISO 14001 environmental certification to reduce impact on the environment and promote sustainability development. It is committed to recycling PET (notably with the development of PET recycling line: rPET). • Uses 100% Green energy for all processes. It has taken measures to make energy efficient equipment to help in reduction of energy consumption. For example, Blowers with 45% energy saving, AQflex conveyors with 70% saving, Shrinkwrapper with 52% saving.
HUSKY Injection Molding Systems SA	Packaging Lines	• Supports use of bio-resins in hot runner applications. Optimized hot runner systems to reliably run bio-resins and accommodate challenges arising in production. • Launched UltraMelt platform to lower the risk of melt degradation, oxidation and discoloration; a highly effective solution to meet processing needs of bio-resins consistently.

Social Impact Assessment

Our suppliers adhere to stringent policies and take firm measures in line with human rights to facilitate a safe, non-discriminatory, and employee-friendly work environment. Few measures adopted to ensure these include:

- Rigorous compliance to policies related to Freedom of Association and Rights to Collective Bargaining, Child and Forced Labor, Gender Equality and Non-discrimination
- Provision of clean, hygienic and friendly work environment
- Maintenance of Occupational Health & Safety Standards
- Well-defined SOP's and policies with easy access to employees
- Limiting the maximum number of working hours as per the Government norms of 48 hours per week (with overtime reimbursement, if required, under special circumstances)
- Quarterly/half-yearly/regular trainings for employees on company policies such as POSH, OHAS and Industrial Hygiene
- Provision of Occupational Health and Safety (OHAS) Management System to ISO 45001:2018 certified suppliers (as specified)
- Support and guidance on prevention of work-related injury and ill health

A few other initiatives taken by suppliers include regular health check-up of employees, providing easy access to dispensary and mobile vans, safety drills to check emergency preparedness in case of mishappening and a special taskforce for employee grievance resolution.

Social Initiatives


MIRINDA
WITH ADDED ORANGE FLAVOUR


PEPSICO CELEBRATES WORLD QUALITY MONTH 2023
VARUN BEVERAGES LIMITED
Mahul
Let's be proud to say
QUALITY BEGINS WITH ME
CELEBRATES
World Quality Month
November 2023
Quality:- Realising your competitive potential

Sustaining an Empowered Workforce

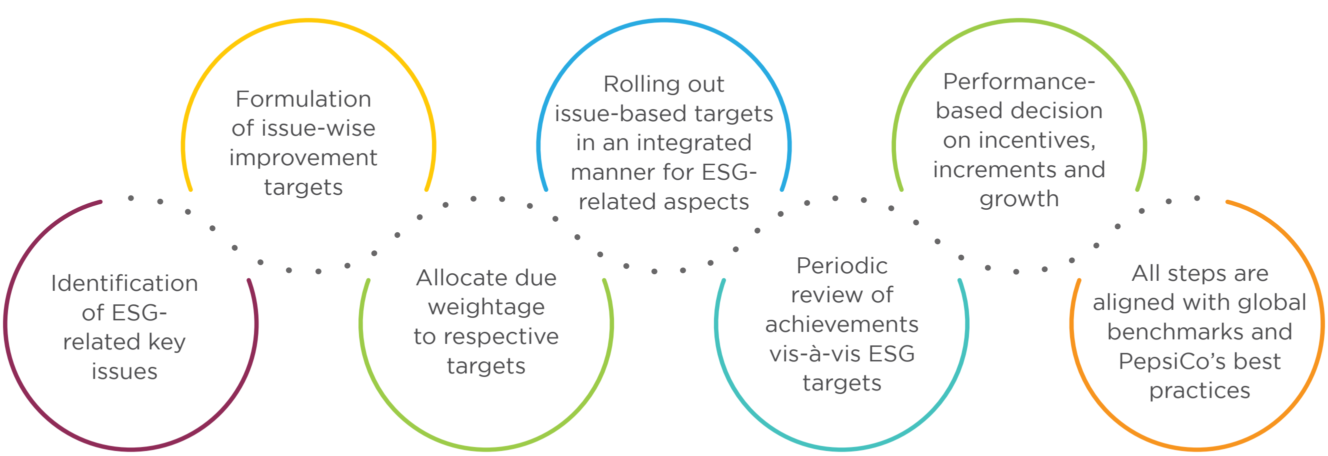
Healthy, empowered and efficient employees lay down the foundational stone for Varun Beverages success. Enriching them through multiple employee-welfare initiatives, skill upgradation, adequate career development opportunities, and an inclusive and diverse culture is our top priority.

Integrating ESG with employee performance

ESG principles are not merely a slogan within VBL but are ingrained in the very essence of our existence. The strategic integration of our ESG goals with the performance metric of our employees is a testament of our commitment to create a culture of sustainable business practices as well as positively impact the planet.

Recognizing the crucial role played by our employees in driving our ESG objectives – an imperative to our overall success, the Board approved a policy to establish a robust ESG-linked incentive framework. The policy is applicable to all employees including the KMPs and Board of Directors.

ESG-linked incentive framework - How it works?



Nurturing a culture of growth and positivity

Empowering our employees through a culture of growth, learning, diversity, inclusion, and well-being has facilitated their holistic growth and VBL's superior outcome. Open communication with our people encourages honesty, trust and respect, providing opportunities for constructive feedback and continuous improvement. Together, we strive to build a positive and healthy work environment that helps attract top talent, fosters a sense of belonging, and drives employee satisfaction, leading to improved performance and resounding success for us and our people.

Return to work and Retention rates of permanent employees and workers that took parental leave

100%
Return to work rate

100%
Retention rate

Continuous training and development

Significant investments in building a culture of continuous learning through comprehensive training programs is a norm at Varun Beverages. By upskilling and reskilling our employees, we not just prepare them to unlock their full potential and benefit from career progression opportunities but also ready ourselves for accelerated business growth.

Inclusion and Diversity

We are proud to set ESG-linked targets for inclusion and diversity, resulting in an enriched workforce that comes from various cultures, encompasses different perspectives, and brings in a variety of ideas and experiences. With fixed cross-functional targets to hire diverse employees across gender and differently-abled individuals, we enjoy numerous benefits in the areas of innovation and creativity, decision-making, problem-solving, productivity, and global competitiveness.

Target 2025

Double the existing mix across (base year 2020)

Performance Management

	CY 2022	CY 2023
Career development	100%	**100%**

(in manhours)

	CY 2022	CY 2023
Health & Safety	167,626	217,102
Skill Upgradation	62,860	81,413
Others (includes training related to Environment and Governance)	188,579	244,240
Total	**419,065**	**542,755**

Turnover Rate

Permanent Employees

	CY 2021	CY 2022	CY 2023
Male	16%	20%	19%
Female	27%	18%	15%

Permanent Workers

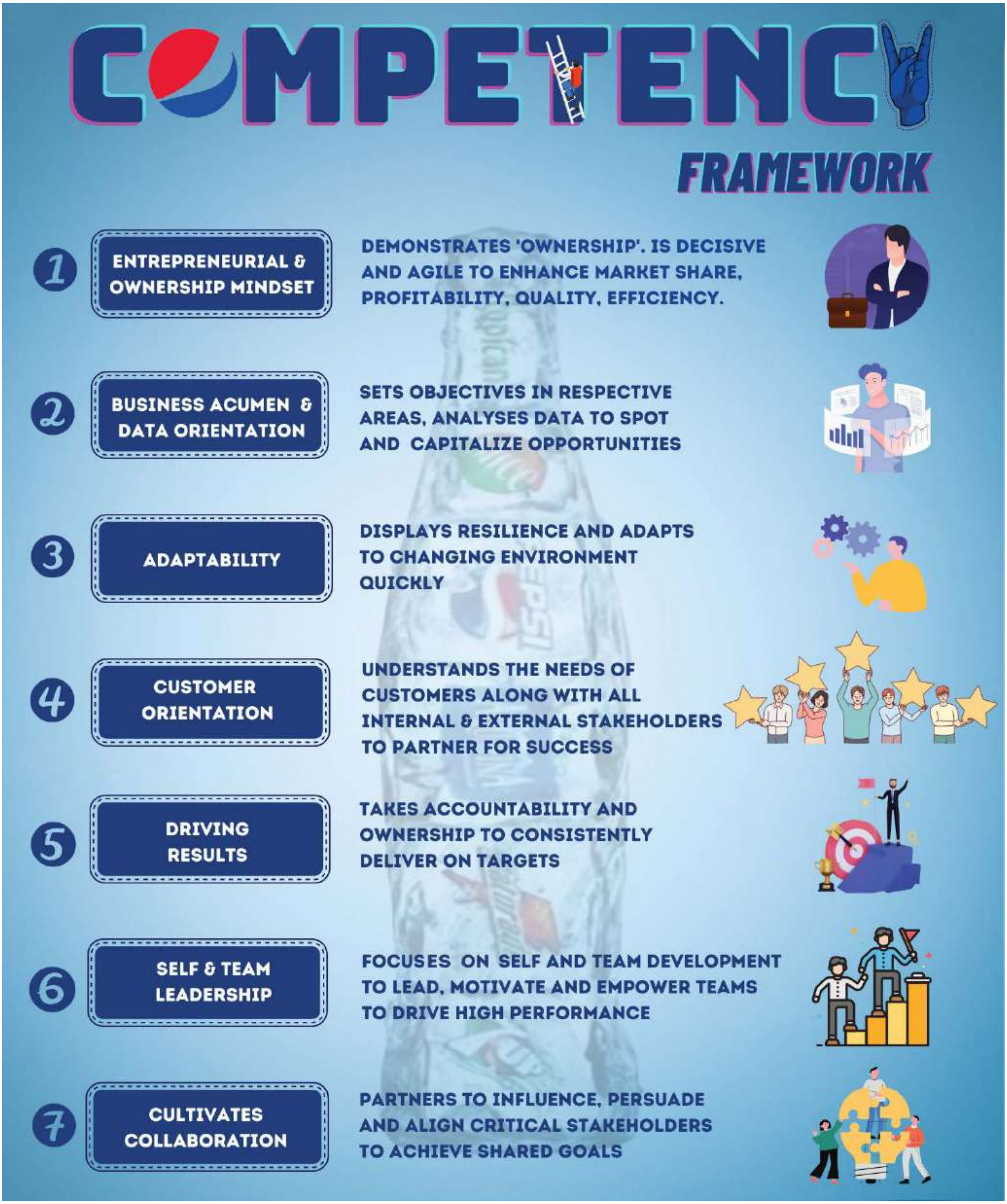
	CY 2021	CY 2022	CY 2023
Male	5%	5%	4%
Female	3%	3%	-

Employee wellness initiatives

Employee wellness

- Initiated full-body medical check-ups and doctor consultations
- Started Visit Health App for employees for doctor consultations and check-ups
- Provided coaching on mental health and wellness
- Covered all workers under the Factories and Food Safety Acts

Varun Beverages Competency Framework : Key Aspects



Emphasis on talent management

Right people with the right skills in the right position is at the core of achieving our business objectives. We ensure this through an efficient talent management strategy focused at –

- Assessing the strengths and performance of our existing employees
- Evaluating their developmental needs
- Unlocking their full potential through training and development
- Mapping relevant career opportunities for future progress

Performance management

A robust performance management framework enables a structured and systematic approach to assessment and management of employee performance, helping our teams adapt faster to changing consumer and business needs and focusing on growth opportunities. The framework enables leaders to map goal-based priorities and access employee performance insights for periodic performance feedback sessions.

Hiring from Transgender (TG) Community

Our mission was to contribute to the society, and in our endeavor to make VBL a more diverse and inclusive workplace, we focused on creating employment opportunities for the Transgender community.

In 2023, we started with our first pilot plant in Mahul, Mumbai, marking the beginning of a new chapter in our story by the hiring of 7 Transgender employees at Mahul and 1 at Corporate office. Encouraged by the results, we continued our effort and expanded to 2 more plant locations: Greater Noida in the Delhi NCR and Nelamangala in Bangalore.

Today, we have 20+ members from the TG community in our company, each of them bringing unique insights, capabilities, and experiences to the table. Our team embodies the youthful vibrancy and dynamism that propels us forward. Most of the employees from the community are in their early twenties. This is a humbling reality that nearly half of our team members do not have any family support.

Our approach to hiring is meticulous and thoughtful. We carefully considered accessibility and social acceptance when choosing the locations of the plants. In order to facilitate their inclusion, we did build necessary infrastructural support like gender neutral washrooms. We have managed to create behavioural shifts in larger team through sensitization workshops. The sensitization workshops for all level plant workers, including support staff was done before onboarding to build an inclusive and empathetic culture. Post hiring, we conduct on-boarding sessions for new hires with external facilitator and provide constant handholding support.

In a testament to our commitment, we went beyond mere employment, offering sponsorship support to our team members seeking gender-affirming surgeries.

In our passion to strive to be committed to make VBL India a diverse & inclusive workplace we would try harder to open more doors across other plants locations/functions to hire more TGs in 2024.

Employee Health & Safety

Fostering a workplace that prioritizes the well-being and safety of every individual is paramount to us. In line with this commitment, a series of policies and initiatives were implemented throughout the year, with support from our robust governance structure comprising Steering Committee, Corporate Sub-Committees, and Plant Apex Committee.

Employees/contractors across **33** Plants covered under Safety Perception Survey

200,000+ Man-hours spent on Employees & Workers on Safety Awareness Workshops

1,800+ Safety Incidents reported in 2023

Safety & Risk Asesssment Survey was done pre and post engagement with DSS

Safety & Risk Perception Survey

- The dss+ survey is used to understand the perception of employees and contractors in relation to safety culture and risk management.

2300+ Respondents across

Document Reviews

- Review of documents like: HIRA, HAZOP, SOPs, Incident Reports, USC reporting, KPI's, test and calibration records, policies and principles, Maintenance program, mock drills etc.

100+ documents / records reviewed

Interactions & Focus Group Discussions

- Interactions at multiple levels – L2, L3, L4
- Focus Group Discussions (FGD) to get deeper understanding of current state and practices
  - HODs
  - Operators
  - Supervisors
  - Contractors / BCA's

One on one discussion and FGDs covering nearly 70+ people

Site Visits

- 6 Plants visits with multiple meeting cluster / plant leadership

12 days at plants

Occupational Health & Safety Management - Key initiatives

- Every plant has a Primary Healthcare Center
- Subjected to all industry-related audits and surveys to ensure 100% compliance
- Access to non-occupational health and medical healthcare services
- Processes to identify work-related hazards and assess risks
- Periodic inspections conducted by audit organization to meet international standards

Safety: Our top priority

The health and safety of our people is non-negotiable. This underlines every decision and action at Varun Beverages.

We aim to drive zero fatal accidents and injuries at work and ensure that everyone returns home safely every day.

This is enabled through a culture of safety leadership, top-notch safety strategy, continuous trainings and constant vigilance. Key risks including road safety and contractor safety are being mitigated through focused safety tools, processes and programs at every level of the organization.

Safety

- We have engaged DuPont Safety Solutions for implementing best practices in health & safety at all our manufacturing plants
- Adopted "Train the Trainer" approach to cascade the best practices across all our manufacturing plants

Ensuring a safe and healthy workplace by

Work at Height and General Safety Rules

The rules highlight the steps taken to protect people working at a height, with an elevation difference of 1.8 meters or more, against possible hazards. It includes reporting of safety hazards, injuries, incidents, emergency awareness, hazardous material and chemicals, special procedures, among others. The system identified hazards and risk assessment, planning and preparation, protective equipment, training and certification, inspections and special requirements.

Incident Management System

Members from each plant were nominated and training was conducted for effective implementation of the Incident Management System to ensure an injury-free work environment. The standard covers injury types, communication matrix for information sharing, process for incident investigation, roles, and timeline for incident investigation, among others.

Safety Interaction System

The standard for Safety Management System was successfully implemented by providing comprehensive training to nominated members from each plant. It involves setting up the process for leadership interaction on safety with employees on the shop floor and contractors. The schedule and frequency of such discussions for each plant as well as of observation tracking and trend analysis was also finalized.

Employee Passport and Contractor Safety Management

The Employee Passport and Contractor Safety Management system enables tracking and fulfilling the safety training need for contractors. A structured approach for reducing the risk associated with Contractor Safety Management was also initiated. It defines the processes linked to contractor selection, contract preparation, contract award, orientation and training, work coordination and auditing, and contract evaluation.

Major achievements in the area of safety include

- Conducted Leadership Workshop on Leading Safety Efforts for Senior Leaders
- Set up governance structure for Steering Committee, Corporate Sub-Committees, and Plant APEX Committees
- Ensured control measures by implementing Incident Management and Safety Interaction Systems
- Driving Work at Height and General Safety Rules for basic safety improvements at all plants
- Implemented Employee Passport System to track and improve training needs for contractors and employees
- Enabled structured approach for reducing risks associated with Contractor Safety Management
- A Safety Perception Survey was carried out among employees and contractors, revealing that 24 out of 29 perceptions have shown improvement.

For Sub-Committees

- Approved charters and deliverables for each sub-committee
- Action plan made for functioning of all sub-committees
- Finalized standards for Incident Management, Safety Interactions, General Safety Rules, Work at Height, Document Control, Contractor Safety Management
- Completed training on Incident Management Standard
- Completed 2-day training on Safety Interaction

For APEX Committees

- Finalized charters for all plant committees
- Conducted plant/cluster leadership workshops for 150+ employees in 6 plants
- Ensured functioning of all committees with action items

Safety Incident/Number	Category	CY 2022	CY 2023
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0.003
Total Recordable work-related injuries	Employees	0	1
	Workers	1	1
No. of fatalities	Employees	0	0
	Workers	2	2
High consequence work-related injury or ill health (excluding fatalities)	Employees	0	0
	Workers	1	0

Contractor Safety: Our Approach

A structured approach for reducing the risk associated with contractor safety and fostering a safe working environment, in line with our ESG goals, is successfully implemented. This includes careful selection of the contractor; contract preparation in tandem with the safety performance expectations; awarding the contract after due diligence; orientation and training of contractor employees; contract work administration; and evaluation of the contract.

Contractor Selection

Contractor selection is a process of screening the available and known source through a process of evaluation of his technical, financial, quality background and equal safety records.

Orientation and Training

Before contracted work begins, it is important for VBL to provide a health and safety Orientation to familiarize contractor employees with essential health and safety information and to communicate hazards posed by VBL operations.

Contract Preparation

The tender bid package should be developed to include safety performance expectations and conditions for execution of the work.

Work Coordination and Auditing

The contract administrator shall establish a process so that contractor work is administered to meet the contract's mandatory health and safety requirements.

Contract Award

The contract administrator shall confirm that the contractor's proposal meets the bid package's mandatory requirements. Confirmation shall include collection and review of the contractor's health and safety documents.

Contract Evaluation

Plant shall establish a process for consistently evaluating contractor safety performance. The process should identify which contracted work activities should be evaluated and at what frequency.

Augmenting Product Safety and Quality

Refreshing billions of people worldwide comes with great responsibility of ensuring top-notch product quality that is safe to consume. We strive to achieve this through comprehensive management systems and policies marked to highest global standards.

Key enablers

- Responsible sourcing and manufacturing
- Quality assurance
- Stringent labelling standards
- Sustainable marketing & sales

Responsible sourcing and manufacturing

Ensuring quality during sourcing of raw materials and manufacturing of beverages is fundamental to our sustainability goals. Responsible sourcing through PepsiCo approved suppliers, who successfully undergo comprehensive screening and certification by PepsiCo, is a key enabler in achieving this.

Constant efforts are also made towards enhancing VBL's food safety capability and improving processes and quality system across the supply chain. Risk-based controls systems also play a significant role in mitigating potential hazards and risks in the manufacturing and support processes and complying with our food management standards.

A promise for superior quality

Our promise for food safety and quality is fulfilled through extensive measures taken by internal and external quality teams across all manufacturing and logistics centers. These include:

- Maintenance of own food safety manufacturing system at every site. This must conform to PepsiCo's global standards and regulatory requirements in India
- Strict adherence to PepsiCo's Global Food Safety Policy within all VBL's production facilities. The policy covers raw material sourcing, manufacturing process, storage, shelf life, etc.
- Daily incorporation of food safety principles into manufacturing processes across all manufacturing sites

- Regular Food Safety Audits by third party
- Regular internal Food Safety Audits

Product labelling

Labelling is an integral part of fostering consumer awareness, building trust and loyalty amongst them, and ensuring regulatory compliance for the Company. We strive to continually improve our labelling standards and provide clear and accurate information about the product. We also aim to provide essential information about the nutritional value of our product and look forward for more opportunities to educate our customers, in collaboration with industry, governments, and other stakeholders.

PepsiCo's Global Labelling Policy, FSSAI guidelines, and other applicable laws and regulations for labelling within India are duly followed for all products at Varun Beverages.

VBL's labelling policy

Our products provide on the side or back of our packaging nutrition information on the amount of energy (as calories, kilocalories or kilojoules), protein, carbohydrate, total sugars, total fat, saturated fat and sodium per 100g/ml or per serving. Additionally, we will include nutrition information for nutrients for which a health or nutrition claim is made.

Our products include information on energy (as calories, kilocalories or kilojoules) per 100g/ml or per serving.

We provide the percentage of the official Guideline Daily Amounts, Daily Values or equivalents for energy, total fat, saturated fat, sodium/salt and total sugars on either the front, side or back of pack in countries where such values are available.

Sustainable marketing and sales

Our commitment extends beyond manufacturing tasty and refreshing beverages; it encompasses our responsibility to spread awareness about our products and promote responsible consumption, helping our consumers to make healthy and informed choices. To ensure this, we:

- Adhere to PepsiCo's Policy on Responsible Advertising and Marketing to Children
- Adhere to PepsiCo's Global Policy on the Sale of Beverages to Schools
- Adhere to all relevant laws and regulations in India
- Conduct employee trainings to ensure compliance with these laws and policies

As per the franchise agreement with PepsiCo, above the line (ATL) marketing activities are PepsiCo's responsibility.

PepsiCo's Advertising and Marketing Strategy

Children are special and any product needs to be advertised to them with care. Considering them as special audience, PepsiCo takes special care in developing advertisements for children under 13 years of age

With the objective to encourage consumption of healthy food and beverage amongst global audience under 13, PepsiCo exclusively advertises products that meet the International Food and Beverage Alliance (IFBA) Common Nutrition Criteria

Additionally, only plain water, fruit or vegetable juice, and dairy-based beverages may be marketed, consistent with the International Council of Beverages Associations (ICBA) Marketing to Children Guidelines

No products, regardless of its nutritional profile, will be advertised by PepsiCo to children under the age of 6

Consumer Health and Nutrition

Consumers, today, are choosing nutrient-rich food and beverages. Varun Beverages, through its optimal portfolio mix, is well-positioned to deliver both taste and nutrition to the global consumers, serving their refreshment and health goals.

Transparent labelling and clear information on nutrients make us a trusted brand amongst billions of consumers across 6 countries.

Key enablers

Assorted nutrient-rich portfolio mix

A beverage for every mood, age and nutritional need. Choose from our assorted health-based, fruit-pulp and juice-based drinks, energy and sports drinks, dairy-based beverages as well as packaged and purified drinking water.

Nutrition information

Providing clear nutrient information about our products help consumers to make informed and right choices, relevant to their health requirements.

Evolving to meet consumer expectations

Tastes and nutritional needs of consumers are ever changing. As a global beverage company, we recognize the need to evolve with the changing preferences and continually align our products to scale, grow and satisfy consumer expectations.

1. Cutting back on sugar

By optimizing sugar content in our products, we are keeping pace with the changing health preferences of our aspirational consumers.

Reducing Sugar

Keeping Pace with Evolving Needs and Taste Positive Choices

Low Sugar Products

Sting | Gatorade Orange | Gatorade Blue Bolt | Gatorade Lemon

Low & No sugar products mix at 40.2% in 2023 vs 35.7% in 2022

No Sugar Products

Tropicana 100% | Aquafina | Evervess | 7up zero | Gatorade zero | Pepsi Black

Offering a portfolio of nutritious & hydration beverages

We also provide our consumers with clear information on Nutrition Facts

Guidelines on Sugar Content:

1. **WHO -** 10% of total energy contribution.
2. **The Healthy Choice Standards -** Less than 4.5g/100g.
3. **Beverages category for PepsiCo -** 1g-7g/100 ml (assuming 1cc liquid weighs 1g)

https://www.pepsico.com/docs/default-source/policies/pepsico-nutrition-criteria.pdf?sfvrsn=54fa599a_3

2. Prioritizing nutrition

To deliver higher nutrient value across our product categories, PepsiCo is guided by the PepsiCo Nutrition Criteria (PNC), which is also followed by Varun Beverages.

PNC enables our products to maintain a high nutrition value by guiding the Company on (a) standards of nutrients to limit, (b) standards for food groups to encourage, and (c) standards for nutrients to encourage.

PepsiCo Nutrition Criteria (PNC)

STANDARDS FOR NUTRIENTS TO LIMIT

Nutrients that have been well-established as dietary factors that can contribute to the risk of certain non-communicable diseases, when consumed in excess.

For nutrients to limit, the criteria is based on a model diet of 2,000 kcal per day, with saturated fat and added sugars at or below 10% of total energy, sodium at or below 2,000 mg per day, and no industrially produced partially hydrogenated oils (PHOs).

STANDARDS FOR FOOD GROUPS TO ENCOURAGE

Food groups that have been well-established as contributing to healthier diets.

STANDARDS FOR NUTRIENTS TO ENCOURAGE

Nutrients that have been identified as being commonly under-consumed in a given population. They can vary by market or region, and are often called “shortfall nutrients” contributing to healthier diets.

Governance


PEPSI

Upholding Sound Governance Standards

Strong corporate governance principles are embedded into every facet of our organization, helping us to seamlessly achieve our ESG goals. By instilling a culture of integrity, accountability, and ethical conduct, we are steering sustainability across the value chain and contributing positively to the environmental and social landscapes, under the able guidance of our leadership team.

A combination of both top-down and bottom-up approach has been significant in effectively embedding our ESG goals within our corporate governance framework. Together, they ensure a balanced governance structure aligned to the organizational goals while facilitating innovation, adaptability, and a deeper understanding of ground-level challenges.

Robust mechanisms to implement and measure the effectiveness of our sustainability practices are also in place. Pivotal role of monitoring the policies, processes and related risks related to environmental, social, regulatory and public policy matters, and the progress made thereof, is served by the Company's ESG framework. Additionally, we closely evaluate and review current social and environmental trend with oversight of our ESG goals and human rights practices. Doing this enables identification and management of issues that may affect VBL's business, shareholders, others stakeholders or the general public.

Key takeaways

- **Robust policies**
- **Better transparency**
- **Harnessing CSR activities**

Key enablers to manage our social priorities

National-level initiatives on promoting:

- Healthcare
- Education
- Environment Sustainability
- Rural Development

Implementing best practices in ESG

ENVIRONMENT

Annual Audit by DQS for carbon footprint study & water assurance footprint

SOCIAL

Best practices in health and safety by DuPont Safety Solutions

GOVERNANCE

Business Excellence (Corporate Governance) of The Year 2022 award by Prime Time Research Media Pvt. Ltd

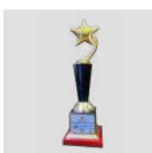
Best Corporate Governance Practices - Varun Beverages Limited award under Business Brand Awards

Corporate Governance Awards

PepsiCo's International Bottler of the Year 2022

PepsiCo's Best Bottler in the Africa-Middle East-South Asia region 2022

PepsiCo's 'Better' category award



Best Corporate Governance Practices - Varun Beverages Limited Award under Business Brand Awards 2023

Business Excellence (Corporate Governance) of The Year 2022 Award by Prime Time Research Media Pvt. Ltd.

Business Leader of the Year Awards for Best Corporate Governance Practices (FMCG) - 2022

Business Brand Award for Best Corporate Governance Practices - 2022

Golden Peacock National Quality Award - 2022

CFI.CO (UK) for Best FMCG Corporate Governance (India) 2022

India Achievers' Award 2022 for Best Corporate Governance

Responsible Business Award for Best Corporate Governance (FMCG) - 2022

PepsiCo's Best Bottler in AMESA Sector for the year 2021

CFI.CO (UK for Best FMCG Corporate Governance (India) - 2021

Golden Peacock Award for Excellence in Corporate Governance - 2021

Award for Achievement in Continuous Improvement - 2021

Global Best Employer - 2020

PepsiCo's Best Bottler in AMESA Sector for the year 2020

PepsiCo's Best Bottler of the year - 2019

PepsiCo's Best Bottler of the year - 2014

Our Board: Enriched by Diversity, Focused on Value

Our business and its corporate governance policies are governed by a diversified Board, which, through its vast experience and expertise, is actively engaged in enhancing stakeholder value. Various functional committees, chaired by Board members in accordance to their experience, overlook the formulation and implementation of corporate governance standards throughout Varun Beverages and monitor the progress of broad organizational objectives. In line with our efforts to promote transparent governance, the corporate policies are readily available to respective stakeholders. Open and easy interaction with senior management is also ensured across all teams and departments.

Member	Icons of Committee they are members of	Area of Expertise
Ravi Jaipuria Promoter & Non-Executive Chairman	M C	L S I G F C
Varun Jaipuria Promoter, Executive Vice Chairman & Whole-time Director	M M C	L S I G C
Raj Gandhi Whole-time Director	M M C C M	L S I G F C
Rajinder Jeet Singh Bagga Whole-time Director	M M	L S I G C
Abhiram Seth Independent Director	–	L S I G C
Dr. Ravi Gupta Independent Director	C M	L S F C
Anil Kumar Sondhi Independent Director	–	L S I C
Rashmi Dhariwal Independent Director	M M C M M M	L S F C
Sita Khosla Independent Director	M C	L S F C

● Audit, Risk Management and Ethics Committee
● Stakeholders' Relationship Committee
● Nomination and Remuneration Committee
● Corporate Social Responsibility Committee
● Investment and Borrowing Committee
● Share Allotment Committee
● Environment, Social and Governance Committee
C Chairperson
M Member

L Leadership
S Strategic Planning
I Industry
G Global Business
F Finance & Legal
C Corporate Governance

Key Managerial Personnel

Sr. No.	Name	Designation
1	Mr. Raj Gandhi	Whole-time Director
2	Mr. Lalit Malik	Chief Financial Officer
3	Mr. Ravi Batra	Chief Risk Officer & Group Company Secretary

Board Committees

Audit, Risk Management and Ethics Committee

- Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible.
- Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company and approval of payment for any other services rendered by the statutory auditors of the Company.
- Reviewing with the Management the quarterly/ annual results and annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter-alia, include reviewing changes in the accounting policies and reasons for the same, major accounting entries involving estimates based on exercise of judgement by Management, significant adjustments made in the financial statements.
- Review the Management's Discussion and Analysis of financial condition and results of operations.
- Scrutiny of inter-corporate loans and investments.
- Evaluation of internal financial controls and risk management systems.
- Reviewing the functioning of the whistle blower/vigil mechanism.
- Formulate a detailed risk management policy which shall include:
  - Framework for identification of internal and external risks.
  - Measures for risk mitigation including systems and processes for internal control of identified risks.
  - Business continuity plan.
- Evaluate and review the risk management plan, the risk management system, including risk policy, risk process (risk identification, assessment, mitigation and monitoring), cyber security processes and risk registers laid down by the Management.
- Recommendation for appointment, removal and terms of remuneration of the Chief Risk Officer.

Stakeholders' Relationship Committee

To consider and resolve the grievances of security holders of the Company including but not limited to complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends and review of services rendered by the Registrar and Share Transfer Agent.

Nomination and Remuneration Committee

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommendations to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees and for evaluation of the performance of independent directors and the Board of Directors;
- Devising a policy on diversity of the Board of Directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board of Directors their appointment and removal, and specify the manner for effective evaluation of performance of Board, its committees and individual Directors and review its implementation and compliance;
- Determine whether to extend or continue the term of appointment of the independent directors on the basis of the report of performance evaluation of independent directors; and
- Framing suitable policies and systems to ensure that there is no violation by an employee as well as by the Company of any applicable laws in India or overseas, including:
  (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

CSR Committee

To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, recommend the amount of expenditure to be incurred on the CSR activities and monitor the CSR Policy of the Company from time to time.

Environment, Social and Governance Committee

- Approve the Company's ESG strategy including related targets and incentives;
- Provide oversight of the execution of the ESG Strategy and the Company's progress on its long-term ESG commitments and targets;
- Provide oversight of the key policies and programs required to implement the ESG Strategy;
- Provide advice and direction to the Company's management on implementation of the Company's ESG Strategy;
- To identify opportunities and risks to the Company's operations, its reputation and its corporate responsibility.

Climate risks and opportunities

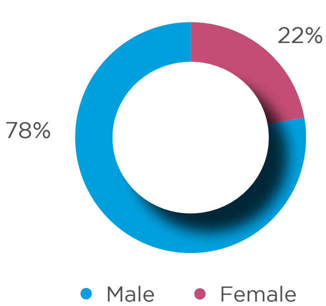
Evaluating climate risks and opportunities and managing them effectively serve as critical factors in protecting our assets, creating sustained value for our stakeholders and identifying and leveraging future opportunities. Our unique business model and assessment strategies enables us to effectively handle risks associated with climate change and leverage the opportunities presented by it, to consistently scale and grow.

Fostering inclusion and diversity

We aspire to build a culture that brings together people of all ages, gender and capacities on one common platform and empowers them to unleash their full potential. Gender, age and differently abled therefore comprise our core priority to foster an inclusive and diverse workforce.

Constant efforts are also being made to empower women employees with special emphasis on incorporating their ideas and perspectives across our business processes and strategies.

Board Diversity



PepsiCo Principles of Business Conduct

Principles of Business Conduct of PepsiCo

- To maintain awareness and comply with all applicable laws and regulations of the countries of operation
- To maintain confidentiality of all PepsiCo's and its partners information
- To compete fairly for PepsiCo's business and conduct all such business on behalf of PepsiCo in a lawful manner
- To encourage a diverse workforce and provide a workplace free from discrimination, harassment or any other form of abuse
- To treat employees fairly, including with respect to wages, working hours and benefits
- To prohibit all forms of forced or compulsory labor
- To prohibit use of child labor
- To respect employees' right to freedom of association and collective bargaining
- To provide safe and healthy working conditions
- To carry out operations with care for the environment and to comply with all applicable environmental laws and regulations
- To maintain accurate financial books and business records
- To deliver products and services meeting applicable quality and food safety standards
- To support compliance with Supplier Code of Conduct
- To observe policies regarding gifts and entertainment and conflicts of interest
- To ensure that all land acquisitions meet IFC Performance Standards
- To report suspected violations of the Code

Business continuity plan

Considering the highly volatile and unpredictable nature of environmental and ecological disasters, Business continuity is one of the utmost priorities for any organization in the event of occurrence of any natural disaster, pandemic, or any other likely event. In case of any high risk event, to ensure there is no disruption in the major business operations including sales, production and financial related functions, we have a detailed Business Continuity Plan in place to implement the mitigation plan immediately, restore the impacted operations within the defined time limits and ensure all functions are operating well like back-up IT servers, office facilities, raw material suppliers, etc. Crisis Management teams are formed which will be in immediate action at the time of any disaster. Regular training is provided to them to ensure the clarity of roles and responsibilities of all the teams for quick response. Also, mock drills are conducted to check the preparedness to tackle such situations.

We have formulated a detailed risk management policy which includes:

- Framework for identification of internal and external risks
- Measures for risk mitigation including systems and processes for internal control of identified risks
- Business continuity plan
- Evaluate and review the risk management plan, the risk management system, including risk policy, risk process (risk identification, assessment, mitigation and monitoring). cyber security processes and risk registers laid down by the management
- Recommendation for appointment, removal and terms of remuneration of the Chief Risk Officer

Risk and Opportunities Management

Risks are inherent in business, emphasizing the need for a robust risk assessment and mitigation policy. At Varun Beverages, a reliable risk management process is constantly engaged in identifying, evaluating and managing potential and actual business risks.

Our risk management process is operational across all our functions (production and distribution), facilities and countries we operate in. Early assessment of risk and their seamless management drives better decision-making and fosters preventive measures for impact control, ensuring business continuity and sustained growth.

Risk Management Framework

Risk Identification

- Develop a robust reporting system to effectively identify potential risks
- Collect insights from stakeholders, leveraging historical data, and industry benchmarks
- Systematically categorize key risks and delve into their root causes
- Set targets aligned with business objectives and identify potential opportunities and threats

Risk Assessment

- Assess the probability of each identified risk occurring
- Evaluate the potential impact of each risk
- Prioritise risks based on their severity and likelihood

Measure and Monitor Risks

- Periodic assessments to evaluate the status of risk
- Establish key performance indicators (KPIs)
- Implement a monitoring system to track emerging risks and changes in risk levels

Risks Controls and Mitigation

- Develop risk mitigation strategies and controls for high-priority risks
- Assign responsibilities for implementing and monitoring risk controls
- Implement contingency plans for addressing risks if they materialise
- Continuously monitor the effectiveness of risk controls and adjust as necessary

Risk	Description	Mitigation Plan
Demand Risk	The risk of slowdown in the Company's target markets and adverse impact on its sales velocity caused by a cyclical downturn.	Varun Beverages' strategic approach to provide the right brand featuring right products at the right price and through the right channels, has enabled the Company to grow consistently in its sales volumes. An extensive portfolio, comprising a wide range of products, helps it to cater to the varying tastes and preferences of diverse consumer segments. Steady growth is also attributed to presence in relatively underpenetrated markets with favorable demographics, growing population, and advantageous climate.
Business Agreement Risk	The Company relies on strategic relationships and agreements with PepsiCo. Termination of agreements or less favorable renewal terms could adversely affect profitability.	Varun Beverages has steadily strengthened its partnership with PepsiCo over the past three decades, solidifying its market ties, expanding its territories and sub-territories, and diversifying its production and distribution capabilities across a broader array of PepsiCo beverages. These factors, along with the Company's focus on adding multiple SKUs into the portfolio and developing a stronger distribution network, has helped it to win a larger market share for PepsiCo, garnering its trust and continued patronage. The bottling appointment and trademark license agreement for India with PepsiCo India has been extended till April 30, 2039, from October 2, 2022, earlier, signifying strong partnership, built on the foundation of mutual trust and support. Collaborating as active development partners, investing in joint projects and business planning on strategic issues ensures a close and mutual beneficial relationship between the Company and PepsiCo.

Risk	Description	Mitigation Plan
Regulatory Risk	Regulatory risks to the Company include new and evolving regulations on consumer health. Business is also at the risk of adverse impact on account of Company's products being targeted for discriminatory tax and packaging waste recovery.	Sustainability is at the core of all business decisions and operations within Varun Beverages. Along with PepsiCo, the Company takes proactive steps to collaborate with the government and other regulatory authorities to ensure clear understanding of the facts and prevent unfair singling out of its products. VBL, along with the NGO's, communities it operates in, and other stakeholders, is continuously focused on establishing and implementing sustainability solutions in the areas of environment, social and governance. Eco-friendly manufacturing practices are consistently adhered to and strong emphasis is placed on addressing issues related to packaging waste recovery / recycling, water management and greenhouse gas emissions. As a part of its sustainability commitment and for phased implementation of 100% recycling of used PET bottles, VBL has collaborated with GEM Enviro Management Pvt. Ltd. Measurement and improvement in the Company's carbon footprint and water footprint assurance is further achieved through alliance with Deutsch Quality Systems (India) Private Limited. The Company also aligns with PepsiCo's strategy of introducing healthier and "zero sugar" variant of products, solidifying its position as a responsible brand that cares for its consumers.
Business Viability Risk	Business viability risk amounts to the financial and/or performance risk stemming from Company's inability to integrate the operations of newly acquired territories and sub territories or derive potential operating and cost efficiencies from them.	VBL's straightforward strategic approach and financial need ensures that any future acquisitions or partnerships comply with the Board's acquisition guideline and bring value to the Company. Performance of the newly acquired territories and business viability is ensured by the Company through concentrated efforts and initiatives. This includes significant financial investment and considerable time spent by the management to develop local market strategies that are capable of mitigating possible cultural and language barriers as well as incorporating existing business practices into new activities.
Consumer Preference Risk	Inability to adjust with the evolving consumer health trends and failure in clarifying misunderstandings about the health impacts of consuming soft drinks could harm demand.	Close collaboration with PepsiCo enables the Company to regularly evaluate the evolving habits of its consumers and align its product innovation with the changing demand, therefore augmenting its range of products and remaining relevant in the competitive business landscape. PepsiCo's new and healthy product plan with greater focus on zero / limited calorie content and sugar content also augurs well for VBL.
Raw Material Risk	An interruption in the supply or significant increase in the price of raw materials or packaging materials may adversely affect the Company's business prospects, results of operations and financial condition.	A series of initiatives and programs are implemented at VBL to optimize cost and operational efficiencies. Concentrated efforts, including backward integration and consolidated procurement of raw materials, are constantly made to reduce the cost of goods sold and increase the Company's cash flows. The Company also enjoys a good bargaining power with its suppliers owing to its scale of operation, resulting in better working capital management. Other than this, the Company is consistently committed to optimize its asset management and utilization, leading to higher operating efficiency and amortization of overhead costs on a wider case. Innovative solutions further augment VBL's process efficiency ensuring consolidated operational data from production, scheduled sourcing, and superior monitoring of the supply of goods from manufacturers to the retail point of sale.

CSR Initiatives: Making a Sustainable Difference

We are committed to uplift the less privileged communities through focused CSR initiatives in the areas of education, environmental sustainability and rural development.

Imparting knowledge with Shiksha Kendra

We collaborated with Shishka Kendra School, a social initiative by the Delhi Public School (Gurgaon) to impart education to the underprivileged children. The objective of the initiative is to help them become confident, knowledgeable and responsible citizens of India and fetch a better standard of living for themselves and their families. The beneficiaries under this initiative are entitled to avail the benefits of DPS infrastructure and its other resources including books, uniform and transportation.

32,500+
Students availed free education since 2003

Sponsored evening schools at Delhi Public Society for economically weaker sections

VISION

To predominantly offer free healthcare support to the underprivileged and economically weaker sections of the society by providing easy access to medical care.

MISSION

To provide free access to medical assistance, i.e. access to medical consultation, essential medicines, pathology and diagnostic tests to people in the community and villages close to the plants, with an aim to improve the overall health index of the communities.

Sustainable healthcare through AARU Clinic

Sustainable healthcare is one of the most basic needs of the people. Its basic but at the same time most important for the people to lead a healthy life with sound health. Yet the same has been one of the most pressing and deprived amenities for the marginalized and economically weaker section of the society in current times in our country. As a responsible corporate entity, we have pledged to address this issue with most of our potential. Adhering to the same, we got ourselves heavily engaged in setting up AARU clinics, under AARU Care community health care initiative by RJ Foundation, aimed at providing adequate healthcare facilities to the economically weaker sections of our society in rural India and enhance their well-being.

During CY 2023, 10 AARU clinics are operational in India and 1 in Nepal which have provided healthcare services to over 1.1 lakh patients. These clinics provide free of cost consultation, medicine and lab tests to the people.

10
Operational clinics in India (5 in Uttar Pradesh, 2 in Rajasthan and 1 each in Madhya Pradesh, Punjab and Assam)

1
Operational clinic in Nepal

53%
Patients have chronic diseases with the following top reasons:
- Nutritional deficiencies
- Joint and muscular pain disorders
- Non-Communicable Diseases like Diabetes, Hypertension, Cardiovascular diseases etc.

110,000+
patients benefited in CY 2023

47%
Patients come with acute infections

72% new and 28% repeated
Patient cases handled across all locations

Pravah: Building skills for a sustainable future

Unemployment of youth is a grave challenge that India faces, having far-reaching socio-economic impact. Pravah Skill Development Centre, by upliftment of unemployed youth in the marginalized sections of the society, is an attempt to mitigate this challenge. Its structured, sustainable and scalable framework enables skill development and facilitates an enriching learning experience to the underprivileged youth. With an objective to bring them into mainstream, Pravah aspires to become a leading skill development centre. The initiative is aligned with center's mission to train maximum skilled workforce to meet domestic regional requirements of a growing economy.

17,000+
Upliftment of Unemployed Youth

Courses offered by Pravah Skill Development Centre

Computer Course

To acquaint students with basic knowledge of computers

Fashion Designing

To make students learn to stitch all types of garments related to men, women and children

Beauty Care

To give women an opportunity to pursue their interests

English Communication Skills

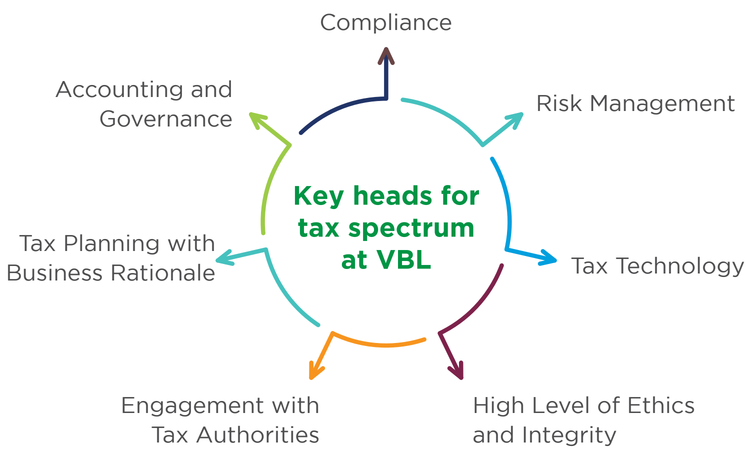
To help participants understand various aspects of communication and refresh their communication skills

Job Assistance

To help students get placed in respective jobs through assistance in job placement

Sustainable Tax Practice: Furthering Our ESG Commitment

Tax compliance and implementing sustainable tax practices has been central to our business priorities. Adhering to tax regulatory compliances reflects our commitment to ESG and corporate governance.



Compliance

VBL strictly adheres to all tax regulatory compliances, periodical filings, and reporting for all the applicable tax laws. We express zero-tolerance to any non-compliance, supported by our efficient compliance tracking tool that features a pre-defined escalation matrix for instant flag off.

Accounting and governance

Taxes on all fronts – input, output, corporate and withholding taxes, are properly accounted for in alignment with applicable laws and accounting standard through a dedicated team of tax experts. In case of any change in existing tax laws, our internal team of tax experts evaluate the changes and its implications on our business transactions. An updated SOP is then circulated to implement the changes amongst relevant stakeholders.

Tax planning with business rationale

A transparent process of tax risk assessment and management, integral to tax planning at VBL, is implemented. In compliance with our zero-tolerance for non-compliance of tax regulations or tax evasions, we refrain from taking any aggressive tax positions. Only those tax incentives, that are aligned with our overall business objective are availed in respective jurisdictions.

Engagement with tax authorities

We strive to stand out as 'the most trusted and tax compliant company' in our operational areas. To ensure this, we provide full support and actively engage with the tax authorities to understand the business model and tax positions.

Risk management

Risks within VBL across the key risk areas are constantly monitored and mitigated. An internal risk control process continually identifies, measures, analyses and manages such risks. A comprehensive review mechanism is also set up to keep all transactions tax compliant and ensure that they fall within no risk or low risk categories. The responsibility for such review is vested with the Audit, Risk Management & Ethics Committee, Internal Auditors and Statutory Auditors.

Tax technologies

Digital recording and reporting of all tax transactions is becoming a norm with the advancement in online governance and tax technology. VBL has made adequate investments towards this to ensure accurate and faster reporting.

Vendor Management	Identification and recording in correct ledger	System generated Sale invoices, E-invoices and E-way bills	GST portal reporting
Strong vendor management process with robust KYC documentation & verification of historical compliances under GST laws	Powerful SAP-based identification process enabling issuance of PO using correct HSN/SAC and tax code	VBL SAP is integrated with the E-invoicing portal and E-way bill portal of the government	Filing of GST returns for all outward supplies basis system-generated sales register
Vendor mapping with correct HSN/SAC code and GST rates	System-based transaction identification by an internal team	System configuration restricts invoice generation without an E-invoice and E-way bill (as prescribed under the GST laws)	This ensures that all the recorded outward supplies get reported along with the correct tax liability
Vendor mapping with correct withholding tax codes for proper deduction of withholding tax while recording transactions	Controlling of the input tax entitlement through the system to ensure that the input tax credit is not availed wrongly (not permitted as per GST laws)		

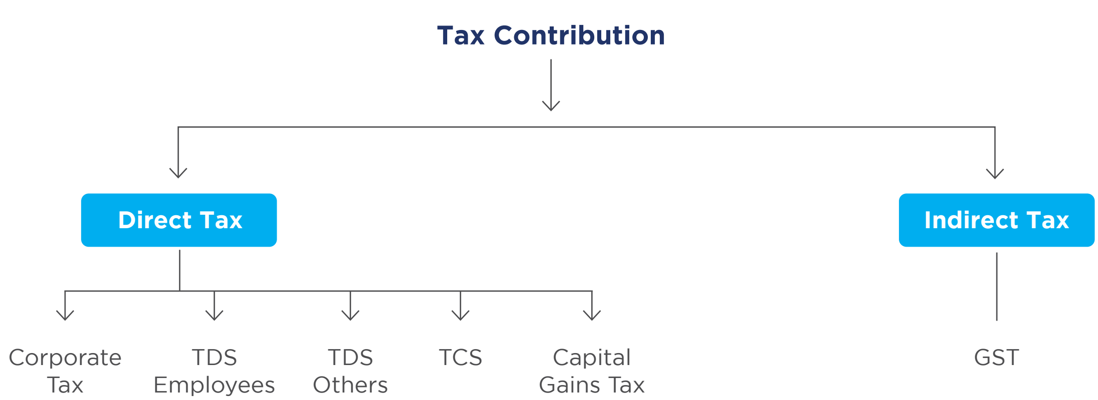
Integrity and ethical conduct

Ethical conduct and integrity is upheld across the organization and supported by strong and transparent accounting principles. Unethical behaviour by any of our employees and/or third-party working in or behalf of the company is not tolerated and strict policy measures are implemented against them. The company has a zero-tolerance policy on integrity in place, which is applicable for all VBL's dealings with vendors, customers, third-party consultants and government authorities.

Corporate Taxes, TDS, TCS, Capital Gains Tax and Dividend Distribution Tax

Over the years, VBL has made a significant contribution to the exchequer by way of Corporate Tax, TDS on Employees, TDS on others, TCS, Capital Gains and the Dividend Distribution Tax. Given an increase in turnover in the last five years, its Corporate Income Tax has surged increasing – from 855.9 million in FY 2018-10 to 4,988.9 million in FY 2022-23.

Contribution to Exchequer



Tax trends in the last five years:

(₹ Million)

Description	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Corporate Tax (Excluding Interest u/s 234A/234B/234C)	855.9	934.5	347.2	1,383.9	4,988.9
TDS on Employees (As per Tax Audit Report)	227.7	430.1	454.9	561.0	769.0
TDS on Others (As per Tax Audit Report)	193.8	310.6	245.7	484.7	770.1
TCS (As per Tax Audit Report)	1.8	2.6	29.6	72.2	118.1
Dividend Distribution Tax	54.7	91.7	-	-	-
Capital Gains Tax (Included in Corporate Tax mentioned above)	-	0.1	1.2	0.1	2.2

For taxation purpose, FY refers to Financial year defined as per Income Tax Act, 1961 i.e. April 1 to March 31.

Indirect Tax - GST

The key product of VBL is taxable at a higher rate of 28% GST with 12% cess. In the last five years, the total payment of Gross GST on outward supplies stands at 147,802.5 million. This has increased from 14,845.4 million in the financial year 2018-19 to 53,067 million in Financial Year 2022-23.

Tax trends in the last five years:

(₹ in Million)

Financial Year	Gross Tax Payable (₹)	Paid through Cash (₹)	Paid through ITC (₹)
2018-19	14,845.4	8,491.4	6,353.9
2019-20	23,280.4	12,024.5	11,255.9
2020-21	24,690.8	12,309.6	12,384.1
2021-22	31,918.9	15,639.0	16,276.9
2022-23	53,067.0	26,194.6	26,872.4

International Territories


pepsi
pepsi


PEPSI

Growing Beyond Boundaries Sustaining Our Impact

Diving deep into our ESG strategy at VBL unveils a tapestry of decisive action and global expansion. We extend sustainable initiatives, fostering prosperity and positive impacts through inclusive practices. Integrating environmental stewardship, social responsibilities, and governance leadership, we ignite impactful change. As sustainability pioneers, our footprint amplifies across operations and communities.

Varun Beverages Zimbabwe

Environment

- Installed water treatment plant to reduce wastage of water
- Installed solar power plants to reduce conventional power usage
- Reduced carbon emission through lesser grammage per 8 Oz use of coal
- Participated on National Tree Planting Day in partnership with NMB Bank and City of Harare
- Replaced existing Diesel/Petrol Forklifts with EV Forklifts
- Introduction of EV's for last-mile delivery

0.37 kWH/case
(15% reduced from 2022)
Electricity used in 2023

1.77 Liters
(10% reduced from 2022)
Water utilized for per liter of beverage production in 2023

2.5 MW
Rooftop solar panels installed

1,115
Trees planted in Harare in 2023

Social

- Empowering women belonging to economically backward class, specially abled, and war widows through providing livelihood means
- Sponsoring education of underprivileged students
- Participated in social well-being during the Cholera outbreak

6,700 push carts
Deployed to create employment for women in rural, semi-urban, and urban areas, with an initiative launched by the President of Zimbabwe

Recognized as the
Most Socially Responsible and Society-friendly Company
in Zimbabwe

105
Graduate and management trainees hired and created 'Varun Beverage Academy' to provide both inhouse and on the job training

Sponsored First PhD student
for higher education in India

Sponsored several school children
From underprivileged backgrounds

14%
Diversity in CY 2023

Governance Awards and Achievements

Compliance
Varun Beverage Zimbabwe follow the local rules and policies & fully compliant by laws and regulations.

Training
Various compliance training programs - US FCPA, POSH, Insider Trading, Anti-bribery, Non-Political Affiliation & others

Awards
- The circle of performance award – 2023
- The best marketing CEO award – ZMA – 2022
- The president ring of honor award – 2022

Varun Beverages Zambia

Environment

- Engaged in several initiatives such as CIP conservation, RO water recovery, Cooling tower and bottle washer optimization, to maximize the water savings
- Achieved greater energy optimization through implementing automation of cooling towers and packaging lines, replacing street lights and CFL lights with solar and LEDs respectively, and installing photo sensors for lights
- Exploring collection and recycling of plastic waste initiative with third party vendors

0.66 kWH/case
Electricity in CY 2023

2.38 Liters
(4% reduced from 2022) Water consumed for per liter of beverage production in 2023

1.8 Mn kWH
units saved through energy-saving initiatives in CY 2023

1,000
indigenous and **500** fruit trees in **5** target schools

Social

- Partnered with World Vision to deploy various CSR initiatives
- Partnered with Project Concern Zambia (PCZ) for reforestation, safe access to drinking water, strong girls under Strong Zambia Project
- Various activities undertaken for employee training and recognition

22%
Diversity in CY 2023

Governance Awards and Achievements

Compliance

- Varun Beverage Zambia ensures compliance with local rules, policies, and laws through dedicated legal teams, regular audits, and training programs for employees.
- Upholding ethical business practices is central to our operations, contributing to our reputation as a responsible corporate entity and mitigating legal risks for sustainable growth.

Training

Various compliance training programs - US FCPA, POSH, Insider Trading, Anti-bribery, Non-Political Affiliation & others

Awards

- Recognition for Quality & Food Safety by PepsiCo
- Zero Non-compliance on Food Safety certification audit by Bureau Veritas – FSSC
- Local reward and recognition in different functions

Varun Beverages Sri Lanka

Environment

Steps taken:

- Installed timer to stop ammonia compressor pump to after usage
- Replaced CFL/FTL lamps with LEDs to save electricity
- Repaired all LP air leakage points and create SMT for weekly audit for findings and actions
- Water flow meters installed at key consumption points for precise monitoring and control
- Rejected RO water utilized for JAR washing, optimizing resource utilization and minimizing waste
- Initiated "Clean Green Sri Lanka" program to actively reduce PET plastic waste by collecting used PET plastic from the market through collection bins and recycling it

0.63 kWH/case
Electricity used in CY 2023

1.85 Liters
(2% reduced from CY 2022)
Water consumed for per liter of beverage production in 2023

373 MT
(166% higher than 2022)
PET recycled in 2023

139 MT
resin saved through light weighting initiatives

Social

- Paddy Field Cultivation for the farmers growth and overall community betterment
- Provided on the job training to the employees for better operational and situational understanding

Governance Awards and Achievements

- Varun Beverage Sri Lanka ensures compliance with local rules, policies, and laws through dedicated legal teams, regular audits, and training programs for employees.
- Various compliance training programs - US FCPA, POSH, Insider Trading, Anti-bribery, Non-Political Affiliation & others

Varun Beverages Morocco

Environment

- Installed flowmeters to monitor and optimize water usage
- Improved RO efficiency wherever the RO recovery is less than designed recovery
- Installing solar power panels to reduce conventional power usage

Visi-cooler ESG Initiatives

Procured

600

hydrocarbon coolers

Deployed

20

Solar coolers in the market on trial basis

0.34 kWH/case

(10% reduced from 2022)
Electricity consumed in 2023

1.91 Liters

(19% reduced from 2022)
Water consumed per liter of beverage production in 2023

1.6 MW

Rooftop solar power capacity

Social

- Integrating women in the workforce to support diversity and inclusion within the organization
- Supports pilgrimage of employees, sports activities, annual summer camp, team building events with a focus towards employee well-being and engagement
- Provided social aids to the earthquake victims of Al Haouz region
- Launched recruitment campaigns in rural regions to create livelihood opportunities for residents in those areas

3%
Diversity in CY 2023

Recognized as
Employer of the year for 2023
by EFE Morocco

Governance Awards and Achievements

STRONGER Production Capability Buidling and Aligned Systems/Governance award from PepsiCo during the International Bottler Conference (IBC) 2023

Certified by
ONSSA
(Nutrition quality)

Certified by
GMP
(Good Manufacturing Practice)

Training

Various compliance training programs -
US FCPA, POSH, Insider Trading, Anti-bribery, Non-Political Affiliation & others

Varun Beverages Nepal

Environment

- Established a 2MW Solar Power Plant in our manufacturing plant
- Installing active harmonic filters at manufacturing plants to mitigate power consumption
- Collaborating with NGOs/local bodies to plant trees within the plants and local parks
- Implementing modifications to enhance the water recovery system for bottle washer operations, aiming for efficient recovery
- Installation of bag filters at manufacturing locations leading to reduced emission of carbon and other gases into the atmosphere
- Phased replacement of old diesel forklifts and staff buses with electric vehicles
- Exploring collection and recycling of plastic waste initiative with third party vendors

0.65 kWH/case
(6% reduced from 2022)
Electricity used in 2023

1.71 Liters
(6% reduced from 2022)
Water consumed per liter of beverage production in 2023

3,582 Tons
(26% reduced from 2022)

Social

- Fostering diversity and inclusion within our workforce and supply chain
- Prioritizing fair labor practices and the well-being of our employees
- Supporting education and community initiatives to make positive impacts on the societies
- CSR initiatives undertaken in the field of healthcare, community development, and engaging with local law enforcements
    - Setup AARU Clinic at Kathmandu
    - Free Medical Checkup
    - Contribution to Birat Eye Clinic
    - Temple construction at Ramgram Near Navalparasi, Nepal
- Ensured employee engagement through various team building programs

Diversity and inclusion:

24%
Diversity in CY 2023

Governance Awards and Achievements

Our Unified Governance Practice across regions

Our governance prioritizes integrity and compliance, anchoring our ESG strategy. Led by committed leadership, we embed robust corporate governance principles, fostering a culture of integrity and ESG alignment throughout the organization. Additionally, we implement unified governance practices across all operational areas, facilitating streamlined operations across regions and promoting a cohesive approach to value addition.

Governance Framework

Compliance

- Maintaining stringent compliance with corporate policies and local laws
- Conducting regular audits to ensure highest standards of ethical conduct

Training

- Various compliance training programs - US FCPA, POSH, Insider Trading, Anti-bribery, Non-Political Affiliation & others

Awards & Recognition

As every year, this year too, we received recognition for our strong business processes, governance and ability to execute in the marketplace at scale, while delivering on our sustainability goals.

2023

- PepsiCo's 'Better' category award for our sustainability endeavors
- PepsiCo's International Bottler of the Year 2022
- PepsiCo's Best Bottler in the Africa-Middle East-South Asia region
- Business Excellence (Corporate Governance) of The Year 2022 Award by Prime Time Research Media Pvt. Ltd.
- Best Corporate Governance Practices - Varun Beverages Limited Award under Business Brand Awards

2022

- PepsiCo's Best Bottler in the Africa-Middle East-South Asia region
- Golden Peacock National Quality Award
- Golden Peacock award for Excellence in Corporate Governance
- CFI.CO (UK) for the 4th Consecutive Year for Best FMCG Corporate Governance (India)
- Business Brand Award for Best Corporate Governance Practices
- CNBC TV18 - Incredible Brands of India Awards for Best Corporate Governance of the Year

2021

- Winner of Best FMCG Corporate Governance India 2021 awarded by Capital Finance International (UK) (third successive year)

2020

- Winner of Best FMCG Corporate Governance India 2020 awarded by Capital Finance International (UK)
- Winner of Bottler of the Year, 2019 by PepsiCo in AMESA sector (Africa, Middle East and South Asia) received in 2020

2019

- Varun Beverages Limited – Bottler of the Year 2019 by PepsiCo in South Asia Region
- Winner of Best FMCG
- Corporate Governance India 2019 awarded by Capital Finance International (UK)
- Varun Beverages Limited – Global Best Employer Award

2018

- National Best Employer Award by ET Now, in collaboration with World HRD Congress
- Distinguished Entrepreneurship Award in the PHD Annual Awards for Excellence 2018 to Mr. Ravi Jaipuria

2017

- Varun Beverages (Nepal) Private Limited – Best Unit of the Year
- Varun Beverages Lanka (Private) Limited – Donald M Kendall Award by PepsiCo for Small Developed Markets
- VBL Sonarpur Plant – Best Plant of the Year
- VBL Sonarpur Plant – CII Award for Food Safety

2016

- VBL India – FOBO Unit of the Year
- Varun Beverages Lanka (Private) Limited – FOBO Country of the Year

1997

Mr. Ravi Jaipuria, the only Indian Company's promoter to have received PepsiCo's International Bottler of the Year Award in 1997

Corporate Information

Board of Directors

Category	Name of Directors
Non-Executive Chairman	Mr. Ravi Jaipuria
Executive Vice Chairman & Whole-time Director	Mr. Varun Jaipuria
Executive / Whole-time Directors	Mr. Raj Gandhi Mr. Rajinder Jeet Singh Bagga
Non-Executive, Independent Directors	Dr. Ravi Gupta Ms. Rashmi Dhariwal Ms. Sita Khosla Mr. Abhiram Seth Mr. Anil Kumar Sondhi

Chief Financial Officer

Mr. Lalit Malik

Chief Risk Officer & Group Company Secretary

Mr. Ravi Batra

Joint Statutory Auditors

M/s. J.C. Bhalla & Co.
Chartered Accountants,
New Delhi

M/s. O.P. Bagla & Co LLP
Chartered Accountants,
New Delhi

Corporate Office

RJ Corp House, Plot No. 31,
Institutional Area, Sector-44,
Gurugram - 122 002

Registered Office

F-2/7, Okhla Industrial Area, Phase-I
New Delhi - 110 020

Registrar and Share Transfer Agent

KFin Technologies Limited
Selenium Tower B, Plot Nos. 31 & 32,
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad – 500 032
Toll Free No. : 1800 309 4001
Email: einward.ris@kfintech.com
Website: www.kfintech.com
SEBI Registration No.: INR000000221

List of Bankers

1. Axis Bank Limited
2. DBS Bank India Limited
3. The Federal Bank Limited
4. HDFC Bank Limited
5. Hongkong and Shanghai Banking Corporation Ltd
6. ICICI Bank Limited
7. IDFC FIRST Bank Limited
8. IndusInd Bank Limited
9. JP Morgan Chase Bank N.A.
10. Kotak Mahindra Bank Limited
11. RBL Bank Limited
12. Standard Chartered Bank
13. YES Bank Limited

Board's Report

Dear Members,

Your Directors have pleasure in presenting the 29th (Twenty Ninth) Annual Report on the business and operations of your Company along with the Audited Financial Statements for the Financial Year ended December 31, 2023.

Financial Performance

The financial performance of your Company for the Financial Year ended December 31, 2023 is summarized below:

(₹ in Million)

Particulars	Standalone		Consolidated	
	Financial Year ended December 31, 2023	Financial Year ended December 31, 2022	Financial Year ended December 31, 2023	Financial Year ended December 31, 2022
Total Revenue	127,789.68	107,395.82	164,004.22	134,294.07
Total Expenses	104,108.05	90,550.80	136,605.83	114,057.64
Profit before tax after exceptional items	23,681.63	16,845.02	27,393.60	20,236.37
Less: Tax Expenses	5,930.37	4,143.03	6,375.47	4,735.23
Profit after tax	17,751.26	12,701.99	20,559.22*	14,974.33*
Balance brought forward from last year	25,101.68	13,942.96	27,398.84	13,967.42
Balance carried over to Balance Sheet	40,558.69	25,101.68	45,663.50	27,398.84
General Reserve	444.26	444.26	444.26	444.26
Other Reserves	23,259.02	23,132.57	16,761.15	16,685.20
Reserves & Surplus carried to Balance Sheet	64,261.97	48,678.51	62,868.91	44,528.30

**After adjustment on account of non-controlling interest.*

Consolidated Financial Statements

The Consolidated Financial Statements of your Company for the Financial Year 2023 are prepared in compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), Indian Accounting Standards ('Ind AS') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['SEBI (LODR) Regulations'] which shall also be provided to the Members in their forthcoming Annual General Meeting ('AGM').

State of the Company's Affairs

Your Company has presence in 27 States and 7 Union Territories in India and 5 other countries across the world (viz. Nepal, Sri Lanka, Morocco, Zambia & Zimbabwe). As of December 31, 2023, the Company has 40 state-of-the-art manufacturing facilities (34 in India and 6 in International Geographies) with more than 2,500 owned vehicles, more than 2,400 primary distributors and more than 120 depots. The Company continues to create long-term value through different facets of its business and improve its presence, product mix and utilisation levels. With an increasing penetration on the back of a robust distribution network and diversifying product portfolio, the Company has created a sustainable operating efficiency at its manufacturing facilities.

During the year under review, the Board of Directors in their meeting held on December 19, 2023 approved to acquire 100% stake in the business conducted by The Beverage Company (Proprietary) Limited, South Africa along-with its wholly-owned subsidiaries ("Bevco") with an option to accept minority co-investment from large equity fund subject to regulatory and other approvals (if any) including but not limited to PepsiCo Inc. and Competition Commission South Africa. Bevco is engaged in the business of manufacturing and distribution of licensed (PepsiCo Inc.)/own-branded non-alcoholic beverages in South Africa. Bevco has franchise rights from PepsiCo Inc. in South Africa, Lesotho and Eswatini. Additionally, it possesses distribution rights for Namibia and Botswana.

Deposits

Your Company has not accepted any deposits during the year under review falling within the ambit of Section 73 of the Act and the Companies (Acceptance of Deposits) Rules, 2014.

Transfer to General Reserve

Your Company has not transferred any amount to General Reserve for the Financial Year 2023.

Change in the Nature of Business, if any

During the year under review, there was no change in the nature of business of the Company.

Dividend Distribution Policy

The Board of Directors of the Company in their meeting held on August 9, 2017 approved and adopted a Policy on Distribution of Dividend to comply with Regulation 43A of SEBI (LODR) Regulations and the same is uploaded on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/03/10-Dividend-Distribution-Policy.pdf

Dividend

During the year under review, the Board of Directors in their meeting held on August 3, 2023 declared an interim dividend of ₹ 1.25 per Equity Share (face value of ₹ 5/- per Equity Share) to the eligible equity shareholders of the Company. Further, the Board of Directors have also recommended a final dividend of ₹ 1.25 per Equity Share (face value of ₹ 5/- per Equity Share) for the Financial Year 2023. Total cash outflow for dividend payout would be ~₹ 3,248.07 million for the Financial Year 2023.

Your Company has transferred the unpaid/unclaimed dividend (interim and final) to the Unclaimed Dividend Accounts of the respective financial years and the details of the same are uploaded on website of the Company at https://varunbeverages.com/corporate-governance/

Acquisition Guidelines

Your Company applies stringent strategic and financial criteria to any potential acquisition or partnership and to enhance transparency, the Board of Directors of the Company have approved and adopted Acquisition Guidelines for Company's M&A activities for viable acquisitions and the same is uploaded on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/03/9-VBL-Guidelines-for-Acquisition-in-India.pdf

Sub-Division/Split of Equity Shares

During the year under review, pursuant to the approval of Members through Postal Ballot on June 2, 2023, the Issued, Subscribed and Paid-up Equity Share Capital existing on the Record Date (i.e. June 15, 2023) was sub-divided/split from 1(One) Equity Share having face value of ₹ 10/- each fully paid-up, into 2(Two) Equity Shares having face value of ₹ 5/- each fully paid-up.

Share Capital

Pursuant to the approval of Members through Postal Ballot on June 2, 2023 for sub-division/split of Equity Shares of the Company from 1(One) Equity Share having face value of ₹ 10/- each fully paid-up, into 2(Two) Equity Shares having face value of ₹ 5/- each fully paid-up, the Authorized Share Capital of the Company stood sub-divided/split from ₹ 10,000,000,000/- (Rupees Ten Billion only) divided into 1,000,000,000 (One Billion) Equity Shares of face value of ₹ 10/- (Rupees Ten only) each to ₹ 10,000,000,000/- (Rupees Ten Billion only) divided into 2,000,000,000 (Two Billion) Equity Shares of face value of ₹ 5/- (Rupees Five only) each.

During the year under review, the Issued, Subscribed and Paid-up Equity Share Capital of your Company was increased/changed from ₹ 6,495,496,200/- (Rupees Six Billion Four Hundred Ninety Five Million Four Hundred Ninety Six Thousand and Two Hundred only) divided into 649,549,620 (Six Hundred Forty Nine Million Five Hundred Forty Nine Thousand and Six Hundred Twenty) Equity Shares of face value of ₹ 10/- (Rupees Ten only) each to ₹ 6,496,074,880 (Rupees Six Billion Four Hundred Ninety Six Million Seventy Four Thousand and Eight Hundred Eighty only) divided into 1,299,214,976 (One Billion Two Hundred Ninety Nine Million Two Hundred Fourteen Thousand and Nine Hundred Seventy Six) Equity Shares of face value of ₹ 5/- (Rupees Five only) each due to sub-division/split of Equity Shares of the Company from 1(One) Equity Share having face value of ₹ 10/- each fully paid-up, into 2 (Two) Equity Shares having face value of ₹ 5/- each fully paid-up, and allotment of 115,736 (One Hundred Fifteen Thousand and Seven Hundred Thirty Six) Equity Shares of the Company in aggregate upon exercise of stock options vested under Employees Stock Option Scheme 2016.

Employees Stock Option Scheme

Your Company has Employees Stock Option Scheme 2016 ('ESOP Scheme 2016') i.e. in compliance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time ('SEBI ESOP Regulations').

Certificate from Secretarial Auditors of the Company that ESOP Scheme 2016 has been implemented in accordance with the SEBI ESOP Regulations and the resolution(s) passed by the Members of the Company will be uploaded on website viz. https://varunbeverages.com/agm/ for inspection by Members of the Company.

The statutory disclosures as mandated under the Act and SEBI ESOP Regulations are available on website of the Company at https://varunbeverages.com/agm/

Credit Rating

During the year under review, your Company's credit ratings by CRISIL is as below:

Long Term Rating	CRISIL AA+/Stable (Re-affirmed)
Short Term Rating	CRISIL A1+ (Re-affirmed)

Related Party Transactions

To comply with the provisions of Sections 177 and 188 of the Act and Rules made thereunder read with Regulation 23 of SEBI (LODR) Regulations, your Company took necessary prior approval of the Audit, Risk Management and Ethics Committee before entering into related party transactions. All contracts/arrangements/transactions entered into by the Company during the Financial Year 2023 with related parties, as defined under the Act and SEBI (LODR) Regulations, were in the ordinary course of business and on arm's length basis.

During the year under review, your Company and/or its subsidiaries have not entered into any contract/ arrangement/transaction with related parties which could be considered material in accordance with the Policy of the Company on Related Party Transactions.

None of the transactions with any of the related parties were in conflict with the interest of the Company rather, these were synchronized and synergized with the Company's operations. Attention of Members is drawn to the disclosure of transactions with the related parties set out in Note No. 42 of the Standalone Financial Statements forming part of the Annual Report.

Your Company has framed a Policy on Related Party Transactions in accordance with the Act and SEBI (LODR) Regulations. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its related parties. The policy is uploaded on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/03/16-Policy-on-Related-Party-Transactions.pdf

Since all transactions which were entered into during the Financial Year 2023 were on arm's length basis and in the ordinary course of business and there was no material related party transaction entered by the Company during the Financial Year 2023 as per Policy on Related Party Transactions, hence no detail is required to be provided in Form AOC-2 prescribed under Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees or Investments covered under the provisions of Section 186 of the Act are given in the Notes to the Standalone Financial Statements.

Subsidiaries, Associates and Joint Ventures

Your Company has following subsidiaries, associates and joint venture:

Subsidiaries

- Varun Beverages (Nepal) Private Limited;
- Varun Beverages Lanka (Private) Limited;
  - Ole Springs Bottlers (Private) Limited (step-down subsidiary);
- Varun Beverages Morocco SA;
- Varun Beverages (Zambia) Limited;
- Varun Beverages (Zimbabwe) (Private) Limited;
- Varun Beverages RDC SAS;
- Varun Beverages International DMCC;
- Varun Beverages South Africa (Pty) Ltd. (w.e.f. 23.05.2023);
- VBL Mozambique, SA (w.e.f. 21.11.2023); and
- Lunarmech Technologies Private Limited

Associates

- Clean Max Tav Private Limited; and
- Huoban Energy 7 Private Limited (w.e.f. 09.05.2023)

Joint Venture

- IDVB Recycling Operations Private Limited

To comply with the provisions of Section 129 of the Act, a separate statement containing salient features of Financial Statements of Subsidiaries, Associates and Joint Venture of your Company (including their performance and financial position) in prescribed Form AOC-1 forms part of Consolidated Financial Statements and therefore not repeated here to avoid duplication. Further, contribution of Subsidiaries, Associates and Joint Venture to the overall performance of your Company is outlined in Note No. 57 of the Consolidated Financial Statements.

Financial Statements of the aforesaid Subsidiaries, Associates and Joint Venture companies are kept open for inspection by the Members at the Registered Office of your Company on all days except Saturday, Sunday and Public Holiday up to the date of AGM i.e. April 3, 2024 between 11:00 a.m. to 5:00 p.m. as required under Section

136 of the Act. Any Member desirous of obtaining a copy of the said Financial Statements may write to the Company at its Registered Office or Corporate Office. The Financial Statements including the Consolidated Financial Statements and all other documents required to be attached with this Report have been uploaded on website of the Company at https://varunbeverages.com/annual-reports/

To comply with the provisions of Regulation 16(c) of SEBI (LODR) Regulations, the Board of Directors of the Company have approved and adopted a Policy for determination of Material Subsidiary and Governance of Subsidiaries and as on December 31, 2023, none of the subsidiary was a material subsidiary of the Company in terms of the said Policy. Policy for determination of Material Subsidiary and Governance of Subsidiaries is uploaded on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/03/17-3.-Policy-on-Material-Subsidiary-VBL.pdf

Directors and Key Managerial Personnel

Directors

To comply with the provisions of Section 152 of the Act and in terms of the Articles of Association of the Company, Mr. Raj Gandhi (DIN: 00003649), Whole-time Director is liable to retire by rotation at the ensuing AGM and being eligible, seeks re-appointment. The Board of Directors, on the recommendation of Nomination and Remuneration Committee ('NRC'), recommended his re-appointment for consideration by the Members at the ensuing AGM.

As recommended by NRC, the Board of Directors in their meeting held on February 5, 2024 approved the re-appointment of Mr. Varun Jaipuria (DIN: 02465412) and Mr. Raj Gandhi (DIN: 00003649) w.e.f. November 1, 2024 and Mr. Rajinder Jeet Singh Bagga (DIN: 08440479) w.e.f. May 2, 2024 as Whole-time Directors for a further period of upto 5 (Five) years, liable to retire by rotation, subject to the approval of Members at the ensuing AGM of the Company. The NRC and Board of Directors are of the view that their skills, background and experience are aligned to the role and capabilities identified by NRC and that they are eligible for re-appointment as Whole-time Directors of the Company. Further, the above-mentioned Directors have affirmed that they are not debarred from holding the office of Director by virtue of any order of SEBI or any other such Authority.

Further, the appointment of Mr. Abhiram Seth (DIN: 00176144) and Mr. Anil Kumar Sondhi (DIN: 00696535) as Independent Directors, not liable to retire by rotation, to hold office for a term of upto 5 (Five) consecutive years w.e.f. May 2, 2023 were approved by the Shareholders of your Company through Postal Ballot on June 2, 2023.

Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations and are in compliance with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014. Further, the Independent Directors have also confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties as Independent Directors of the Company.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity (including the proficiency) and fulfils the conditions specified in the Act read with Rules made thereunder and SEBI (LODR) Regulations and are eligible & independent of the management.

None of the Directors of the Company are disqualified as per the provisions of Section 164 of the Act. The Directors of the Company have made necessary disclosures under Section 184 and other relevant provisions of the Act.

Brief resume and other details of the Directors being appointed/re-appointed at the ensuing AGM as stipulated under Secretarial Standard-2 issued by the Institute of Company Secretaries of India and Regulation 36 of the SEBI (LODR) Regulations, is separately disclosed in the Notice of ensuing AGM.

Upon completion of their second consecutive term, Mr. Pradeep Sardana (DIN: 00682961) and Dr. Naresh Trehan (DIN: 00012148) ceased to be Independent Directors of your Company w.e.f. March 27, 2023 and November 30, 2023 respectively.

Further, NRC and Board of Directors of the Company in their meetings held on February 5, 2024 approved and recommended the appointment of Dr. Naresh Trehan (DIN: 00012148) as a Non-Executive Non-Independent Director of the Company, liable to retire by rotation, with effect from April 21, 2024 for approval of the Members at the ensuing AGM of the Company. The Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director and Dr. Trehan has also consented to act as Director of the Company and affirmed that he is not debarred from holding the office of Director by virtue of any order of SEBI or any other such Authority.

The NRC and Board of Directors are of the view that his skill, background and experience are aligned to the role and capabilities identified by NRC and that he is eligible for appointment as a Non-Executive Non-Independent Director of the Company.

Key Managerial Personnel

Mr. Lalit Malik was appointed as a Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. August 4, 2023 in accordance with the provisions of Section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in place of Mr. Rajesh Chawla, who continues to discharge his responsibilities as CFO (India) of your Company.

Further, Mr. Raj Gandhi (DIN: 00003649), Whole-time Director and Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary, continued to be the Key Managerial Personnel of your Company in accordance with the provisions of Section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Board Evaluation

To comply with the provisions of Section 134(3)(p) of the Act and Rules made thereunder and Regulation 17(10) of SEBI (LODR) Regulations, the Board has carried out the annual performance evaluation of the Directors individually including the Independent Directors (wherein the concerned Director being evaluated did not participate), Board as a whole and following Committees of the Board of Directors:

i) Audit, Risk Management and Ethics Committee;

ii) Nomination and Remuneration Committee;

iii) Stakeholders' Relationship Committee; and

iv) Corporate Social Responsibility Committee.

The manner in which the annual performance evaluation has been carried out is explained in the Corporate Governance Report which forms part of this report. Board is responsible to monitor and review the evaluation framework.

Further, to comply with Regulation 25(4) of SEBI (LODR) Regulations, Independent Directors also evaluated the performance of Non-Independent Directors, Chairman and Board as a whole at a separate meeting of Independent Directors.

Board and Committees of the Board

The number of meetings of the Board and various Committees of the Board including composition are set out in the Corporate Governance Report which forms part of this report. The intervening gap between the meetings was within the period prescribed under the provisions of Section 173 of the Act and SEBI (LODR) Regulations.

Remuneration Policy

To comply with the provisions of Section 178 of the Act and Rules made thereunder and Regulation 19 of SEBI (LODR) Regulations, the Company's Remuneration Policy for Directors, Key Managerial Personnel (KMP), Senior Management and other Employees of the Company is uploaded on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/03/12-Remuneration-Policy.pdf The Policy includes, inter-alia, the criteria for appointment and remuneration of Directors, KMPs, Senior Management Personnel and other employees of the Company.

Remuneration of Directors, Key Managerial Personnel and Particulars of Employees

The statement of disclosure of remuneration under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules'), is attached to this report as **Annexure – A**.

Further, as per second proviso to Section 136(1) of the Act read with Rule 5 of the Rules, the Board's Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees as required under Rule 5(2) of the Rules. Any member interested in obtaining a copy of the said statement may write to the Compliance Officer at complianceofficer@rjcorp.in up to the date of AGM. The said statement is also available for inspection by the Members at the Registered Office of your Company on all days except Saturday, Sunday and Public Holiday up to the date of AGM i.e. April 3, 2024 between 11:00 a.m. to 5:00 p.m.

Statutory Auditors

The Shareholders of the Company in their 27th & 28th AGM held on April 7, 2022 and March 27, 2023 respectively appointed M/s. O P Bagla & Co. LLP, Chartered Accountants (Firm Registration Number 000018N/N500091) and M/s. J C Bhalla & Co., Chartered Accountants (Firm Registration Number 001111N) as Joint Statutory Auditors of the Company for a period of upto 5(Five) consecutive years to hold office till the conclusion of AGM to be held in the year 2027 and 2028 respectively. They have also confirmed that they are not disqualified from continuing as Joint Statutory Auditors of the Company.

The Statutory Auditors' Report for the Financial Year 2023 does not contain any qualification, reservation or adverse remark and forms part of the Annual Report. The Statutory Auditors have not reported any fraud under Section 143(12) of the Act.

Cost Audit

In terms of Section 148 of the Act and the Companies (Cost Records and Audit) Rules, 2014, Cost Audit is not applicable on the Company for the Financial Year 2023.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

To comply with the provisions of Section 134 of the Act and Rules made thereunder, your Company has complied with the provisions relating to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, no complaint was received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Vigil Mechanism/Whistle Blower Policy

Pursuant to the provisions of Section 177 of the Act and Regulation 22 of SEBI (LODR) Regulations, the Company has adopted a Vigil Mechanism/Whistle Blower Policy to provide a platform to the Directors and Employees of the Company to raise concerns regarding any irregularity, misconduct or unethical matters/dealings within the Company. The same is detailed in the Corporate Governance Report which forms part of this report.

Secretarial Auditors

The Board of Directors on recommendation of the Audit, Risk Management and Ethics Committee, have appointed M/s. Sanjay Grover & Associates, Company Secretaries (Firm Registration No.: P2001DE052900) to conduct Secretarial Audit of your Company.

The Secretarial Audit Report for the Financial Year 2023 does not contain any qualification, reservation or adverse remark and is attached to this report as **Annexure - B**.

Risk Management

The Audit, Risk Management and Ethics Committee of the Board of Directors inter-alia monitor and review the risk management plan and such other functions as assigned from time to time.

Your Company has a robust Risk Management Policy which identifies and evaluates business risks and opportunities. The Company recognize that these risks needs to be managed and mitigated to protect the interest of the stakeholders and to achieve business objectives. The risk management framework is aimed at effectively mitigating the Company's various business and operational risks through strategic actions.

Internal Financial Controls

Your Company has in place adequate Internal Financial Controls. The report on Internal Financial Controls issued by M/s. J C Bhalla & Co., Chartered Accountants and M/s. O P Bagla & Co. LLP, Chartered Accountants, Joint Statutory Auditors of the Company is annexed to the Audit Report on the Financial Statements of the Company and does not contain any reportable weakness in the Company.

Corporate Social Responsibility (CSR)

Your Company has a Corporate Social Responsibility Policy which is uploaded on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/05/24-CSR-Policy-Clear-Version.pdf

Annual Report on CSR activities for the Financial Year 2023 as required under Sections 134 and 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 is attached to this report as **Annexure - C**.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) read with Section 134(5) of the Act, the Directors state that:

(a) in the preparation of the annual accounts for the Financial Year ended December 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at December 31, 2023 and of the profits of the Company for the period ended on that date;

(c) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

(d) the annual accounts have been prepared on a going concern basis;

(e) proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls were adequate and operating effectively; and

(f) proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Other Information

Management Discussion & Analysis Report

Management Discussion & Analysis Report for the Financial Year 2023, as stipulated under Regulation 34(2)(e) of SEBI (LODR) Regulations, forms part of the Annual Report.

Business Responsibility and Sustainability Report

Business Responsibility and Sustainability Report for the Financial Year 2023 describing the initiatives taken by the Company from an Environment, Social and Governance perspective as stipulated under Regulation 34(2)(f) of SEBI (LODR) Regulations forms part of the Annual Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is attached to this report as **Annexure - D**.

Corporate Governance Report

Your Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by Securities and Exchange Board of India. The report on Corporate Governance as stipulated under the SEBI (LODR) Regulations is attached to this report as **Annexure - E**. The certificate from M/s. Sanjay Grover & Associates, Practicing Company Secretaries confirming compliance with the conditions of corporate governance is also attached to the Corporate Governance Report.

Awards/Recognitions

During the year, your Company has received the following awards:

(i) PepsiCo's International Bottler of the Year 2022

(ii) PepsiCo's Best Bottler in the Africa-Middle East-South Asia region

(iii) PepsiCo's 'Better' category award for our sustainability endeavors

(iv) Business Excellence (Corporate Governance) of The Year 2022 award by Prime Time Research Media Pvt. Ltd.

(v) Best Corporate Governance Practices - Varun Beverages Limited award under Business Brand Awards

Listing

The Equity Shares of the Company are listed on the National Stock Exchange of India Limited and BSE Limited. Both these stock exchanges have nation-wide trading terminals. Annual listing fee for the Financial Year 2023-24 has been paid to the National Stock Exchange of India Limited and BSE Limited.

Annual Return

Pursuant to Sections 92(3) and 134(3)(a) of the Act, the Annual Return of the Company is uploaded on website of the Company at https://varunbeverages.com/annual-reports/

Research and Development

During the year under review, no Research & Development was carried out.

Cautionary Statement

Statements in the Board's Report and the Management Discussion & Analysis Report describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable laws and regulations. Actual results may differ from those expressed in the statements.

General

Your Directors confirm that no disclosure or reporting is required in respect of the following items as there was no transaction on these items during the year under review:

1. Issue of equity shares with differential voting rights as to dividend, voting or otherwise.
2. The Whole-time Directors of the Company does not receive any remuneration or commission from any of its subsidiaries.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. Issue of Sweat Equity Shares.
5. No application made or any proceeding pending under Insolvency and Bankruptcy Code, 2016 as at the end of the Financial Year 2023.

6. Details of difference between the amount of valuation at the time of one time settlement and valuation done while taking loan from banks or financial institutions are not applicable.

The Company is in regular compliance of the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India.

No material changes and commitments have occurred after the closure of the Financial Year 2023 till the date of this Report, which would affect the financial position of your Company.

Acknowledgement

Your Company's organizational culture upholds professionalism, integrity and continuous improvement across all functions as well as efficient utilization of the Company's resources for sustainable and profitable growth.

Your Directors wish to place on record their appreciation for the sincere services rendered by employees of the Company at all levels. Your Directors also wish to place on record their appreciation for the valuable co-operation and support received from various Government Authorities, Banks/Financial Institutions and other stakeholders such as members, customers and suppliers, among others. Your Directors also commend the continuing commitment and dedication of employees at all levels which has been vital for the Company's success. Your Directors look forward to their continued support in future.

For and on behalf of the Board of Directors
For **Varun Beverages Limited**

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 5, 2024
Place: Gurugram

Annexure – A

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) Ratio of the remuneration of each director to the median remuneration of employees of the Company for the Financial Year 2023 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2023:

(₹ in Million)

Sl. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year 2023	% increase in Remuneration in Financial Year 2023	Ratio of Remuneration of Director to Median Remuneration of employees in Financial Year 2023
1.	Mr. Varun Jaipuria, Executive Vice-Chairman & Whole-time Director	54.02	-1.22*	138.51
2.	Mr. Raj Gandhi, Whole-time Director	62.45	10.33	160.13
3.	Mr. Rajinder Jeet Singh Bagga, Whole-time Director	57.66	9.93	147.85
4.	Mr. Lalit Malik, Chief Financial Officer (CFO)	20.63	Not Comparable@	Not Applicable
5.	Mr. Rajesh Chawla, Chief Financial Officer	6.35	Not Comparable@	Not Applicable
6.	Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary	14.85	11.65	Not Applicable

** Decrease in remuneration as he decided to forego his incentive during the year under review.*

@ Mr. Lalit Malik appointed as CFO with effect from August 4, 2023 in place of Mr. Rajesh Chawla, who continues to discharge his responsibilities as CFO (India) of the Company.

Note: Since Independent Directors received no remuneration, except sitting fee for attending Board/Committee meetings, the required details are not applicable.

(ii) Number of permanent employees as on December 31, 2023 were 9,973 and median remuneration was ₹ 0.39 Million annually. Median remuneration of employees (excluding above Directors and KMPs) in Financial Year 2023 has increased by 5.78%.

It is hereby affirmed that the above-mentioned remuneration is in accordance with the Remuneration Policy of the Company which is uploaded on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/03/12-Remuneration-Policy.pdf

(iii) Average percentile increase already made in the salaries of employees other than Managerial Personnel was 9.75% and average percentile increase in the remuneration of Managerial Personnel was 5.79% vis-a-vis the last Financial Year.

For and on behalf of the Board of Directors
For **Varun Beverages Limited**

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 5, 2024
Place: Gurugram

Annexure – B

Secretarial Audit Report

For the Financial Year ended December 31, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Varun Beverages Limited
(CIN: L74899DL1995PLC069839)
F-2/7, Okhla Industrial Area, Phase-I,
New Delhi-110020

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Varun Beverages Limited** (the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We report that-

a) Maintenance of secretarial records are the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

c) We have not verified the correctness and appropriateness of the financial statements of the Company.

d) Wherever required, we have obtained the management representation about the compliances of laws, rules and regulations and happening of events etc.

e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

f) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year started from January 1, 2023 and ended on December 31, 2023 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2023 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, wherever applicable;

(v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; {Not applicable during the audit period}

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; {Not applicable during the audit period}

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; {Not applicable during the audit period}

(h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; {Not applicable during the audit period} and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, with which the Company has generally complied with. The Company is generally regular in filing e-forms with Registrar of Companies under the provisions of the Act.

During the audit period, we are of the opinion that the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines to the extent applicable.

The Company is PepsiCo's second largest global franchise (outside United States) and have a strategic association with PepsiCo since 1991. The Company is a trusted business partner to PepsiCo and possesses the rights to manufacture, distribute and sell carbonated soft drinks, fruit juice-based drinks, packaged drinking water and sports and energy drinks. As informed by the Management, Food Safety & Standards Act, 2006, Rules and Regulations made thereunder, are specifically applicable to the Company.

In our opinion and to the best of our information and according to explanations given to us, we believe that the Company is having systems in place to check the compliance of laws specifically applicable to the Company.

We further report that the Board Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act.

Advance notice is given to all directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes, the decisions at the Board meetings were taken unanimously.

We further report that there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

1. the Board of Directors in its meeting held on May 2, 2023 and Members of the Company through postal ballot on June 2, 2023 approved the sub-division/split of existing equity shares of the Company such that 1 (One) equity share having face value of ₹ 10/- (Rupees Ten only) each fully paid-up, be sub-divided/ split into 2(Two) equity shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up on the Record Date (i.e. June 15, 2023); and

2. the Board of Directors in their meeting held on May 2, 2023 and Members of the Company through postal ballot on June 2, 2023 approved the alteration of Capital Clause of the Memorandum of Association of the Company by deleting the existing Clause V of the Memorandum of Association of the Company and inserting the following new Clause V:

   "V. The Authorized Share Capital of the Company is ₹ 10,00,00,00,000/- (Rupees One Thousand Crore only) divided into 2,00,00,00,000 (Two Hundred Crore) Equity Shares of face value of ₹ 5/- (Rupees Five only) each."

For **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900
Peer Review Certificate No.: 4268/2023

Kapil Dev Taneja
Partner
CP No.: 22944/Mem. No. F4019
UDIN.: F00401NE003372054

Place: New Delhi
Date: February 5, 2024

Annexure - C

Annual report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2023

1. Brief outline on CSR Policy of the Company

Your Company has a CSR Policy which is uploaded on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/05/24-CSR-Policy-Clear-Version.pdf

During the year under review, Company has spent ₹ 158.50 Million on promoting healthcare, education, vocational skills, regional equality, water conservation, eradicating hunger, environmental sustainability, etc. through RJ Foundation having Regn. No. CSR00006099. For more details, please refer page no. 84 of the Annual Report.

2. Composition of CSR Committee

Composition of the CSR Committee and details of attendance during Financial Year 2023 are as under:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the Financial Year 2023	Number of meetings of CSR Committee attended during the Financial Year 2023
1	Mr. Ravi Jaipuria	Chairman (Non-executive Chairman)	2	2
2	Mr. Varun Jaipuria	Member (Executive Vice Chairman & Whole-time Director)	2	0
3	Mr. Raj Gandhi	Member (Whole-time Director)	2	2
4	Dr. Naresh Trehan*	Member (Independent Director)	2	1
5	Ms. Rashmi Dhariwal	Member (Independent Director)	2	2

**Ceased to be member of the Committee w.e.f. 30.11.2023 upon completion of second consecutive term as an Independent Director of the Company.*

Note: Video/Tele-conferencing facility is offered to facilitate Directors to participate in the meetings.

3. Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company

Composition of CSR Committee: https://varunbeverages.com/composition-of-the-committees-of-the-board/

CSR Policy: https://varunbeverages.com/wp-content/uploads/2023/05/24-CSR-Policy-Clear-Version.pdf

CSR Projects: https://varunbeverages.com/wp-content/uploads/2024/02/27-CSR-Projects-FY-23.pdf

4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable

Not Applicable

5. (a) **Average net profit of the Company as per sub-section (5) of Section 135:** ₹ 7,924.47 Million

(b) **Two percent of average net profit of the Company as per sub-section (5) of Section 135:** ₹ 158.50 Million

(c) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil

(d) **Amount required to be set off for the financial year, if any:** Nil

(e) **Total CSR obligation for the financial year [(b)+(c)-(d)]:** ₹ 158.50 Million

6. **(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** ₹ 158.50 Million

(b) Amount spent in Administrative Overheads: Nil

(c) Amount spent on Impact Assessment, if applicable: Not Applicable

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 158.50 Million

(e) CSR amount spent or unspent for the financial year 2023:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135		
	Amount (in ₹)	Date of transfer	Name of the Fund	Amount (in ₹)	Date of transfer
158.50 Million	Nil	Not Applicable	Nil	Nil	Not Applicable

(f) Excess amount for set off, if any: Nil

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per sub-section (5) of Section 135	Not Applicable
(ii)	Total amount spent for the financial year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
Nil								

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:**

√ **Yes** **No**

If Yes, enter the number of Capital assets created/acquired: 1(One)

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the financial year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
1.	Cost of construction incurred on Gaushala for animal welfare at Village Dautana, Tehsil Chhata, near Kosi Kalan	Mathura-281401, Uttar Pradesh	March 29, 2023 and August 25, 2023	₹ 7.31 Million	CSR00006099	RJ Foundation	F-2/7, Okhla Industrial Area, Phase-I, New Delhi-110020

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135:

Not applicable.

Date: February 5, 2024
Place: Gurugram

Raj Gandhi
Whole-time Director
DIN: 00003649

Ravi Jaipuria
Chairman - CSR Committee
DIN: 00003668

Annexure - D

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

(a) Conservation of energy

(i)	Steps taken or impact on conservation of energy	A multi-pronged and sustainable approach is deployed in most of our plants as well as products to infuse the concept of energy conservation. Some of the energy conservation measures adopted across the manufacturing units were: 1. Use of frequency drive in ammonia and air compressor which saves electric energy. 2. Use of frequency drive in boiler for ID and FD fan which saves electric energy. 3. Heat recovery from hot compressed gases and used for heating water. 4. Recovery of treated hot water from three stage syrup transfer PHE. 5. Beverage filling at ambient temperature leading to huge power savings in refrigeration. 6. Replacement of CFL/FTL lamps with LED lamps. 7. Replacement of low efficiency pump with high energy efficient pump. 8. Improving efficiency on critical resources like water and energy by doing water recoveries and optimizing energy consumption. 9. Optimizing the resource consumptions and minimizing wastages by automations and controls. 10. Installation of steam operated pump trap - SOPT for better steam condensate recovery across all units. 11. Direct Coupled HP Compressors (No gear Box). 12. IE 5 permanent magnet motor. 13. Adiabatic cooling tower. 14. Improving condensate recovery by installation of SOPT and better technology equipment which helped in improving boiler efficiency. 15. Heat recovery from High Pressure Air Compressors and Ammonia Refrigeration Compressors. 16. Installation of de-superheaters. 17. Installation of Godrej Control Air- IFC for optimizing HP requirements at preform blow moulding machines and Cold CIP which requires no heat during operation.

(ii)	Steps taken by the Company for utilizing alternate sources of energy	1. The Company has successfully utilized the environment friendly fuels like biomass and PNG operated boiler for steam generation and installed solar panels in many plants to generate clean energy. 2. In our pursuit of creating a green future, we are proactively shifting to renewable energy sources to fulfil our energy needs, pledging to broaden our renewable energy portfolio. By utilizing solar and wind on-site, as well as adopting open access (group captive power) sourcing methods, we are augmenting our renewable energy capacity. We are steadfast in our commitment to increasing the adoption of renewable energy at all our manufacturing and office locations. In our sustainability journey, the incorporation of renewable energy sources has resulted in the generation of ~58 million kWh units in FY 2023 up from ~21 million kWh units in FY 2022. This accomplishment not only underscores our dedication to reducing our environmental footprint but has also directly contributed to a reduction in energy consumption sourced from the electricity grid.
(iii)	Capital investment on energy conservation equipments	1. Installation and commissioning of Solar Plant at Nuh and Greater Noida Plants. Further, all new upcoming plants are coming with solar panel installed at roof top like Sandila, Pathankot, Supa, etc. 2. Air recovery system in Blow Moulding Machine. 3. Filling machines which are capable of filling beverage at ambient temperature with high speed running. 4. Green Oven for Bottle Blowing machine which consumes less energy as compared to the traditional ones. 5. High energy efficient pumps. 6. Steam condensate recovery system across all units. 7. Investment is done in Godrej Control Air IFC. 8. Installation of de-superheaters. 9. Investment in modification of existing CIP system to enable cold CIP.

(b) Technology absorption

(i)	Efforts made towards technology absorption	The Company has been continuously improving on resource use efficiencies, especially that of common resources such as water, fuel and energy. The Company follows series of environment performance indicators for monitoring natural resources consumption on per case basis and continual improvement is being achieved and sustained.
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution	Over the past ten years, Company has reduced water usage on per case basis and significant reduction of energy consumption on per case basis. Some of the factories have also received the Green Factory certification from Indian Green Building Council (IGBC), Gold rating. Your Company also achieved significant reduction in weight of closure (from 1880 long height closure to 1881 short height closure) and preforms over years. This is implemented across all units resulting in to saving of resin consumption. Usage of nitrogen in packaged drinking water enables unit to reduce 10% of package weight. We also started metal cage for preform storage and handling to minimize recycling waste. Recently three of our units Sathariya, Sandila and Sricity received CII National award and noteworthy achievement for excellence in water management within the fence. Sandila unit additionally rewarded in 'out of fence' category of water management excellence as recognized by CII.

(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	There is no imported technology involved in the operation of the Company.
	(a) Details of technology imported	N.A.
	(b) Year of import	N.A.
	(c) Whether the technology been fully absorbed	N.A.
	(d) If not fully absorbed, areas where absorption has not taken place and the reasons thereof	N.A.
(iv)	Expenditure incurred on Research and Development	Due to the nature of its business, the Company need not to initiate specific research and development activities, however Company supports all the pilot projects feasibility and commercialization along with PepsiCo.

(c) Foreign Exchange Earnings & Outgo

(₹ in Million)

Sl. No	Particulars	As at December 31, 2023	As at December 31, 2022
(i)	Earnings in Foreign Currency	2,586.62	2,297.96
(ii)	Expenditure in Foreign Currency	13,685.96	9,557.91

For and on behalf of the Board of Directors
For **Varun Beverages Limited**

Ravi Jaipuria
Chairman
DIN : 00003668

Date: February 5, 2024
Place: Gurugram

Corporate Governance Report

To comply with Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['SEBI (LODR) Regulations'], the report containing details of Corporate Governance of Varun Beverages Limited ('the Company'/ 'VBL') is as follows:

Company's Philosophy on Corporate Governance

Corporate Governance is creation and enhancing long term sustainable value for the stakeholders through ethically driven business process. At VBL, it is imperative that your Company affairs are being managed in a fair and transparent manner.

Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success and we remain committed towards maximizing stakeholders' value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all.

We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving. Our multiple initiatives towards maintaining the highest standards of governance are detailed hereinafter.

The Corporate Governance framework of the Company is based on the following broad practices:

(a) Engaging a diverse and highly professional, experienced and competent Board of Directors, with versatile expertise in industry, finance, management and law.

(b) Deploying well defined governance structures that establishes checks and balances and delegates decision making to appropriate levels in the organization.

(c) Adoption and implementation of fair, transparent and robust systems, processes, policies and procedures.

(d) Making high level of disclosures for dissemination of corporate, financial and operational information to all its stakeholders.

(e) Having strong systems and processes to ensure full and timely compliance with all legal and regulatory requirements and zero tolerance for non-compliance.

Best Corporate Governance practices

VBL maintains the highest standards of Corporate Governance. It is the Company's constant endeavour to adopt the best Corporate Governance practices keeping in view the international codes of Corporate Governance and practices of well-known global companies. Some of the best implemented global governance norms include the following:

- All securities related filings with Stock Exchanges and SEBI are reviewed by the Company's Board of Directors.
- The Company has following Board Committees: Audit, Risk Management and Ethics Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Allotment Committee, Investment and Borrowing Committee and Environment, Social and Governance Committee.
- The Company also undergoes Secretarial Audit conducted by an independent firm of Practicing Company Secretaries. The Secretarial Audit Report is placed before the Board and forms part of the Annual Report.
- Observance and adherence of all applicable Laws including Secretarial Standards issued by The Institute of Company Secretaries of India.

Governance Policies

At VBL, we strive to conduct our business and strengthen our relationship in a manner that is dignified, distinctive and responsible. We adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Therefore, we have adopted various codes and policies to carry out our duties in an ethical manner. Some of the codes and policies are as follows:

- Code of Conduct for Board of Directors and Senior Management;
- Code of Conduct for Prohibition of Insider Trading;
- Code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information;
- Policy on Related Party Transactions;
- Corporate Social Responsibility Policy;
- Policy for Determination of Material Subsidiary and Governance of Subsidiaries;

- Policy for Determination of Materiality of Events / Information;
- Remuneration Policy for Directors, Key Managerial Personnel, Members of Senior Management and other Employees of the Company;
- Familiarization Programme for Independent Directors;
- Vigil Mechanism/Whistle Blower Policy;
- Policy for Preservation of Documents;
- Policy on Diversity of the Board of Directors;
- Risk Management Policy;
- Dividend Distribution Policy;
- Archival Policy;
- Guidelines for Acquisition in India;
- Go Green Guidelines
- Anti-Bribery Policy;
- Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace;
- Policy on Incentives Linked to ESG Initiatives;
- Framework of Environment, Social and Governance (ESG); and
- Grievance Redressal Policy.

Board of Directors

As at December 31, 2023, 5 (Five) out of 9 (Nine) Directors on the Board were Independent Directors. At VBL, it is our belief that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board's actions and decisions are aligned with the Company's best interests. The Board critically evaluates the Company's strategic direction, management policies and their effectiveness.

Size and composition of the Board of Directors as at December 31, 2023 is given below:

Category	Name of Directors
Non-executive Chairman	Mr. Ravi Jaipuria*
Executive Vice Chairman & Whole-time Director	Mr. Varun Jaipuria*
Executive / Whole-time Directors	Mr. Raj Gandhi
	Mr. Rajinder Jeet Singh Bagga
Non-executive Independent Directors	Dr. Ravi Gupta
	Mr. Abhiram Seth
	Mr. Anil Kumar Sondhi
	Ms. Rashmi Dhariwal
	Ms. Sita Khosla

**Mr. Ravi Jaipuria and Mr. Varun Jaipuria are Promoters of the Company.*

Inter-se Relationship among Directors

Except Mr. Ravi Jaipuria and Mr. Varun Jaipuria, none of the Director is a relative of other Director(s). Mr. Varun Jaipuria, Executive Vice Chairman & Whole-time Director is son of Mr. Ravi Jaipuria, Non-executive Chairman of the Company.

Core Skills / Expertise / Competencies available with the Board

The Board comprises qualified Members who possess required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees.

The Matrix setting out the Skills, Expertise and Competencies available with the Board in context of business of the Company is as under:

Sl. No.	Name of Director	Leadership / Operations	Strategic Planning	Industry Experience, Technical, Research & Development and Innovation	Global Business	Finance & Legal	Corporate Governance, Compliance & Risk Management
1	Mr. Ravi Jaipuria	√	√	√	√	√	√
2	Mr. Varun Jaipuria	√	√	√	√	–	√
3	Mr. Raj Gandhi	√	√	√	√	√	√
4	Mr. Rajinder Jeet Singh Bagga	√	√	√	√	–	√
5	Dr. Ravi Gupta	√	√	–	–	√	√
6	Mr. Abhiram Seth	√	√	√	√	–	√
7	Mr. Anil Kumar Sondhi	√	√	√	–	–	√
8	Ms. Rashmi Dhariwal	√	√	–	–	√	√
9	Ms. Sita Khosla	√	√	–	–	√	√

Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field / profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee for appointment as an Independent Director on the Board. The Committee, *inter-alia*, considers criteria as prescribed under the Companies Act, 2013 ('the Act') and SEBI (LODR) Regulations viz. positive attributes, area of expertise, number of directorships and memberships held in various committees of other companies by such persons in accordance with the Company's Policy. The Board considers the Committee's recommendation and takes appropriate decision.

A statement in connection with fulfilling the criteria of Independence and directorships as required under the provisions of the Act and SEBI (LODR) Regulations received from each of Independent Director is disclosed in the Board's Report. Your Company had also issued formal appointment letters to all the Independent Directors in the manner provided under the Act. Terms and Conditions for appointment of Independent Directors are available on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/03/1-2.-Terms-of-IDs.pdf

In the opinion of the Board, the Independent Directors fulfill the conditions as specified in the Act and SEBI (LODR) Regulations and are Independent of the management.

Independent Directors' Induction and Familiarization

An appropriate induction programme for new Directors and ongoing training for existing Directors is a major contributor in maintaining the high Corporate Governance standards of the Company. The Whole-time Directors and the Company Secretary are jointly responsible for ensuring such induction and training programmes are given to the Directors. The management provides such information and training either at the meeting of Board of Directors or otherwise. The details of such familiarization programme for Independent Directors are posted on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/03/2-1.-Details-of-Familiariation-Programme-of-IDs.pdf

Board Evaluation

The Board of Directors of the Company ensures formation and monitoring of robust evaluation framework of the Individual Directors including Chairman of the Board, Board as a whole and various Committees thereof and carries out the evaluation of the Board, the Committees of the Board and Individual Directors, including the Chairman of the Board on an annual basis.

Board Evaluation for the Financial Year ended December 31, 2023 has been completed by the Company internally which included the evaluation of the performance of the Board as a whole, Board Committees and Directors individually including Chairman of the Board and results of the same were shared with the Board.

Internal Audit

As recommended by the Audit, Risk Management and Ethics Committee, the Board of Directors in their meeting held on February 6, 2023 appointed M/s. VGG & Co., Chartered Accountants as Internal Auditors of the Company for the Financial Year 2023 to conduct internal audit of the Company and their report on findings is submitted to the Audit, Risk Management and Ethics Committee on periodic basis.

Separate Meeting of Independent Directors

To comply with the provisions of Schedule IV of the Act read with Regulation 25 of SEBI (LODR) Regulations, the Independent Directors met once on November 6, 2023 during the Financial Year 2023, without the presence of Non-Independent Directors and members of the management team and *inter-alia* reviewed:

- The performance of Non-Independent Directors and the Board as a whole;
- The performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-executive Directors; and
- The quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to formal meetings, interactions also took place between the Chairman and Independent Directors.

Board Meetings, Board Committee Meetings and Procedure

Board is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies, their effectiveness and ensures that shareholders' long term interests are being served.

As on date of this report, the Board has 7 (Seven) Committees, namely Audit, Risk Management and Ethics Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Allotment Committee, Investment and Borrowing Committee and Environment, Social and Governance Committee.

The Company's internal guidelines for Board/Board Committee meetings facilitate the decision making process at its meetings in an informed and efficient manner.

Board/Committee Meetings

The Board meets at regular intervals to discuss and decide on Company / business policies and strategies apart from other regular business matters. The Board/ Committee Meetings are pre-scheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to all Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. The Board is updated on the discussions held at the Committee meetings and the recommendations made by various Committees.

Agenda of the Board/Committee Meetings is set by the Chief Risk Officer & Group Company Secretary in consultation with the Whole-time Director(s) and the Chairman of the Company. The agenda is generally circulated a week prior to the date of the meeting and includes detailed notes on items to be discussed at the meeting to enable the Directors to take an informed decision. However, in case of urgency, the agenda is circulated along with shorter notice as per the provisions of the Secretarial Standard on Meetings of the Board of Directors issued by the Institute of Company Secretaries of India. Usually meetings of the Board are held at Corporate Office of the Company at Gurugram.

Board meets at least once in a quarter to review *inter-alia* the quarterly results, compliances and performance of the Company. Additional meetings are held on need basis.

The Company also provides facility to the Directors to attend meetings of the Board and its Committees through Video/Tele Conferencing mode.

5 (Five) Board meetings were held during the Financial Year 2023 on February 6, 2023, May 2, 2023, August 3, 2023, November 6, 2023 and December 19, 2023. The gap between two Board meetings was within the limit prescribed under Section 173(1) of the Act and Regulation 17(2) of the SEBI (LODR) Regulations.

Board Business

The business of the Board *inter-alia* includes:

- Framing and overseeing progress of the Company's annual plan and operating framework.
- Framing strategies for direction of the Company and for corporate resource allocation.
- Reviewing financial plans of the Company.
- Reviewing the quarterly and annual financial results of the Company.
- Reviewing the Annual Report including Audited Annual Financial Statements for adoption by the Members.
- Reviewing progress of various functions and business of the Company.
- Reviewing the functioning of the Board and its Committees.
- Reviewing the functioning of subsidiary companies.
- Considering approving the declaration / recommendation of dividend.
- Reviewing and resolving fatal or serious accidents or dangerous occurrences, any material significant effluent or pollution problems or significant labour issues, if any.
- Reviewing the details of significant development in human resources and industrial relations front.
- Reviewing details of foreign exchange exposure and steps taken by the management to limit the risks of adverse exchange rate movement.
- Reviewing compliance with all relevant legislations and regulations and litigation status, including materiality, important show cause, demand, prosecution and penalty notices, if any.
- Advising on corporate restructuring such as merger, acquisition, joint venture or disposals, if any.
- Appointing Directors on the Board and Key Managerial Personnel, if any.
- Reviewing various policies of the Company and monitoring implementation thereof.
- Reviewing details of risk evaluation and internal controls.
- Reviewing reports on progress made on the ongoing projects.
- Monitoring and reviewing board evaluation framework.
- Review report(s) on Environment, Social and Governance.

Board Support

The Chief Risk Officer & Group Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. He is also responsible for preparation of Agenda in consultation with the Whole-time Director(s) and the Chairman of the Company and convening of Board and Committee Meetings. The Chief Risk Officer & Group Company Secretary attends all the meetings of the Board and its Committees, advises and assures the Board on Compliance and Governance principles.

Recording of Minutes of proceedings of Board and Committee meetings

The Chief Risk Officer & Group Company Secretary ensures appropriate recording of minutes of proceedings of each Board and Committee Meeting. The minutes are entered in the Minutes Book within 30 (Thirty) days from the date of conclusion of the meetings as per the Secretarial Standards issued by The Institute of Company Secretaries of India.

Post meeting follow-up mechanism

The guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for decisions taken by the Board and Committees thereof. Important decisions taken at Board/ Committee meetings are communicated promptly to the concerned departments/divisions. Action-taken report (if any) on decisions/minutes of the previous meeting(s) is placed at the succeeding meeting of the Board/ Committees for noting.

Attendance of Directors at Board Meetings & last Annual General Meeting (AGM), number of other Directorships and Chairmanships / Memberships of Committees and Shareholding of each Director in the Company:

Name and DIN	Designation & Category	Attendance in Financial Year 2023		Number of Directorships in other Companies$ as on December 31, 2023		Committee Membership and Chairmanship in other Companies# as on December 31, 2023		Shareholding in the Company as on December 31, 2023
		Board Meetings	AGM	Private	Public	Chairman ship	Member ship	
Mr. Ravi Jaipuria (00003668)	Promoter (Non-executive Chairman)	5/5	Yes	1	5	Nil	1	229,104,059
Mr. Varun Jaipuria (02465412)	Promoter, Executive Vice Chairman & Whole-time Director	5/5	Yes	3	2	Nil	Nil	208,343,948
Mr. Raj Gandhi (00003649)	Whole-time Director (Executive Director)	5/5	Yes	2	5	Nil	3	2,650,624
Mr. Rajinder Jeet Singh Bagga (08440479)	Whole-time Director (Executive Director)	4/5	Yes	1	Nil	Nil	Nil	583,874
Dr. Naresh Trehan (00012148)&	Non-executive & Independent Director	4/4	Yes	N.A.	N.A.	N.A.	N.A.	Nil
Dr. Ravi Gupta (00023487)	Non-executive & Independent Director	5/5	Yes	9	4	4	6	Nil
Mr. Pradeep Sardana (00682961)*	Non-executive & Independent Director	1/1	Yes	N.A.	N.A.	N.A.	N.A.	2,895
Ms. Rashmi Dhariwal (00337814)	Non-executive & Independent Director	5/5	Yes	4	5	1	5	Nil
Ms. Sita Khosla (01001803)	Non-executive & Independent Director	5/5	Yes	Nil	Nil	Nil	Nil	Nil
Mr. Abhiram Seth (00176144)@	Non-executive & Independent Director	4/4	N.A.	3	5	1	4	2,952
Mr. Anil Kumar Sondhi (00696535)@	Non-executive & Independent Director	4/4	N.A.	Nil	Nil	Nil	Nil	Nil

$ Does not include directorship in foreign companies but includes Directorship in subsidiary companies.

 # Includes only Audit Committee and Stakeholders' Relationship Committee in all public limited companies (whether listed or not) and excludes private limited companies, foreign companies and Section 8 companies.

& Ceased to be an Independent Director upon completion of second consecutive term with effect from November 30, 2023.

** Ceased to be an Independent Director upon completion of second consecutive term with effect from March 27, 2023.*

@ Appointed as Independent Directors with effect from May 2, 2023.

Note: Video/Tele-conferencing facility is offered to facilitate Directors to participate in the meetings.

Pursuant to Part C of Schedule V of the SEBI (LODR) Regulations, details of Directorship in other listed entity and category of Directorship as on December 31, 2023, are mentioned below:

Sl. No.	Name of Director	Company	Category of Directorship
1	Mr. Ravi Jaipuria	Devyani International Limited	Non-executive Non-Independent Director
		Global Health Limited	Non-executive Non-Independent Director
2	Mr. Varun Jaipuria	Devyani International Limited	Non-executive Non-Independent Director
3	Mr. Raj Gandhi	Devyani International Limited	Non-executive Non-Independent Director
4	Dr. Ravi Gupta	Devyani International Limited	Non-executive & Independent Director
		Global Health Limited	Non-executive & Independent Director
5	Ms. Rashmi Dhariwal	Devyani International Limited	Non-executive & Independent Director
		Vindhya Telelinks Limited	Non-executive & Independent Director
6	Mr. Abhiram Seth	Ion Exchange (India) Limited	Non-executive & Independent Director
		LT Foods Limited	Non-executive & Independent Director

Committees of the Board

The Board Committees play a vital role in strengthening the Corporate Governance practices. The Board Committees are set up under formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board as a part of good governance practice. The Board supervise the execution of responsibilities by the Committee. Minutes of the proceedings of all the Committee meetings are circulated to the Board to take note of the same. The Board Committees may request special invitees to join the meeting, as appropriate.

As required under Schedule V (Annual Report) of the SEBI (LODR) Regulations, mandatory disclosure(s) related to the Audit, Risk Management and Ethics Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee are as follows:

(i) Audit, Risk Management and Ethics Committee

The terms of reference and composition of the Audit, Risk Management and Ethics Committee satisfy the requirements of Section 177 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulations 18 and 21 of the SEBI (LODR) Regulations.

The brief terms of reference of Audit, Risk Management and Ethics Committee are as under:

- Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible.
- Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company and approval of payment for any other services rendered by the statutory auditors of the Company.
- Reviewing with the Management the quarterly/ annual results and annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, *inter-alia*, include reviewing changes in the accounting policies and reasons for the same, major accounting entries involving estimates based on exercise of judgement by Management, significant adjustments made in the financial statements.
- Review the Management's Discussion and Analysis of financial condition and results of operations.
- Scrutiny of inter-corporate loans and investments.
- Evaluation of internal financial controls and risk management systems.
- Reviewing the functioning of the whistle blower/ vigil mechanism.
- Formulate a detailed risk management policy which shall include:
  - Framework for identification of internal and external risks.
  - Measures for risk mitigation including systems and processes for internal control of identified risks.
  - Business continuity plan.
- Evaluate and review the risk management plan, the risk management system, including risk policy, risk process (risk identification, assessment, mitigation and monitoring), cyber security processes and risk registers laid down by the Management.
- Recommendation for appointment, removal and terms of remuneration of the Chief Risk Officer.

The Audit, Risk Management and Ethics Committee met 4 (Four) times during the Financial Year 2023 on February 6, 2023, May 2, 2023, August 3, 2023 and November 6, 2023.

Composition of the Committee and attendance of the Members at the meetings held during the Financial Year 2023:

Sl. No.	Name	Category	Designation	No. of Meetings Attended
1	Dr. Ravi Gupta	Independent Director	Chairman	4/4
2	Ms. Rashmi Dhariwal	Independent Director	Member	4/4
3	Ms. Sita Khosla	Independent Director	Member	4/4

Note: Video/Tele-conferencing facility is offered to facilitate Directors to participate in the meetings.

The Chief Risk Officer & Group Company Secretary acts as Secretary to the Committee.

The Chairman of the Audit, Risk Management and Ethics Committee was present at the last AGM held on March 27, 2023.

(ii) Stakeholders' Relationship Committee

The terms of reference and composition of the Stakeholders' Relationship Committee satisfy the requirements of Section 178 of the Act and Regulation 20 of SEBI (LODR) Regulations.

The brief terms of reference of Stakeholders' Relationship Committee are to consider and resolve the grievances of security holders of the Company including but not limited to complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends and review of services rendered by the Registrar and Share Transfer Agent.

Composition of the Committee during the Financial Year 2023:

Sl. No.	Name	Category	Designation
1	Ms. Sita Khosla	Independent Director	Chairperson
2	Ms. Rashmi Dhariwal	Independent Director	Member
3	Mr. Raj Gandhi	Executive Director	Member

Note: Video/Tele-conferencing facility is offered to facilitate Directors to participate in the meetings.

The Chief Risk Officer & Group Company Secretary acts as Secretary to the Committee and also designated as a Compliance Officer of the Company.

The Chairperson of the Stakeholders' Relationship Committee was present at the last AGM held on March 27, 2023.

Investor Grievances / Complaints

The details of the Investor Complaints received and resolved during the Financial Year ended December 31, 2023 are as follows:

Opening Balance	No. of complaints received	No. of complaints resolved	No. of complaints not solved to the satisfaction of shareholders	No. of complaints pending
0	3	3	0	0

To enable investors to share their grievance or concern, Company has set up a dedicated e-mail ID complianceofficer@rjcorp.in.

(iii) Nomination and Remuneration Committee

The terms of reference and composition of the Nomination and Remuneration Committee satisfy the requirements of Section 178 of the Act and Regulation 19 of SEBI (LODR) Regulations and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

The brief terms of reference of Nomination and Remuneration Committee are as under:

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees and for evaluation of the performance of independent directors and the Board of Directors;
- Devising a policy on diversity of the Board of Directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board of Directors their appointment and removal, and specify the manner for effective evaluation of performance of Board, its committees and individual Directors and review its implementation and compliance;
- Determine whether to extend or continue the term of appointment of the independent directors on the basis of the report of performance evaluation of independent directors; and
- Framing suitable policies and systems to ensure that there is no violation by an employee as well as by the Company of any applicable laws in India or overseas, including:

(i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

(ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

The Nomination and Remuneration Committee met 6 (Six) times during the Financial Year 2023 on February 6, 2023, March 27, 2023, May 2, 2023, June 16, 2023, August 3, 2023 and November 6, 2023.

Composition of the Committee and attendance of the Members at the meetings held during the Financial Year 2023:

Sl. No.	Name	Category	Designation	No. of Meetings Attended
1	Ms. Rashmi Dhariwal	Independent Director	Chairperson	5/6
2	Dr. Ravi Gupta	Independent Director	Member	6/6
3	Mr. Ravi Jaipuria	Non-executive Chairman	Member	5/6

Note: Video/Tele-conferencing facility is offered to facilitate Directors to participate in the meetings.

The Chief Risk Officer & Group Company Secretary acts as Secretary to the Committee.

The Chairperson of the Nomination and Remuneration Committee was present at the last AGM held on March 27, 2023.

Performance evaluation criteria for Directors

The Remuneration Policy of the Company lays down the criteria of appointment and remuneration of Directors/Key Managerial Personnel including criteria for determining qualification, positive attributes, independence of Directors, criteria for performance evaluation of Executive and Non-executive Directors (including Independent Directors) and other matters as prescribed under the provisions of the Act and the SEBI (LODR) Regulations. An indicative list of factors that may be evaluated including but not limited to participation and contribution by a Director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgement.

Remuneration of Directors

Details of remuneration paid to Directors of the Company for the Financial Year ended December 31, 2023, are as follows:

(₹ in million)

Sl. No.	Name	Sitting Fee	Salary	Perquisite	Bonus/Incentive	Total
1	Mr. Varun Jaipuria	-	54.02	0.04	-	54.06
2	Mr. Raj Gandhi	-	51.45	3.00	11.00	65.45
3	Mr. Rajinder Jeet Singh Bagga	-	57.66	3.14	-	60.80
4	Dr. Ravi Gupta	1.40	-	-	-	1.40
5	Mr. Pradeep Sardana*	0.10	-	-	-	0.10
6	Ms. Rashmi Dhariwal	1.80	-	-	-	1.80
7	Ms. Sita Khosla	1.00	-	-	-	1.00
8	Mr. Abhiram Seth#	0.40	-	-	-	0.40
9	Mr. Anil Kumar Sondhi#	0.40	-	-	-	0.40

** Ceased to be an Independent Director upon completion of second consecutive term with effect from March 27, 2023.*

 # Appointed as Independent Directors with effect from May 2, 2023.

The details of specific service contracts, notice period and severance fees etc. are governed by the appointment letter issued to respective Director at the time of his/her appointment/re-appointment.

During the Financial Year 2023, no loans and advances in the nature of loans to firms/companies in which directors are interested was given by the Company and its subsidiaries.

Criteria of making payments to Non-executive Directors including all pecuniary relationship or transactions of Non-executive Directors

The Independent Directors are not paid any remuneration other than the sitting fee for attending meetings of the Board and the Committees thereof as approved by the Board.

There has been no pecuniary relationship or transactions of the Non-executive Directors vis-à-vis the Company during the year except the sitting fee paid to them as detailed above.

Prohibition of Insider Trading

To comply with the provisions of Regulation 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for Prohibition of Insider Trading and the same is uploaded on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/03/15-Code-under-Insider-Trading-Clean-Final.pdf

Vigil Mechanism / Whistle Blower Policy

To comply with the provisions of Section 177 of the Act and Regulation 22 of SEBI (LODR) Regulations, the Company has adopted a Vigil Mechanism / Whistle Blower Policy for Directors and Employees of the Company. Under the Vigil Mechanism Policy, the protected disclosures can be made by a victim through an e-mail or a letter to the Chief Risk Officer & Group Company Secretary ('Vigilance Officer') or to the Chairperson of the Audit, Risk Management and Ethics Committee.

The Policy provides for adequate safeguards against victimization of Directors and Employees who avail of the vigil mechanism and also provides a direct access to the Vigilance Officer or the Chairperson of the Audit, Risk Management and Ethics Committee, in exceptional cases. No personnel of the Company has been denied access to the Audit, Risk Management and Ethics Committee.

The main objective of this policy is to provide a platform to Directors and Employees to raise concerns regarding any irregularity, misconduct or unethical matters/ dealings within the Company, which may have a negative bearing on the organization either financially or otherwise.

This policy provides an additional channel to the normal management hierarchy for employees to raise concerns about any breach of the Company's values or instances of violations of the Company's Code of Conduct. Therefore, it is in line with the Company's commitment to open communication and to highlight any such matters which may not be getting addressed in a proper manner. During the year under review, no complaint was received under the Whistle Blower Policy.

Compliance with the Code of Conduct

To comply with the provisions of Regulation 17(5) of SEBI (LODR) Regulations, the Company has adopted "Code of Conduct for Board of Directors and Senior Management" ('Code'). Code is available on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/03/19-Code-Of-Conduct-For-Board-Of-Directors-and-Senior-Management-Revised.pdf

On the basis of declarations received from Board Members and Senior Management Personnel, the Executive Vice Chairman & Whole-time Director has given a declaration that the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code during the Financial Year 2023. A copy of such declaration is also attached with this report.

General Body Meetings

Annual General Meeting

The Annual General Meetings ('AGM') of the Company during the preceding three years were held at the following venue, date and time, wherein the following special resolutions were passed:

AGM	Financial Year	Day, Date & Time	Venue/Mode	Brief description of Special Resolutions
28th	2022	Monday, March 27, 2023 at 11:00 a.m.	Registered Office Through Video Conferencing / Other Audio Visual Means facility	• Re-appointment of Ms. Sita Khosla (DIN: 01001803) as an Independent Director of the Company for a second term • Re-appointment of Dr. Ravi Gupta (DIN: 00023487) as an Independent Director of the Company for a second term • Re-appointment of Ms. Rashmi Dhariwal (DIN: 00337814) as an Independent Director of the Company for a second term
27th	2021	Thursday, April 7, 2022 at 11:00 a.m.	Registered Office Through Video Conferencing / Other Audio Visual Means facility	• Payment of profit related commission to Non-executive Directors of the Company • Amendments in the 'Employees Stock Option Scheme 2016' of the Company • Grant of stock options to the employees of holding, subsidiary, group or associate company(ies) of the Company under the 'Employees Stock Option Scheme 2016'
26th	2020	Wednesday, April 7, 2021 at 11:00 a.m.	Registered Office Through Video Conferencing / Other Audio Visual Means Facility	• Continuation of directorship of Dr. Naresh Trehan (DIN: 00012148) as Non-executive Independent Director • Payment of profit related commission to Non-executive Directors of the Company

Extra-ordinary General Meeting

Apart from the Annual General Meeting, no other General Meeting was held during the Financial Year 2023.

Postal Ballot

No special resolution is proposed to be conducted through postal ballot.

During the year under review, pursuant to Regulation 44 of SEBI (LODR) Regulations and Sections 108, 110 and other applicable provisions of the Act read with Rules made thereunder, Members of the Company approved following matters by way of postal ballot dated May 2, 2023:

Sl. No.	Type of Resolution	Brief description of Resolutions
1	Ordinary Resolution	Sub-division/split of equity shares of the Company
2	Ordinary Resolution	Alteration of Capital Clause of the Memorandum of Association of the Company
3	Special Resolution	Appointment of Mr. Abhiram Seth (DIN: 00176144) as an Independent Director of the Company
4	Special Resolution	Appointment of Mr. Anil Kumar Sondhi (DIN: 00696535) as an Independent Director of the Company

Procedure followed for postal ballot

1. In compliance with Regulation 44 of the SEBI (LODR) Regulations and Sections 108, 110 and other applicable provisions of the Act read with the Rules made thereunder and General Circulars issued by Ministry of Corporate Affairs, the postal ballot notice dated May 2, 2023 was dispatched on Wednesday, May 3, 2023 containing draft resolution together with the explanatory statement and remote e-voting instructions through electronic mode to all those Members whose e-mail address were registered with the Company/Registrar and Share Transfer Agent ("RTA") or Depository/Depository Participants and whose names appeared in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on Friday, April 28, 2023. The Company also published notice in the newspapers declaring details of completion of dispatch on Thursday, May 4, 2023 as mandated under the Act and applicable rules.

2. Members were requested to cast their vote only through remote e-voting facility provided by National Securities Depository Limited ("NSDL") between Thursday, May 4, 2023 (9:00 A.M. IST) and Friday, June 2, 2023 (5.00 P.M. IST) (both days inclusive) on the draft resolutions mentioned in the postal ballot notice.

3. The Scrutinizer, Mr. Kapil Dev Taneja, Partner of M/s. Sanjay Grover & Associates, Company Secretaries, New Delhi submitted his report on June 3, 2023, after completion of the scrutiny.

4. The results of the postal ballot were announced by Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary on June 3, 2023. The last date of remote e-voting i.e. Friday, June 2, 2023, was taken as the date of passing the resolutions.

5. The result of the postal ballot along with the scrutinizer's report was displayed at the registered office of the Company, hosted at the Company's website at www.varunbeverages.com and on the website of NSDL at https://www.evoting.nsdl.com and was also communicated to the Stock Exchanges.

6. The consolidated summary of the result is as under:

Item	Net Valid Votes Cast (No. of Equity Shares)	Votes in favour of the Resolution (No. of Equity Shares and % of Net Valid Votes)	Votes against the Resolution (No. of Equity Shares and % of Net Valid Votes)
Ordinary Resolution for Sub-division/ split of equity shares of the Company	58,24,06,962	58,24,05,250 (99.9997%)	1,712 (0.0003%)
Ordinary Resolution for alteration of Capital Clause of the Memorandum of Association of the Company	58,24,05,251	58,24,03,304 (99.9997%)	1,947 (0.0003%)
Special Resolution for appointment of Mr. Abhiram Seth (DIN:00176144) as an Independent Director of the Company	58,23,21,673	58,18,42,774 (99.9178%)	4,78,899 (0.0822%)
Special Resolution for appointment of Mr. Anil Kumar Sondhi (DIN:00696535) as an Independent Director of the Company	58,23,22,732	58,18,41,096 (99.9173%)	4,81,636 (0.0827%)

Means of Communication

Information like Quarterly / Half Yearly / Annual Financial Results and press releases / presentations on significant developments in the Company that have been made available from time to time have been submitted with the Stock Exchanges to enable them to put on their websites and communicate the Members. The same is also made available to Institutional Investors or to the Analysts (if any) and are also hosted on the Company's website at https://varunbeverages.com.

The Quarterly / Half Yearly / Annual Financial Results are published in English and Hindi language newspapers normally in Economic Time and Jansatta, respectively. Moreover, a report on Management Discussion & Analysis as well as Business Responsibility and Sustainability Report also forms part of the Annual Report. The Company is disseminating all reports / information including Quarterly Financial Results, Shareholding Pattern and Corporate Governance Report etc., electronically on NSE website viz. www.nseindia.com and on BSE website viz. www.bseindia.com.

General Shareholders Information

A) Annual General Meeting

Date: April 3, 2024 (Wednesday)

Time: 11:00 a.m. (IST)

Venue/Mode: Through Video Conferencing / Other Audio Visual Means facility

B) Financial Year

The Financial Year of the Company starts from January 1 and ends on December 31 every year.

C) Financial Calendar 2024 (tentative)

First Quarter Results	:	On or before May 15, 2024
Second Quarter Results	:	On or before August 14, 2024
Third Quarter Results	:	On or before November 14, 2024
Audited Annual Results for the year ending on December 31, 2024	:	On or before March 1, 2025
Annual Book Closure	:	March 27, 2024 to April 3, 2024 (both days inclusive)

D) Dividend and its Payment

The Shareholders of the Company at their Annual General Meeting held on March 27, 2023 approved Final dividend of ₹ 1.00 per Equity Share (face value of ₹ 10/- per Equity Share) for the Financial Year 2022 to the eligible equity shareholders of the Company.

During the year under review, the Board of Directors in their meeting held on August 3, 2023 declared an interim dividend of ₹ 1.25 per Equity Share (face value of ₹ 5/- per Equity Share) to the eligible equity shareholders of the Company. Further, the Board of Directors have also recommended a final dividend of ₹ 1.25/- per Equity Share (face value of ₹ 5/- per Equity Share) for the Financial Year 2023. Total cash outflow for dividend payout would be ~₹ 3,248.07 million for the Financial Year 2023.

The Company has transferred the unpaid/unclaimed Dividend (Interim & Final) to the Unclaimed Dividend Account – Varun Beverages Limited and the details of previous unpaid and unclaimed dividend amount lying in the said Accounts are uploaded on website of the Company at https://varunbeverages.com/corporate-governance/

E) Listing of Shares on Stock Exchanges and Stock Code

Sl. No.	Name and Address of the Stock Exchange	Stock code
1.	National Stock Exchange of India Limited, Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	VBL
2.	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	540180

Annual listing fee for the Financial Year 2023-24 has been paid to the National Stock Exchange of India Limited and BSE Limited.

F) Listing of Debt Instruments on Stock Exchanges and Codes: N.A.

G) **Market Price Data for the period January 1, 2023 to December 31, 2023**

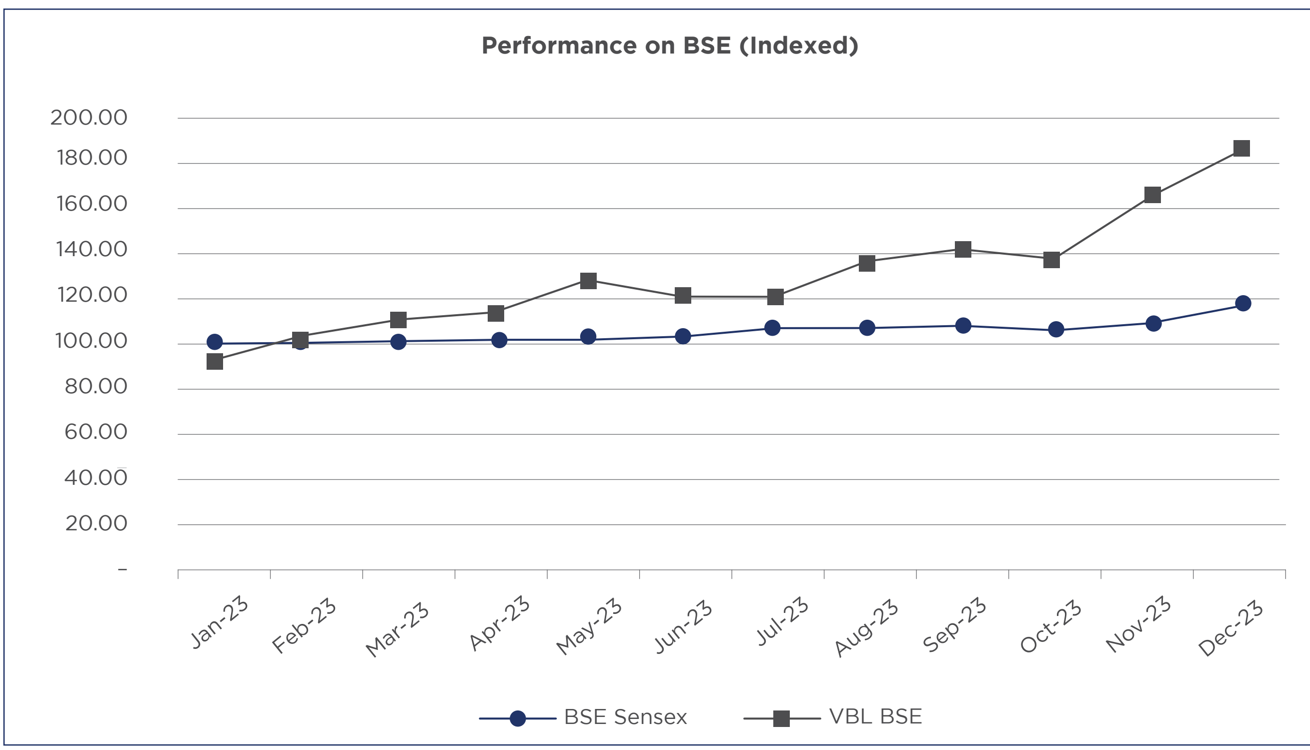
Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
Jan-23	1,356.25	1,122.15	1,271,183	1,357.50	1,122.65	30,368,665
Feb-23	1,351.00	1,100.00	1,698,700	1,351.00	1,100.00	32,295,974
Mar-23	1,394.70	1,266.60	1,269,293	1,394.95	1,266.85	28,365,173
Apr-23	1,473.85	1,375.00	5,116,673	1,474.00	1375.00	29,737,785
May-23	1,747.15	1,400.00	2,147,239	1,747.00	1,400.00	31,956,758
Jun-23	1,740.65	754.35	2,535,668	1,740.55	755.00	44,496,182
Jul-23	848.70	785.00	1,580,216	849.00	784.90	35,396,038
Aug-23	934.50	799.40	10,391,495	934.65	798.95	44,287,520
Sep-23	979.15	891.20	1,211,158	979.00	891.80	31,072,224
Oct-23	950.50	828.20	1,620,880	951.00	828.15	42,581,205
Nov-23	1,130.15	911.00	1,831,904	1,129.70	911.20	43,045,289
Dec-23	1,380.45	1,055.40	2,695,486	1,380.00	1,055.50	50,331,966

Note: Share prices after June 15, 2023 (i.e. ex-Split date) reflects the impact of Stock Split i.e. 1 (One) equity share having face value of ₹ 10/- (Rupees Ten only) each fully paid-up, was sub-divided/split into 2 (Two) equity shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up, on June 16, 2023.

Performance in comparison to broad - based indices

Performance on BSE

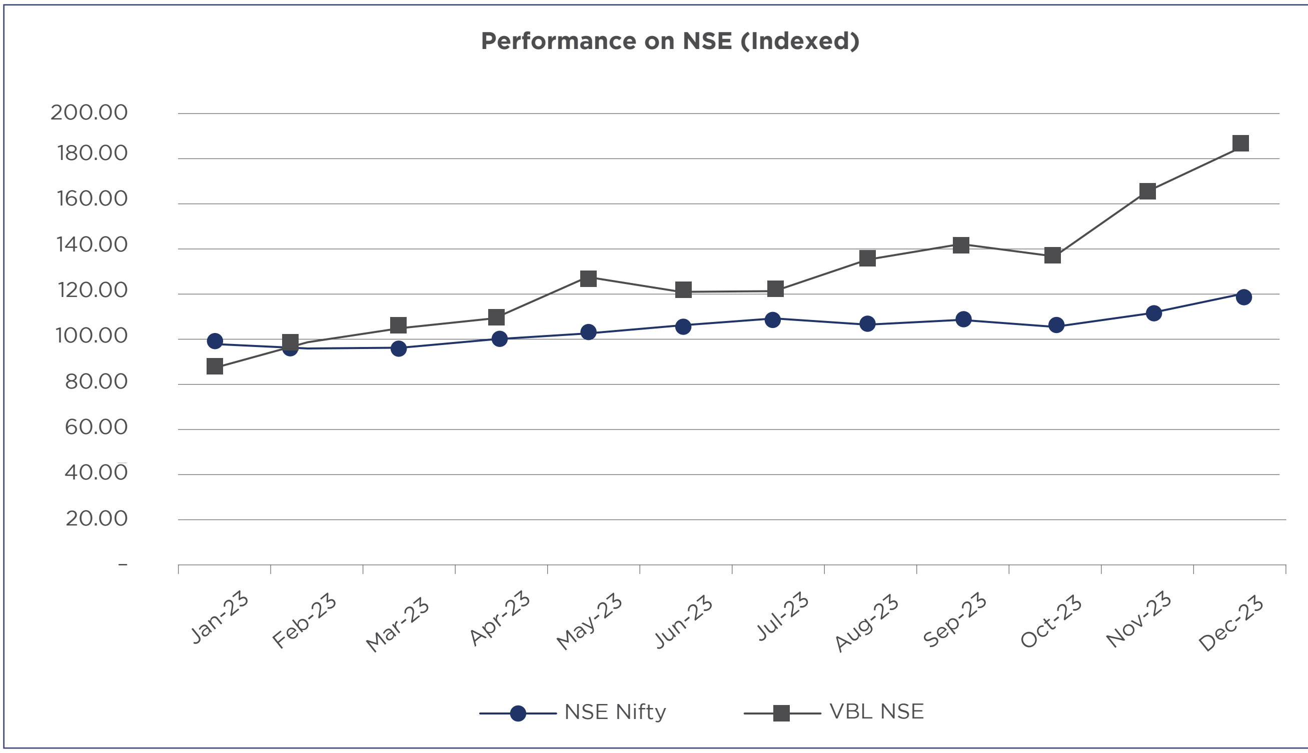
Comparison of share price of VBL with BSE Sensex.



	Jan'23	Feb'23	Mar'23	Apr'23	May'23	Jun'23	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23	Dec'23
VBL BSE	86.79	98.51	104.90	109.17	128.06	121.06	121.63	136.07	143.08	137.55	167.16	187.00
BSE Sensex	97.88	96.91	96.96	100.45	102.93	106.37	109.35	106.56	108.20	104.99	110.10	118.74

Performance on NSE

Comparison of share price of VBL with NSE Nifty.



	Jan'23	Feb'23	Mar'23	Apr'23	May'23	Jun'23	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23	Dec'23
VBL NSE	86.67	98.35	104.87	109.27	128.12	121.36	121.64	136.03	143.01	137.43	167.10	187.05
NSE Nifty	97.55	95.57	95.88	99.78	102.37	105.99	109.11	106.34	108.47	105.38	111.20	120.03

H) Registrar and Share Transfer Agent

All the work relating to the shares held in physical form as well as the shares held in the electronic (demat) form is being done by KFin Technologies Limited, whose details are given below:

KFin Technologies Limited
Selenium Building, Tower-B, Plot Nos. 31 & 32,
Financial District, Nanakramguda, Serilingampally,
Hyderabad - 500 032
Telangana, India
Toll Free No. : 1800 309 4001
Email: einward.ris@kfintech.com
Website: www.kfintech.com
SEBI Registration No.: INR000000221
CIN: L72400TG2017PLC117649

I) Share Transfer System

As on December 31, 2023, 1,299,208,178 (One Billion Two Hundred Ninety Nine Million Two Hundred Eight Thousand One Hundred Seventy Eight) equity shares of the Company were in dematerialized form and 6,798 (Six Thousand Seven Hundred Ninety Eight) equity shares were in physical form.

Transfer of Equity Shares in dematerialized form are done through depositories with no involvement of the Company. In terms of SEBI (LODR) Regulations, securities of listed companies can only be transferred in dematerialized form including where the claim is lodged for transmission or transposition of shares. Company obtains a yearly certificate from a Company Secretary in Practice as required under Regulation 40(9) of SEBI (LODR) Regulations and files copy of the said certificate with the Stock Exchanges.

Accordingly, to avail benefits of dematerialization, Members are advised to dematerialize the shares held by them in physical form.

J) Distribution of Shareholding (as on December 31, 2023)

(Nominal Value ₹ 5 per share)

Shareholding	No. of Shareholders	Percentage	Amount (₹)	Percentage
1 – 5000	450,733	99.45	200,968,640	3.09
5001 – 10000	842	0.19	29,323,700	0.45
10001 - 20000	464	0.10	32,803,860	0.51
20001 - 30000	169	0.04	21,120,845	0.33
30001 – 40000	113	0.02	19,905,870	0.31
40001 - 50000	90	0.02	20,352,160	0.31
50001 - 100000	216	0.05	79,284,555	1.22
100001 & Above	577	0.13	6,092,315,250	93.78
Total	**453,204**	**100.00**	**6,496,074,880**	**100.00**

K) Categories of Shareholders (as on December 31, 2023)

Sl. No.	Description	No. of Equity Shares	Percentage
1	Alternative Investment Fund	2,390,019	0.18
2	Body Corporates	16,875,146	1.30
3	Banks	258	0.00
4	Clearing Members	16,883	0.00
5	Directors and their Relatives (Other than Promoter Director)	3,237,390	0.25
6	Employees	1,145,891	0.09
7	Foreign Institutional Investors	126,660	0.01
8	Foreign Portfolio Investors – Corporates	345,149,727	26.57
9	HUF	1,639,893	0.13
10	Mutual Funds	29,980,488	2.31
11	NBFC	16,010	0.00
12	Non Resident Indians	2,620,754	0.20
13	Non Resident Indian Non Repatriable	2,117,691	0.16
14	Promoter Group	32,497,490	2.50
15	Promoter (Company)	349,750,824	26.92
16	Promoter (Individuals)	437,448,007	33.67
17	Qualified Institutional Buyer	14,190,072	1.09
18	Resident Individuals	6,000,1942	4.62
19	Trusts	9,831	0.00
	Total	**1,299,214,976**	**100.00**

L) Dematerialization of Shares and Liquidity

As on December 31, 2023, 99.99% of the total paid-up equity shares were held in dematerialized form. The Company's shares are actively traded on the stock exchanges.

The Company does not have any GDR's/ADR's/ Warrants or any Convertible instruments having any impact on equity.

M) Commodity price risk or foreign exchange risk and hedging activities

The details for the same have been provided in the Notes to Financial Statements of the Company for the Financial Year 2023.

N) Credit Rating

During the year under review, your Company's credit rating by CRISIL is as below:

Long Term Rating	CRISIL AA+/Stable (Re-affirmed)
Short Term Rating	CRISIL A1+ (Re-affirmed)

O) Plant locations

The Plant locations have been provided at page no. 13 of the Annual Report.

P) Reconciliation of Share Capital Audit

The Reconciliation of Share Capital Audit is conducted by a Company Secretary in practice to reconcile the total admitted capital with National Securities Depository Limited and Central Depository

Services (India) Limited ('Depositories') and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with Depositories) and that the requests for dematerialization of shares are processed by the Registrar and Share Transfer Agent within statutory period and uploaded with the concerned depositories.

Q) Compliances under SEBI (LODR) Regulations

The Company is regularly complying with the SEBI (LODR) Regulations as stipulated therein. Information, reports, certificates and returns as required under the provisions of SEBI (LODR) Regulations are sent to the stock exchanges within the prescribed time.

R) Certification under Regulation 17(8) of SEBI (LODR) Regulations

To comply with Regulation 17(8) of SEBI (LODR) Regulations, the Whole-time Director and the Chief Financial Officer (CFO) of the Company have given Compliance Certificate stating therein matters prescribed under Part B of Schedule II of the said Regulations which forms part of this Corporate Governance Report.

To comply with Regulation 33(2)(a) of SEBI (LODR) Regulations, while placing the Quarterly Financial Results before the Board of Directors, the Whole-time Director and CFO certifies that the Financial Results do not contain any false or misleading statement or figures or do not omit any material fact which may make the statements or figures contained therein misleading.

S) Certificate from Company Secretary in Practice regarding Non-disqualification of Directors

None of the Directors on the Board of the Company have been debarred or disqualified from appointment or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority, as stipulated under Regulation 34 of the SEBI (LODR) Regulations and certificate in this respect received from an Independent Firm of Practising Company Secretaries is annexed.

T) Fees paid to the Statutory Auditors

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to Statutory Auditors of the Company and their other associated firms during the Financial Year ended December 31, 2023, is as follows:

(₹ in Million)

Particulars	M/s. J C Bhalla & Co.	M/s. O P Bagla & Co. LLP
Audit Fee	6.36	5.31*
Other Services	0.00	3.97#
Reimbursement of Expenses	0.23	0.00
Total	**6.59**	**9.28**

** includes ₹ 0.21 million paid by Lunarmech Technologies Private Limited, Subsidiary Company.*

 # excludes expenses of ₹ 0.23 million towards fee related to other matters, which has been capitalized in new projects

U) Information on Deviation from Accounting Standards, if any

No deviations from Indian Accounting Standards (Ind AS) in preparation of annual accounts for the Financial Year 2023.

V) Investor Correspondence

Mr. Ravi Batra
Chief Risk Officer & Group Company Secretary
Plot No. 31, Institutional Area, Sector - 44,
Gurugram - 122 002 (Haryana)
Tel: +91 124 4643100
Email: complianceofficer@rjcorp.in

W) Disclosure of Compliance with Corporate Governance requirements specified in Regulations 17 to 27 and Regulation 46 of SEBI (LODR) Regulations

The Company has complied with the applicable provisions of SEBI (LODR) Regulations including Regulations 17 to 27 and Regulation 46 of SEBI (LODR) Regulations.

The Company submits a quarterly compliance report on Corporate Governance signed by Compliance Officer to the Stock Exchanges within 21 (Twenty One) days from the close of every quarter. Such quarterly compliance reports on Corporate Governance are also posted on website of the Company.

Compliance of the conditions of Corporate Governance have also been audited by an Independent Firm of Practising Company Secretaries and after being satisfied of the above compliances, they have issued a compliance certificate in this respect. The said certificate is annexed with this report and the same will be forwarded to the Stock Exchanges along with the Annual Report of the Company.

X) Information of Senior Management

Details of Senior Management Personnel as on December 31, 2023 as defined under Regulation 16(1)(d) of SEBI (LODR) Regulations are as follows:

Sl. No.	Name	Designation
1	Mr. Varun Jaipuria	Executive Vice Chairman
2	Mr. Raj Gandhi	Whole-time Director
3	Mr. Rajinder Jeet Singh Bagga	Whole-time Director
4	Mr. Parag Prabhakar Paranjpe	Group Chief Human Resources Officer
5	Mr. Vivek Gupta	Executive Director (Non-Board Member)
6	Mr. Lalit Malik	Chief Financial Officer
7	Mr. Kamlesh Kumar Jain	Executive Director & COO (International) (Non-Board Member)
8	Mr. Ravi Batra	Chief Risk Officer & Group Company Secretary
9	Mr. Manmohan Rupal Paul	Chief Operating Officer (South Region)
10	Mr. Rishi Kumar Agarwal	Regional CFO
11	Mr. Deepak Sharma	Chief Operating Officer (North Region)
12	Mr. Sudin Kumar Gaunker	Chief Operating Officer
13	Mr. Pradeep Kumar Goyal	Regional CFO
14	Mr. Saurabh Agrawal	Chief Strategy Officer
15	Mr. Vikas Bhatia	Group - ESG Head
16	Mr. Sumit Luthra	Chief Operating Officer (West Region)
17	Mr. Rajesh Kumar	Technical Head
18	Ms. Devyani Kiran Khankhoje	President - Corporate Affairs
19	Mr. Kamal Karnatak	Senior Vice President
20	Mr. Ganesh Kumar Velu	Senior Vice President - MEM
21	Mr. Sanjay Mukherjee	Chief Supply Chain Officer
22	Ms. Meeru G Gupta	Head - Legal
23	Mr. Suresh Ramakrishnan Panicker	Senior Vice President & Head - Organized Trade
24	Mr. M J Faridi	Market Unit General Manager
25	Mr. Deepak Dabas	Senior Vice President – Investor Relations
26	Mr. Rajesh Chawla	Chief Financial Officer (India)
27	Mr. Rohit Vishal Gupta*	Chief Human Resources Officer
28	Mr. Vishwas Agarwal*	Chief Operating Officer - East & Central Region

**Appointed w.e.f. November 23, 2023*

Disclosures

(i) The Company has not entered into any material significant related party transaction which has potential conflict with the interests of the Company at large. The Board of Directors had approved a Policy on Related Party Transactions and the same is uploaded at https://varunbeverages.com/wp-content/uploads/2023/03/16-Policy-on-Related-Party-Transactions.pdf

(ii) The Company has complied with the requirements of Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets and there was no instance of non-compliance during the last three years and is compliant of all the applicable provisions of SEBI (LODR) Regulations.

(iii) Policy for Determination of Material Subsidiary and Governance of Subsidiaries can be accessed at https://varunbeverages.com/wp-content/uploads/2023/03/17-3.-Policy-on-Material-Subsidiary-VBL.pdf

Further, as on December 31, 2023, none of the subsidiary was a material subsidiary of the Company.

(iv) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 forms part of the Board's Report.

(v) Company does not have any share in the demat suspense account or unclaimed suspense account as on December 31, 2023.

Green Initiative

Pursuant to Sections 101 and 136 of the Act read with the Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014 and Regulation 36 of SEBI (LODR) Regulations, the Company can send Notice of Annual General Meeting, Financial Statements and other communication in electronic form.

Your Company is sending the Annual Report including the Notice of Annual General Meeting, Audited Financial Statements, Board's Report along with their annexure etc. for the Financial Year 2023 in electronic mode to the shareholders who have registered their e-mail addresses with the Company or their respective Depository Participants (DPs).

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in demat form can register their e-mail addresses with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with the Company / RTA, by sending a letter, duly signed by the first/sole holder quoting details of Folio Number.

For and on behalf of the Board of Directors
For **Varun Beverages Limited**

Date: February 5, 2024
Place: Gurugram

Ravi Jaipuria
Chairman
DIN: 00003668

CODE OF CONDUCT

This is to certify that the Company has laid down a Code of Conduct (the Code) for all Board Members and Senior Management Personnel of the Company and a copy of the Code is available on website of the Company viz. www.varunbeverages.com.

It is further confirmed that all the Directors and Senior Management have affirmed their compliance with the Code for the Financial Year ended December 31, 2023.

Varun Jaipuria
Executive Vice Chairman &
Whole-time Director
DIN: 02465412

Date: February 5, 2024
Place: Gurugram

CERTIFICATION UNDER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Board of Directors,
Varun Beverages Limited

We, Raj Gandhi, Whole-time Director and Lalit Malik, Chief Financial Officer of Varun Beverages Limited, pursuant to the requirement of Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and to the best of our knowledge and belief, hereby certify that:-

A) We have reviewed Financial Statements and the Cash Flow Statement for the Financial Year ended December 31, 2023 and that to the best of our knowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year ended December 31, 2023 which are fraudulent, illegal or violative of the Company's Code of Conduct.

C) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and that we have disclosed to the Auditors and the Audit, Risk Management and Ethics Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D) We have indicated to the Auditors and the Audit, Risk Management and Ethics Committee:

   (i) significant changes in internal control over financial reporting during the Financial Year ended December 31, 2023;

   (ii) significant changes in accounting policies during the said Financial Year and that the same have been disclosed in the notes to the Financial Statements; and

   (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date: February 5, 2024
Place: Gurugram

Raj Gandhi
Whole-time Director
DIN: 00003649

Lalit Malik
Chief Financial Officer

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) read with Clause (10)(i) of Para C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
Varun Beverages Limited
(CIN: L74899DL1995PLC069839)
F-2/7 Okhla Industrial Area Phase I,
New Delhi- 110020

1. The equity shares of Varun Beverages Limited ("the Company") are listed on BSE Limited and National Stock Exchange of India Limited.

2. We have examined the relevant disclosures received from the Directors of the Company and registers, records, forms and returns maintained by the Company and produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Clause 10(i) of Para C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. We have also done examination and verification of the disclosures under Sections 184/189, 164 and 149 of the Companies Act, 2013 (the Act) received from the Directors and Register of Directors and Key Managerial Personnel and their Shareholding under Section 170 of the Act and Director Identification Number (DIN) status of the Directors at MCA portal i.e. www.mca.gov.in. In our opinion and to the best of our knowledge and on the basis of information furnished to us by the Company and its officers, we certify that none of the below named Directors of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority as on December 31, 2023:

Sr. No.	Name of Director	DIN	Date of Appointment
1.	Mr. Ravi Jaipuria	00003668	16/06/1995
2.	Mr. Varun Jaipuria	02465412	01/01/2009
3.	Mr. Raj Gandhi	00003649	21/10/2004
4.	Mr. Rajinder Jeet Singh Bagga	08440479	02/05/2019
5.	Dr. Ravi Gupta	00023487	19/03/2018
6.	Ms. Rashmi Dhariwal	00337814	19/03/2018
7.	Ms. Sita Khosla	01001803	16/02/2018
8.	Mr. Abhiram Seth	00176144	02/05/2023
9.	Mr. Anil Kumar Sondhi	00696535	02/05/2023

4. Ensuring the eligibility of the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

5. This certificate is based on the information and records available as on December 31, 2023 and we have no responsibility to update this certificate for the events and circumstances occurring thereafter.

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No.: P2001DE052900
Peer Review Certificate No.: 4268/2023

Kapil Dev Taneja
Partner
CP No.:22944 /Mem. No. F4019
UDIN.: F004019E003372109

Place: New Delhi
Date: February 5, 2024

CORPORATE GOVERNANCE CERTIFICATE

To,
The Members
Varun Beverages Limited
(CIN: L74899DL1995PLC069839)
F-2/7, Okhla Industrial Area, Phase-I,
New Delhi - 110020

We have examined the compliance of conditions of Corporate Governance by **Varun Beverages Limited** ("the Company"), for the financial year ended on December 31, 2023 as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No.: P2001DE052900
Peer Review Certificate No.: 4268/2023

Kapil Dev Taneja
Partner
CP No.:22944 / Mem. No. F4019
UDIN.: F004019E003372230

Place: New Delhi
Date: February 5, 2024

Management Discussion & Analysis

Indian Economy

India demonstrated exceptional economic resilience in 2023, emerging as the world's fastest-growing major economy. With a growth rate of 6.3%, the country continues to attract investment underscored by its ability to offer large-scale operations to multinational corporations, a vast pool of skilled professionals, and its excellence in technological and innovative advancements. Despite global economic headwinds, inflation, and rising interest rates, India's economic performance was supported by strong domestic demand, substantial public infrastructure investment, and a strengthening financial sector.

As 2024 approaches, India is poised to maintain its position as the fastest-growing major economy. With a positive outlook for the future, the country's economic prospects remain bright, laying the groundwork for further acceleration in the coming years.

Source: IMF – World Economic Overview

Soft Drinks Market Overview & Outlook

In 2023, Indian soft drinks industry encountered a challenging yet progressive year. Following substantial growth in 2022 attributed to the resurgence of out-of-home consumption, the industry confronted unseasonal rains that disrupted sales during the critical summer season. Nevertheless, the sector adeptly adjusted to evolving consumer preferences and maintained a steady growth trajectory. This resilience was particularly evident in the energy drinks segment, which, after emerging as a growth category in 2022, continued its expansion through 2023.

The broader soft drinks market, encompassing carbonates, juices, and bottled water, also sustained growth during the year. Carbonates retained their position as the largest category in terms of volume as much as value, reflecting their enduring popularity among Indian consumers. Industry growth was fueled by expanding demographic profiles and burgeoning middle-class population. These demographic shifts, coupled with increase in disposable income, spurred higher demand. Urbanization played a pivotal role as well, with more individuals relocating to urban areas, leading to greater exposure to and demand for diverse soft drink options.

Moreover, the advancement of electrification and improved electricity supply, especially in rural areas, contributed significantly to the industry's growth. Enhanced infrastructure facilitated better cold storage and distribution capabilities, crucial for the beverage industry, and enabled broader market reach and product availability in under-penetrated markets. This amalgamation of infrastructural advancements and demographic shifts bodes well for the future prospects of India's dynamic and growing soft drinks industry.

Soft Drinks – Key Growth Drivers and Opportunities

The soft drinks market in India is poised for substantial growth, driven by several key factors:

Youthful Demographics and Economic Contribution: With a substantial portion of the population in the 15-64 age bracket, India's youthful demographic forms a considerable workforce fueling economic growth. The evolving dynamics of this young population, marked by increasing purchasing power, accelerated urbanization, and expanding rural market engagement, are expected to significantly boost soft drink consumption in the country.

Accelerated Urbanization and Rising Incomes: Predominance of the working-age group in over half of India's population is leading to an increase in disposable incomes and transformation in consumption patterns. Additionally, growing participation of women joining the workforce is contributing to higher household incomes, further enhancing consumer spending capacity.

Increased Household Spending: The last decade has witnessed a marked rise in average household expenditures. Indian consumers are spending majority of their discretionary incomes towards categories beyond basic necessities. Factors such as rising disposable income, evolving consumer preferences and a growing population are driving the demand for beverages.

Rural Advancements and Enhanced Electrification: The outlook for India's rural areas remains optimistic, supported by forecast of good monsoon and improved agricultural conditions. Enhanced electrification and better electricity supply in villages will further aid in the availability of cooling infrastructure in these regions, thereby promoting expansion of the industry.

Location: A large portion of the Indian population resides in regions with hot, dry, or moderate climates. This will significantly boost the consumption of soft drinks in coming years.

Innovative Products: Indian market has a large young population that has been driving the demand for new and unique flavors. Catering this trend, the industry is continuously focusing on expanding its product offerings and introducing innovative options, such as new and creative flavors and packaging solutions.

Business Overview – A Key Player in the Beverage Industry

VBL's Presence

Varun Beverages Limited ('VBL', or, 'the Company'), a significant player in India's beverage industry, operates across six countries. Three of these are situated in the Indian Subcontinent (India, Sri Lanka and Nepal), contributing to ~83% of net revenues. The remaining three countries are located in Africa (Morocco, Zambia, Zimbabwe), contributing to ~17% of net revenues in CY 2023.

Symbiotic Relationship with PepsiCo

The Company has maintained a strategic, mutually beneficial, and long-standing partnership with PepsiCo for over three decades, since the beverage giant entered the Indian market. VBL accounts for more than 90% of PepsiCo's beverage sales volume in India. Leveraging its extensive manufacturing infrastructure and well-established distribution channels, the Company is responsible for manufacturing, marketing, and distributing a range of PepsiCo-owned products. These include carbonated soft drinks, carbonated juice-based beverages, juice-based beverages, energy drinks, sports drinks, and packaged drinking water.

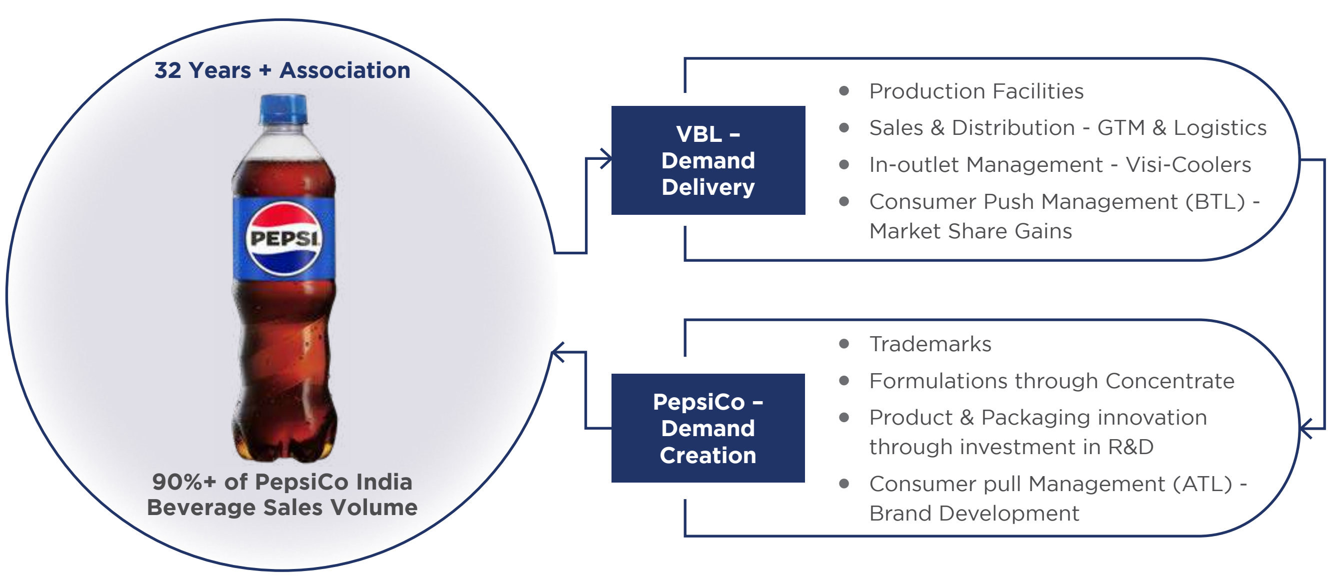
The various PepsiCo brands manufactured and distributed by VBL include Pepsi, Pepsi Black, Mountain Dew, Sting, Seven-Up, Mirinda, Seven-Up Nimbooz Masala Soda and Evervess. PepsiCo non-carbonated beverage (NCB) brands produced and sold by the Company include Slice, Tropicana Juices (100% and Delight), Seven-Up Nimbooz, Gatorade as well as packaged drinking water under the brand Aquafina.

The Company has built a strong sales team that collaborate closely with PepsiCo on local advertising and marketing campaigns. The Company has also been granted franchise rights for several PepsiCo products in India's 27 States and 7 Union Territories, as well as Nepal, Sri Lanka, Morocco, Zambia, and Zimbabwe.

Business Model

The Company manufactures and distributes a wide range of carbonated soft drinks (CSD), as well as a large selection of non-carbonated beverages (NCB), including packaged drinking water. It operates under a unique business model with end-to-end execution capabilities spanning from manufacturing, distribution and warehousing, to customer management, in-market execution, and managing cash flows for future growth. PepsiCo provides brands, concentrates, and ATL marketing support to VBL. In return, VBL assumes complete control over the manufacturing and supply chain processes, driving market share gains, enhancing cost efficiencies, and managing capital allocation strategies.

VBL boasts extensive experience in managing soft drink distribution, involving complex logistics and



product packaging. While business operations maintain similarities across all markets, each territory and sub-territory present unique operational challenges. These challenges vary from ensuring reliable electricity supply and refrigeration equipment to addressing logistics needs, as well as navigating demographics and general socioeconomic conditions in the respective market.

The Company has established a robust and well-entrenched distribution network covering urban, semi-urban and rural markets, catering to a diverse range of consumers. This strategically located distribution network aims to maximize market penetration across licensed sub-territories in India. Leveraging its strong production capabilities and distribution network, the Company effectively responds to competitive pressures, market demands and evolving consumer preferences across targeted territories.

As of December 31, 2023, the Company operates 39 state-of-the-art manufacturing facilities, with 33 located in India and 6 in international territories. Additionally, it boasts a robust supply chain, encompassing over 120 depots, a fleet of 2,500+ owned vehicles, 2,400+ primary distributors and over 1,000,000+ installed across various markets.

Over the years, VBL has expanded its operations in India both organically and in-organically. Through inorganic expansion, it has acquired additional territories from PepsiCo as well as previously franchised territories. With a dedicated and knowledgeable sales staff, the Company prioritizes driving growth and expanding market share across categories through various customer push strategies in licensed territories. These strategies include local-level promotions, in-store activations, customer relationship management, merchandizing, individual account management, and evaluation of high demand regions for strategic placement of PMX machines and visi-coolers.

VBL has also implemented several strategic initiatives aimed at enhancing operational excellence, such as backward integration of manufacturing processes and centralized raw material sourcing. Backward integration facilities for the production of preforms, crowns, plastic closures, corrugated boxes, corrugated pads, plastic crates and shrink-wrap films have been established in certain facilities to ensure operational efficiencies and maintain high-quality standards.

Key Business Developments – 2023

South Africa territory M&A opportunity

- The Company has entered into a binding agreement to acquire 100% stake in the business conducted by The Beverage Company (Proprietary) Limited, South Africa along with its wholly-owned subsidiaries ("BevCo"), with an option to accept minority co-investment from large equity fund, subject to regulatory and other approvals (if any) including but not limited to PepsiCo Inc. and Competition Commission South Africa.
- BevCo is engaged in manufacturing and distribution of licensed (PepsiCo Inc.) and own-branded non-alcoholic beverages in South Africa. It holds franchise rights from PepsiCo Inc. in South Africa, Lesotho and Eswatini. Additionally, it possesses distribution rights for Namibia and Botswana.
- BevCo's own brands account for ~85% of total sales volumes. These includes a popular energy drink – "Reboost" - and the other CSD brands such as "Refreshhh", "Coo-ee" and "Jive".
- The proposed transaction, at an Enterprise Level, is valued at ~ZAR 3 Billion (~₹ 13.20 Billion; 1 ZAR = ₹ 4.4). BevCo achieved net revenue of ZAR 3,615 Million (~₹ 15.90 Billion) in FY 2023.

Formation of New Subsidiary in Mozambique:

- Incorporation of a new subsidiary, 'VBL Mozambique, SA', in Mozambique, South Africa to engage in the distribution of beverages.

Acquisition of stake in Lunarmech Technologies Private Limited:

- On October 16, 2023, the Company acquired 5.03% shareholding in Lunarmech Technologies Private Limited for a purchase consideration of ₹100 Million. Following the acquisition, the Company now holds 60.07% of the effective equity share capital of Lunarmech Technologies Private Limited, which manufactures plastic closures for VBL.

Commencement of Commercial Production at 2 Greenfield facilities and Brownfield Expansion at 6 facilities:

- For CY 2023 season, the Company commissioned new production facilities at Bundi, Rajasthan and at Jabalpur, Madhya Pradesh, as well as expanded capacity at six existing locations namely Pathankot, Kosi, Bharuch, Tirunelveli, Begusarai and Guwahati.

Commencement of Commercial Production at Greenfield facility in CY 2024:

- Following the year ended December 31, 2023, the Company commenced commercial production, including backward integration, at its new greenfield production facility in Supa, Maharashtra.

Production of 100% rPET (recycled plastic) bottles for carbonated beverages:

- During the year, the Company introduced 100% recycled plastic (rPET) bottles for Pepsi Black in specific sub-territories. As a growth partner of PepsiCo, VBL takes immense pride in actively participating in this transformative initiative and collaborating to build a greener future for generations to come.

Credit Rating:

- In CY 2023, CRISIL (an S&P Global Company) reaffirmed the Company's long-term rating for bank loan facilities as CRISIL AA+/Stable.

Awards & Accolades:

- During the year, VBL received the esteemed recognition of PepsiCo's International Bottler of the Year 2022. This outstanding accomplishment further validates VBL's dedication to operational excellence, strong governance principles, and sustainability endeavors.

In addition, the Company received the following prestigious Awards in CY 2023 –

- PepsiCo's Best Bottler in the Africa-Middle East-South Asia region
- PepsiCo's 'Better' category award for our sustainability endeavors
- Business Excellence (Corporate Governance) of The Year 2022 award by Prime Time Research Media Pvt. Ltd.
- Best Corporate Governance Practices - Varun Beverages Limited award under Business Brand Awards

Split:

- During the year under review, the Company implemented a sub-division/split of existing Equity Shares. Each share, with a face value of ₹ 10/- (Rupees Ten only) fully paid-up, was split into 2 (Two) Equity Shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up.

Dividend Payout:

The Company's Board of Directors formalized a dividend strategy in line with good corporate governance practices with the company's listing in November 2016.

Salient Features –

- Endeavor to maintain a dividend payout in the range of 10-50% of annual profit after tax on standalone financials.
- Consider financial parameters like earnings outlook, future capex requirements, organic growth plans, capital restructuring, debt reduction, cash flows, etc.
- Consider external parameters like macro-economic environment, regulatory changes, technological changes, statutory and contractual restrictions, etc.
- For a detailed perspective, please refer to the Company's website at www.varunbeverages.com
- For CY 2023, in line with the guidelines of dividend policy, the Board of Directors recommended a total dividend of ₹ 2.50/- per share.

Financial Summary

P&L

Particulars (₹ in Million)	CY 2023	CY 2022	YoY (%)
1. Income			
(a) Revenue from operations	163,210.63	133,905.58	21.9%
(b) Excise duty	2,784.82	2,174.16	28.1%
Net Revenues	**160,425.81**	**131,731.42**	**21.8%**
(c) Other income	793.59	388.49	104.3%
2. Expenses			
(a) Cost of materials consumed	70,264.61	64,170.92	9.5%
(b) Purchase of stock-in-trade	4,626.96	1,885.71	145.4%
(c) Changes in inventories of FG, WIP and Stock-in-trade	(842.69)	(3,445.07)	75.5%
(d) Employee benefits expense	14,465.87	12,166.42	18.9%
(e) Finance costs	2,680.99	1,861.22	44.0%

Particulars (₹ in Million)	CY 2023	CY 2022	YoY (%)
(f) Depreciation, amortization and impairment expense	6,809.06	6,171.89	10.3%
(g) Other expenses	35,816.21	29,072.39	23.2%
Total Expenses	**133,821.01**	**111,883.48**	**19.6%**
EBITDA			
3. Profit before share of loss of associate and joint venture (1-2)	27,398.39	20,236.43	35.4%
4. Share of loss of associate and joint venture	(4.79)	(0.06)	NA
5. Profit before tax (3+4)	**27,393.60**	**20,236.37**	**35.4%**
6. Tax expense	6,375.47	4,735.23	34.6%
7. Net profit after tax (5-6)	**21,018.13**	**15,501.14**	**35.6%**

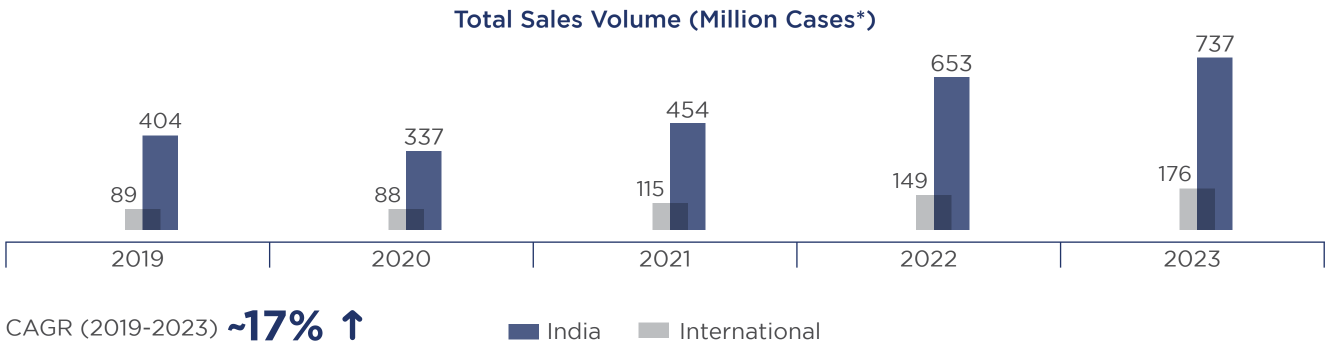
Balance Sheet

Particulars (₹ in Million)	31-Dec-23	31-Dec-22
Equity and liabilities		
Equity		
(a) Equity share capital	6,496.07	6,495.50
(b) Other equity	62,868.91	44,528.30
(c) Non-controlling interest	1,481.55	1,131.07
Total equity	**70,846.53**	**52,154.87**
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
i. Borrowings	31,889.38	17,270.22
ia. Lease liabilities	1,978.85	1,654.25
(b) Provisions	2,126.44	2,041.13
(c) Deferred tax liabilities (Net)	3,430.11	3,368.48
(d) Other non-current liabilities	68.40	5.94
Total non-current liabilities	**39,493.18**	**24,340.02**
Current liabilities		
(a) Financial liabilities		
i. Borrowings	20,054.49	19,677.90
ia. Lease liabilities	390.38	235.77
ii. Trade payables	7,582.48	8,242.61
iii. Other financial liabilities	7,638.39	5,593.90
(b) Other current liabilities	4,650.93	4,889.77
(c) Provisions	825.43	291.91
(d) Current tax liability (Net)	390.02	755.68
Total current liabilities	**41,532.12**	**39,687.54**
Total liabilities	**81,025.30**	**64,027.56**
Total equity and liabilities	**151,871.83**	**116,182.43**

Particulars (₹ in Million)	31-Dec-23	31-Dec-22
Assets		
Non-current assets		
(a) Property, plant and equipment	68,031.32	54,415.78
(b) Capital work in progress	19,222.22	6,066.32
(c) Right of Use of Assets	10,347.07	9,155.01
(d) Goodwill	242.30	242.30
(e) Other intangible assets	5,471.00	5,509.10
(f) Investment in associates and Joint Venture	179.32	0.04
(g) Financial assets	654.18	486.81
(h) Other non-current assets	5,368.12	6,266.77
Total non-current assets	**109,515.53**	**82,142.13**
Current assets		
(a) Inventories	21,505.33	19,938.85
(b) Financial assets		
i. Trade receivables	3,593.85	2,993.38
ii. Cash and cash equivalents	2,422.12	1,543.32
iii. Other bank balances	2,176.50	1,309.35
iv. Others	7,388.23	3,977.06
(c) Current tax assets (Net)	3.11	0.00
(d) Other current assets	5,267.16	4,278.34
Total current assets	**42,356.30**	**34,040.30**
Total assets	**151,871.83**	**116,182.43**

Note: Refer Note 54 of Standalone Financials for key financial ratios along with their explanations.

Sales Volume



**A unit case is equal to 5.678 liters of beverage divided in 24 bottles of ~ 237 ml each*

Varun Beverages reports its financials on a calendar year basis. Given that the soft drinks business is seasonal, with the bulk of sales occurring during the summer season, it is best to track the Company's performance annually. Revenues and profits follow a bell-curve with a significant portion accruing in the April-June quarter.

In CY 2023, VBL recorded a healthy performance, demonstrating notable growth across all key parameters. Despite the unusually heavy unseasonal rains during the peak season, the Company reported strong double-digit volume growth in both Indian and International markets. Consolidated sales volume saw a 13.9% increase, and the net realization per case rose by 7.0% in CY 2023. These factors collectively led to a revenue growth of 21.8% and an impressive PAT growth of 35.6%.

Net revenue from operations reached ₹ 160,425.8 Million, surpassing the ₹ 131,731.4 Million recorded in CY 2022. Total sales volumes for CY 2023 amounted to 912.9 Million cases, a notable increase from the 801.8 Million-unit cases in CY 2022. The Company registered double-digit growth in both its Indian and international operations, recording increases of 12.9% in India and 18.0% internationally. CSD constituted 72%, JBD 6%, and Packaged Drinking water 22% of total sales volumes in CY 2023. The realization per case increased by 7.0% to ₹ 175.7 in CY 2023 driven by improvements in the mix of smaller SKUs (250ml) in the Indian markets and higher realization per case in the international markets.

During the fiscal year, gross margins increased by 137 basis points to 53.8% from 52.5%, primarily driven by the softening of PET chip prices, notwithstanding a slight uptick in sugar prices. Resultantly, due to the augmented realization per case and improved gross margins, EBITDA improved by 29.5% to ₹ 36,094.9 Million, accompanied by an improvement in EBITDA margins by 133 basis points to 22.5% in CY 2023.

Depreciation recorded a 10.3% increase in CY 2023, attributed to the capitalization of assets and the establishment of new production facilities. Finance costs increased by 44%, primarily due to the increase in average cost of borrowing by about 30% to 7.9% per annum, reflecting the prevailing interest rate trends in India. PAT reported a notable 35.6% increase, reaching ₹ 21,018.1 Million in CY 2023 from ₹ 15,501.1 Million in CY 2022, driven by the growth in revenue from operations and improved profit margins.

On the balance sheet, net CAPEX reached around ₹ 21,000 Million by the end of CY 2023, highlighting a commitment to growth and expansion. Out of the total capex, approximately ₹ 8,500 Million was allocated for establishing new greenfield production facilities in Bundi, Rajasthan, and Jabalpur, Madhya Pradesh. An additional ~₹ 8,000 Million was used for brownfield expansions at six existing facilities across India, with the balance directed towards brownfield expansions in international markets, assets written off, and managing forex fluctuations. Furthermore, as part of our growth strategy, we have invested approximately ₹ 1,500 Million towards land acquisitions including Buxar in Bihar, Kangra in Himachal Pradesh in anticipation of construction of plants in the future years. The combined capital expenditure for CY 2023 and CY 2024 is expected to boost the peak month capacity in India by approximately 45% over CY 2022.

As of December 31, 2023, net debt stood at ₹ 47,345 Million, compared to ₹ 34,096 Million on December 31, 2022. The primary driver behind this increase in net debt was the rise in CWIP and capital advances, which increased incrementally by ₹ 12,000 Million (with the closing CWIP and Capital Advances at ₹ 24,000 Million compared to the opening balance of ₹ 12,000 Million). This escalation was largely due to the completion and initiation of production at the Supa plant in Maharashtra by year-end, which is scheduled to become operational on January 25, 2024. Looking ahead, an additional outlay of approximately ₹ 12,000 Million for capex is anticipated for the CY 2024 season. Despite these financial commitments, the debt-to-equity ratio was maintained at a healthy 0.67x, and the Debt to EBITDA ratio was recorded at 1.31x as of the end of CY 2023.

Growth Outlook

Volume Gains	Acquisitions	Strengthen Balance Sheet	Operating Leverage	Diversified Portfolio
• Well-positioned to leverage PepsiCo brand to increase market penetration in licensed territories. • Consolidating existing distributors and increasing distribution in underpenetrated regions.	• Penetrate newer geographies. • Identify strategic consolidation opportunities in South Asia / Africa.	• Repayment of debt through strong cash generation. • To enable significant interest cost savings.	• Contiguous territories/ markets offer better operating leverage and asset utilization - economies of scale. • Production and logistics optimization. • Packaging synchronization and innovations. • Technology use to improve sales and operations processes.	• To periodically launch innovative products in select markets in line with changing consumer preferences. • Focus on non-cola carbonated beverages and NCB's. • Bottled water provides significant growth opportunity.

Heading into 2024, VBL is poised to sustain its healthy growth trajectory, leveraging strategic expansions and a fortified market presence developed over decades. The acquisition of The Beverage Company (Proprietary) Limited (BevCo) in South Africa marks a significant milestone in this journey, signaling VBL's substantial entry into the African market. This strategic move underscores the Company's commitment to diversifying its portfolio and strengthening its international footprint, promising to enhance VBL's global operations significantly.

In its core domestic market, VBL is set to maintain a sustained and healthy growth rate in 2024, supported by favorable demographic trends. India's large, young, and expanding middle-class population, with its evolving beverage preferences, presents a significant opportunity for VBL. The Company is well-positioned to capitalize on these demographic shifts, catering to the changing tastes and preferences of this dynamic consumer base. The rising spending power and the increasing inclination towards diverse and quality beverage options in this segment are likely to drive continued demand for VBL's product offerings.

The Company's strategic investments in improving and expanding its manufacturing and distribution capabilities are expected to notably contribute to its future growth. Enhanced infrastructure, particularly in electrification and electricity supply, is set to assist the Company's distribution reach and product preservation, especially in rural areas. This will support VBL's expansion into new markets and ensure the consistent quality of its products. Overall, as VBL moves forward, a combination of factors will support the Company's success and growth in the coming years.

Threats, Risks, and Concerns

The risks and opportunities inherent to all corporations are inseparable elements. The directors and management of the Company make constructive decisions to protect the interests of stakeholders. The Company has implemented a Risk Management Policy, which is continuously monitored and reviewed under the guidance of Audit, Risk Management and Ethics Committee. This Committee convene periodically to identify processes exposed to risks, determine risk mitigation strategies, and oversee their implementation.

Risk	Description	Mitigation
1. Demand Risk	A cyclical downturn can result in a slowdown in the Company's target markets, affecting its sales velocity.	Over the years, the Company has demonstrated its ability to drive significant growth in sales volumes by focusing on delivering the right brand, the right price, the right product, and the right channel. Additionally, the business operates in relatively under-penetrated markets with favorable demographics, climatic conditions and a growing population, indicating steady demand growth. Further, its wide range of product portfolio enables it to cater to diverse consumer segments.
2. Business Agreement Risk	The Company relies on strategic relationships and agreements with PepsiCo. Termination of agreements or less favorable renewal terms could adversely affect profitability.	Over the past thirty two years, the Company has nurtured a strong partnership with PepsiCo, expanding market ties by venturing into new territories and sub-territories. This partnership involves an expanded production and distribution of a wider array of PepsiCo beverages, integrating multiple SKUs into our portfolio, and broadening our distribution network. The business has demonstrated its effectiveness in significantly boosting PepsiCo's market share, establishing itself as a reliable partner. The collaborative relationship is symbiotic, with both entities actively engaged as development partners. Together, they invest in joint projects and business planning, with a primary focus on strategic issues. Notably, the bottling appointment and trademark license agreement for India with PepsiCo India, initially set to expire on October 2, 2022, has been extended until April 30, 2039, further solidifying this enduring partnership.
3. Regulatory Risk	Regulations regarding consumer health and the risk of the Company's products being singled out for discriminatory tax and packaging waste recovery may adversely impact business.	The Company proactively works with PepsiCo, the Government and the regulatory authorities to ensure that the facts are clearly understood and that its products are not unfairly targeted. VBL adheres to sustainable manufacturing practices and emphasizes on environmental issues related to packaging waste recovery / recycling, water management and greenhouse gas emissions. It consistently engages with stakeholders to develop sustainability solutions that prioritize environmental protection, including partnerships with NGOs and the communities in which it operates. PepsiCo's strategy of introducing healthier and zero sugar variant products also bodes well for the Company's future. The Company has initiated various sustainability initiatives, such as the engagement of GEM Enviro Management Pvt. Ltd. for phased implementation of 100% recycling of used PET bottles and partnering with Deutsch Quality Systems (India) Private Limited for water footprint assurance & the measurement and improvement of Company's carbon footprint.
4. Business Viability Risk	The inability to integrate the operations or leverage potential operating and cost efficiencies from the newly acquired territories and sub-territories may adversely affect the Company's business and future financial performance.	VBL's transparent strategy and financial planning ensure that any future acquisitions or collaborations are not only valuable but also align with the Board's acquisition guidelines. The company dedicates substantial management time and financial resources to secure the success of newly acquired endeavors. This includes developing local market strategies, addressing potential cultural and language barriers, and integrating business practices to ensure the overall viability of the business.

Risk	Description	Mitigation
5. Consumer Preference Risk	Failure to adapt to changing consumer health trends and address misconceptions about the health effects of soft drink consumption may adversely affect demand.	To stay relevant, VBL's sales team works closely with PepsiCo to evaluate evolving consumer habits and consistently focuses on product innovation and expanding the product range. Furthermore, PepsiCo's new product plan places greater emphasis on healthier products with zero / limited calorie and sugar content.
6. Raw Material Risk	An interruption in the supply or significant increase in the price of raw materials or packaging materials may adversely affect the Company's business prospects, results of operations and financial condition.	An integral part of VBL's strategy is to maximize cost efficiencies, the active reduction of cost of goods sold, minimizing operating expenses and increasing cash flows. To achieve these objectives, the business has undertaken significant programs, including backward integration and consolidated sourcing of materials. Leveraging its scale of operations, VBL negotiates with suppliers to enhance bargaining power, resulting in improved working capital management. The Company is dedicated to optimizing its assets to achieve higher operating efficiency and to amortize overheads costs across a wider case range. Additionally, VBL continues to invest in innovative solutions to enhance operational efficiencies and streamline work processes. These efforts include ensuring consolidated operational data from production, scheduled sourcing, and superior monitoring of the supply of goods from manufacturers to the retail point of sale.

Human Resources

As of December 31, 2023, VBL has over 13,500 full-time employees worldwide, with over 9,900 based in India and over 3,600 in overseas subsidiaries. Consistent with its comprehensive business strategies, the Company values its workforce as a crucial asset to drive future growth and advancement.

The Company has always placed great emphasis on nurturing talent within the organization to foster continuous progress. The Company prioritizes employee training, skill enhancements, and long-term engagement. VBL offers in-house training programs aimed at skill development and career advancement opportunities across all levels and functions. Additionally, key employees participate in management and staff enhancement initiatives led by PepsiCo, along with engagement opportunities with India's premier management institutions.

Risk Management, Audit and Internal Control System

The Company has established robust and effective internal control systems tailored to the scale of its sector and the intricacies of the market it operates in. These stringent controls ensure the efficient and prudent utilization of resources, safeguarding the Company's assets and interests. Transactions are meticulously approved, recorded, and accurately reported, with checks and balances in place to ensure the reliability and consistency of accounting data.

To uphold compliance with best practices, the Audit, Risk Management, and Ethics Committee conduct thorough internal audits and periodic assessments. The Company has appointed M/s J.C. Bhalla & Co., Chartered Accountants, and M/s O.P. Bagla & Co. LLP, Chartered Accountants, as the Joint Statutory Auditors to oversee and report on the financial controls of the Company.

Business Responsibility and Sustainability Report

Section A: General Disclosures

S. No.	Particulars	Details
I.	**Details of the listed entity**	
1	Corporate Identity Number (CIN) of the Listed Entity	L74899DL1995PLC069839
2	Name of the Listed Entity	Varun Beverages Limited
3	Year of incorporation	1995
4	Registered office address	F- 2/7, Okhla Industrial Area, Phase- I New Delhi - 110 020
5	Corporate address	Plot No. 31, Sector 44, Institutional Area, Gurugram - 122 002, Haryana
6	E-mail	complianceofficer@rjcorp.in
7	Telephone	+91-124-4643100
8	Website	www.varunbeverages.com
9	Financial year for which reporting is being done	FY 2023*
10	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited and BSE Limited
11	Paid-up Capital	₹ 6,496.07 Million
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Ravi Batra, Chief Risk Officer and Group Company Secretary +91-124-4643100 ravi.batra@rjcorp.in
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone Basis

*Company is following January 1 to December 31 as its Financial Year.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing of Beverages (NIC Code - 1104)	Manufacturing of Carbonated, Non-carbonated beverages and packaged drinking water	95.36

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of Total Turnover Contributed
1	Carbonated, Non-carbonated beverages and packaged drinking water	1104	95.36

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated: As on 31 December 2023

Location	Number of plants	Number of offices	Total
National	33 plants for manufacturing of beverages and 3 plants for backward integration	1 Registered office, 1 Corporate office and 28 sales offices	66
International	serving through its subsidiaries	-	-

17. **Markets served by the entity:**

a. **Number of locations**

Locations	Number
National (No. of States)	27 States and 7 Union Territories
International (No. of Countries) (serving through its subsidiaries)	5

b. **What is the contribution of exports as a percentage of the total turnover of the entity?**

0.44% of total turnover (₹ 559.43 Million)

c. **A brief on types of customers**

End consumers are individuals serviced through Distributors, Retailers, Modern Trade, Hotels, Restaurants, etc.

IV. **Employees**

18. **Details as at the end of Financial Year: As on 31 December 2023**

a. **Employees and workers (including differently abled):**

S. No.	Particulars	Total	Male		Female		Others	
		(A)	No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)
				EMPLOYEES				
1	Permanent (E)	6,762	6,260	92.58%	488	7.22%	14	0.20%
2	Other than Permanent (F)	7,013	6,867	97.92%	146	2.98%	0	0.00%
3	**Total Employees (E+F)**	**13,775**	**13,127**	**95.30%**	**634**	**4.60%**	**14**	**0.10%**
				WORKERS				
4	Permanent (G)	3,211	3,175	98.88%	36	1.12%	0	0.00%
5	Other than Permanent (H)	9,832	9,006	91.60%	826	8.40%	0	0.00%
6	**Total workers (G+H)**	**13,043**	**12,181**	**93.39%**	**862**	**6.61%**	**0**	**-**

b. **Differently abled Employees and workers:**

S. No.	Particulars	Total	Male		Female		Others	
		(A)	No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)
				DIFFERENTLY ABLED EMPLOYEES				
1	Permanent (E)	2	2	100.00%	0	0.00%	0	0.00%
2	Other than Permanent (F)	24	22	91.67%	2	8.33%	0	0.00%
3	**Total Differently Abled Employees (E+F)**	**26**	**24**	**92.31%**	**2**	**7.69%**	**0**	**-**
				DIFFERENTLY ABLED WORKERS				
4	Permanent (G)	0	0	0.00%	0	0.00%	0	0.00%
5	Other than Permanent (H)	249	238	95.58%	11	4.42%	0	0.00%
6	**Total Differently abled workers (G+H)**	**249**	**238**	**95.58%**	**11**	**4.42%**	**0**	**-**

* Workers number are on average basis for the reporting period

19. **Participation/Inclusion/Representation of women - As on 31 December 2023**

Particulars	Total	No. and percentage of Females	
	(A)	No. (B)	% (B/A)
Board of Directors	9	2	22%
Key Management Personnel	3*	0	0%

*includes one Board Member

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2023 (Turnover rate in current FY)				FY 2022 (Turnover rate in previous FY)			FY 2021 (Turnover rate in the year prior to the previous FY)		
	Total	Male	Female	Other	Total	Male	Female	Total	Male	Female
Permanent Employees	14%	19%	15%	0%	14%	20%	18%	12%	16%	22%
Permanent Workers		4%	0%	0%		5%	3%		5%	3%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures - As on 31 December 2023

S. No.	Name of the holding/subsidiary/ associate/Companies/Joint Ventures (A)	Indicate whether holding/ Subsidiary/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Varun Beverages (Nepal) Private Limited	Subsidiary	100.00%	No
2	Varun Beverages Lanka (Private) Limited	Subsidiary	100.00%	No
3	Ole Springs Bottlers (Private) Limited (step-down subsidiary)	Subsidiary	100.00%	No
4	Varun Beverages Morocco SA	Subsidiary	100.00%	No
5	Varun Beverages (Zambia) Limited	Subsidiary	90.00%	No
6	Varun Beverages (Zimbabwe) (Private) Limited	Subsidiary	85.00%	No
7	Varun Beverages RDC SAS	Subsidiary	99.90%	No
8	Varun Beverages International DMCC	Subsidiary	100.00%	No
9	Varun Beverages South Africa (PTY) Limited	Subsidiary	100.00%	No
10	VBL Mozambique, SA	Subsidiary	99.00%	No
11	Lunarmech Technologies Private Limited	Subsidiary	60.07%	No
12	IDVB Recycling Operations Private Limited	Joint Venture	50.00%	No
13	Clean Max Tav Private Limited	Associate	26.00%	No
14	Huoban Energy 7 Private Limited	Associate	26.34%	No

VI. CSR Details

22. (i) Whether CSR is applicable as per Section 135 of Companies Act, 2013: (Yes/No) — **Yes**

(ii) Turnover (*Revenue from Operations) — 126,328.26 (₹ in million) As on 31.12.2023

(iii) Net worth (*Net worth = Equity Share Capital + Other Equity) — 70,758.04 (₹ in million) As on 31.12.2023

VII. **Transparency and Disclosures Compliances**

23. **Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:**

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023 (Current Financial Year)			FY 2022 (Previous Financial Year)		
		Number of Complaints Filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of Complaints Filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	NO	0	0	-	0	0	-
Investors (other than shareholders)	NO	0	0	-	0	0	-
Shareholders	Yes, Company is following strong Grievance Redressal Mechanism and has separate committee of Directors i.e. Stakeholders' Relationship Committee	3	0	-	47	0	-
Employees and workers	Yes- https://varunbeverages.com/wp-content/uploads/2023/03/4-POSH-Policy.pdf https://varunbeverages.com/wp-content/uploads/2023/03/21-VIGIL-MECHANISM-POLICY.pdf	0	0	-	0	0	-
Customers	No. However, no. of Complaints received through PepsiCo Customer Care is provided	1,223	17	-	1,109	10	-
Value Chain Partners	Yes https://varunbeverages.com/wp-content/uploads/2023/04/23.1-Anti-Bribery-Policy1.pdf	0	0	-	0	0	-
Others (please specify)	Yes https://varunbeverages.com/wp-content/uploads/2023/03/21-VIGIL-MECHANISM-POLICY.pdf	0	0	-	0	0	-

24. **Overview of the entity's material responsible business conduct issues**

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Please refer Sustainability Report - Chapter "Materiality Assessment" (page-32) and "Risk and Opportunities Management" (page-82).

Section B: Management and Process Disclosures

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes										
1.	a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c. Web Link of the Policies, if available	Yes, https://varunbeverages.com/policy/								
2.	Whether the entity has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes, Anti Bribery Policy covers value chain partners								
4.	Name of the national and international codes/certifications/ labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.		ISO 14001 ISO 22000 (FSSC)	OHSAS 18001			ISO 14001 OHSAS 18001	Company is a member of Federation of Indian Chambers of Commerce and Industry, PHD Chamber of Commerce and Industry, Confederation of Indian Industry, The Associated Chambers of Commerce and Industry of India and Action Alliance for Recycling Beverage Cartons.	-	-
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any	Yes- Refer Sustainability Report (Page 29)								
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Yes- Refer Sustainability Report (Page 29)								
Governance, leadership and oversight										
7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Refer Executive Vice Chairman's Message section (Page 24) in Sustainability Report								
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	ESG Committee comprising of Executive Vice-Chairman and Two Whole-time Directors								
9.	Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	Yes, Environment, Social and Governance Committee								

10. **Details of Review of NGRBCs by the Company:**

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee									Frequency (Annually/ Half Yearly/ Quarterly/ Any other - please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	All the policies of the Company are approved by the Board and reviewed periodically or on a need basis.																	
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	The Company complies with the regulations, extant and principles as are applicable																	

11. **Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.**

P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
No	No	Yes*	No	No	Yes#	No	No	No

*DSS (DuPont Safety Solutions)has been engaged for providing safety solutions in respect of plants

#DQS (Deutsch Quality Systems India Private Limited) has conducted carbon emission and water stewardship audit.

12. **If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated**

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
It is planned to be done in the next financial year (Yes/No)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Any other reason (please specify)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Section C - Principle Wise Performance Disclosure

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorised as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. **Percentage coverage by training and awareness programmes on any of the Principles during the financial year 2023:**

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	4	Key Developments, Sustainability Initiatives, Regulatory updates, Review of Policy & procedures	100%
Key Managerial Personnel	4	Key Developments, Sustainability Initiatives, Regulatory updates, Review of Policy & procedures	100%
Employees other than BoD and KMPs	4	Key policies including POSH, Code of Conduct, Insider Trading Regulations, Whistle Blower & FCPA	100%
Workers	30+	Health & Safety, Skills upgradation and others	100%

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and as disclosed on the entity's website):**

Monetary	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (₹ INR)	Brief of the Case	Has an appeal been preferred ? (Yes/No)
Settlement	-	N.A.	N.A.	N.A.	N.A.
Penalty/Fines	-	N.A.	N.A.	N.A.	N.A.
Compounding fee	-	N.A.	N.A.	N.A.	N.A.

Non-Monetary	NGRBC Principle	Name of the regulatory/enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred ? (Yes/No)
Imprisonment	-	N.A.	N.A.	N.A.
Punishment	-	N.A.	N.A.	N.A.

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of regulatory/enforcement agencies/judicial institutions
N.A.	N.A.

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

   Yes

   Varun Beverages Limited and its subsidiaries, affiliates, associates and group companies (collectively referred to as "VBL"), their directors, officers, employees (including part-time and contractors) and suppliers ("Officials"), while acting on behalf of VBL strictly comply with this Anti-Bribery Policy. Officials are prohibited from giving or receiving Bribes to any Government Officials or any other person or entity, including any person or entity in the private or commercial sector, if the payment is intended to induce the recipient to misuse his or her position and thereby give an unfair advantage to VBL. Detailed Policy is available at:

   https://varunbeverages.com/wp-content/uploads/2023/04/23.1-Anti-Bribery-Policy1.pdf

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. **Details of complaints with regard to conflict of interest:**

	FY 2023 (Current Financial Year)		FY 2022 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of interest of Directors	Nil	N.A.	Nil	N.A.
Number of complaints received in relation to issues of Conflict of interest of KMPs	Nil	N.A.	Nil	N.A.

7. **Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/ law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.**

   Not Applicable

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)	Details of improvements in environmental and social impacts
R&D	-	-	–
Capex	₹ 512.18 Million (2.79% of the total capex)	₹ 51.50 Million (0.4% of the total capex)	We strive to make use of renewable energy for our energy requirements and aim to expand our renewable energy portfolio further.

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

   Yes. the Company is procuring raw materials and packaging materials from the suppliers who are doing their respective businesses sustainably. Refer page 57 & 58 of Sustainability Report for some of the initiatives taken by our suppliers.

   b. **If yes, what percentage of inputs were sourced sustainably?**

   Given our business operations, it is difficult to estimate the percentage of inputs sourced sustainably.

   However, all the suppliers follow our Supplier Code of Conduct wherein they abide by all provisions relating to the impact on quality and food safety, sustainability, waste, and work environment which includes labor practices and human rights aspects.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

   VBL has engaged GEM Enviro Management Private Limited for phased implementation of 100% recycling of used PET bottles. Headquartered in Delhi, GEM Enviro is a Central Pollution Control Board (CPCB) recognised Producer Responsible Organisation (PRO) specialising in collection and recycling of packaging waste and promotion of recycled green products. It makes T-shirts and bags made from recycling of waste material, such as used PET bottles.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

   Yes, Refer response to point 3 above.

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective /Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Life Cycle Assessment Process VBL is working continuously on screening our end-to-end production processes to deliver positive impact on environment. In alignment to this, we adopted Life Cycle Assessment (LCA) and undertook an internal study to assess the environmental impacts and embed the principles of sustainability into various stages of product i.e, procurement of raw material, manufacturing of products, transportation of raw materials and supply of finished goods. In order to continuously reduce the environmental footprint, the Company is improving efficiencies, especially on critical resources such as water, fuel and energy, optimizing the resource consumption and minimizing wastages including plastic waste management, increasing green cover in manufacturing plants and also developing outside establishments.					

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product/Service	Description of the risk/concern	Action Taken
	No risks have been identified	

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
No such input material used	Nil	Nil

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY 2023 (Current Financial Year)			FY 2022 (Previous Financial Year)		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including Packaging)	-	150,982	-	-	118,392	-
E-waste	Quantity not recorded but safely disposed through authorised vendors					
Hazardous waste	-	-	1,426	-	-	1,152
Other waste	Quantity not recorded but safely disposed through authorised vendors					

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees: FY 2023

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	6,260	6,260	100%	6,259	100%	0	0%	0	0%	0	0
Female	488	488	100%	488	100%	488	100%	0	0%	114	23%
Others	14	14	100%	14	100%	0	0%	0	0%	0	0%
Total	**6,762**	**6,762**	**100%**	**6,761**	**100%**	**488**	**7%**	**0**	**0%**	**114**	**2%**
Other than Permanent employees											
Male	6,867	6,867	100%	6,867	100%	0	0%	0	0%	0	0%
Female	146	146	100%	146	100%	146	100%	0	0%	0	0%
Others	0	0	0%	0	0%	0	0%	0	0%	0	0%
Total	**7,013**	**7,013**	**100%**	**7,013**	**100%**	**146**	**2%**	**0**	**0%**	**0**	**0%**

b. Details of measures for the well-being of workers: FY 2023

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	3,175	3,175	100%	3,175	100%	0	0%	0	0%	0	0%
Female	36	36	100%	36	100%	36	100%	0	0%	0	0%
Others	0	0	0%	0	0%	0	0%	0	0%	0	0%
Total	**3,211**	**3,211**	**100%**	**3,211**	**100%**	**36**	**1%**	**0**	**0%**	**0**	**0%**
Other than Permanent workers											
Male	9,006	9,006	100%	9,006	100%	0	0%	0	0%	0	0%
Female	826	826	100%	826	100%	826	100%	0	0%	0	0%
Total	**9,832**	**9,832**	**100%**	**9,832**	**100%**	**826**	**8%**	**0**	**0%**	**0**	**0%**

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year.

Benefits	FY 2023 (Current Financial Year)			FY 2022 (Previous Financial Year)			Remarks
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	
PF	100%	100%	Y	100%	100%	Y	PF AS PER EPF & MISC PROVISION ACT
Gratuity	100%	100%	Y	100%	100%	Y	GRATUITY AS PER PAYMENT OF GRATUITY ACT
ESI	100%	100%	Y	100%	100%	Y	ESI AS PER EMPLOYEE STATE INSURANCE ACT
Others - please sepcify	-	-	N.A	-	-	N.A	-

3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

No

5. Return to work and Retention rates of permanent employees and workers that took parental leave - FY 2023

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	N/A	N/A	N/A	N/A
Female	100%	100%	100%	100%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes, the Company has multiple mechanisms to redress grievances as per below links as available on the website of the Company.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

https://varunbeverages.com/wp-content/uploads/2023/08/25-Grievance-Redressal-Policy.pdf

https://varunbeverages.com/wp-content/uploads/2023/03/21-VIGIL-MECHANISM-POLICY.pdf

https://varunbeverages.com/wp-content/uploads/2023/03/4-POSH-Policy.pdf

7. Membership of employees and workers in association(s) or Unions recognised by the listed entity:

Category	FY 2023 (Current Financial Year)			FY 2022 (Previous Financial Year)		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees						
Male	6,260	0	0%	5,533	0	0%
Female	488	0	0%	211	0	0%
Others	14	0	0%	0	0	0%
Total Permanent Workers						
Male	3,175	1,586	50%	2,859	1,717	60%
Female	36	14	39%	33	16	48%

8. **Details of training given to employees and workers:**

Category	CY 2023 (Current Financial Year)					FY 2022 (Previous Financial Year)					Remarks
	Total (A)	On Health & Safety Measures		On Skill Upgradation		Total (D)	On Health & Safety Measures		On Skill Upgradation		
		Number (B)	% (B /A)	Number (C)	% (C/A)		Number (E)	% (E/D)	Number (F)	% (F/E)	
Employees											
Male	6,260	2,886	46%	5,607	90%	5,533	1,744	32%	3,091	56%	-
Female	488	221	45%	330	68%	211	78	37%	130	62%	-
Others	14	4	29%	1	7%	0	0	0	0	0%	-
Total	**6,762**	**3,111**	**46%**	**5,938**	**88%**	**5,744**	**1,822**	**32%**	**3,221**	**56%**	**-**
Workers											
Male	3,175	3,146	99%	2,856	90%	2,859	2,204	77%	1,996	70%	-
Female	36	34	94%	36	100%	33	21	64%	14	42%	-
Total	**3,211**	**3,180**	**99%**	**2,892**	**90%**	**2,892**	**2,225**	**77%**	**2,010**	**70%**	**-**

9. **Details of performance and career development reviews of employees and workers:**

Category	FY 2023 (Current Financial Year)			FY 2022 (Previous Financial Year)		
	Total (A)	No. (B)	% (B/A)	Total (A)	No. (B)	% (B/A)
Employees						
Male	6,260	6,260	100%	5,533	5,533	100%
Female	488	488	100%	211	211	100%
Others	14	14	100%	0	0	0%
Total	**6,762**	**6,762**	**100%**	**5,744**	**5,744**	**100%**
Workers						
Male	3,175	3,175	100%	2,859	2,859	100%
Female	36	36	100%	33	33	100%
Total	**3,211**	**3,211**	**100%**	**2,892**	**2,892**	**100%**

* Remarks - We have an annual appraisal process, where performance is assessed through ratings system. At the Sales unit level - performance is monitored month on month through target achievement At Plant level performance is monitored through KPI's.

10. **Health and safety management system:**

a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?**

Yes, Each plant has primary health centres and restrooms have been established. Periodic inspections are conducted by certified surgeons and auditing organization to confirm that our occupational health and safety systems meet international standards. Since we fall under Food & Beverage category, we are subjected to all industry related audits and surveys to ensure that we are 100% compliant.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Yes (Identified by concern government offices)

c. **Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)**

Yes, all workers can reach out to management to address their concerns regarding working conditions, human rights, etc.

d. **Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)**

Yes, medical advise is available for workers and employees at the plant level.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.003	0
Total Recordable work - related injuries	Employees	1	1
	Workers	1	2
No. of fatalities	Employees	0	0
	Workers	2	2
High consequence work-related injury or ill health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

1. Conducting Safety awareness program frequently
2. Specialized training program for operations/Technicians.
3. Safety audit by Internal/Government officials.
4. Formation of safety committee
5. Periodic Check of equipments

13. Number of Complaints on the following made by employees and workers:

Category	FY 2023 (Current Financial Year)			FY 2022 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Working Conditions	0	0	-	0	0	-
Health & Safety	0	0	-	0	0	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%*
Working Conditions	100%*

* Remarks - As as when visited by respective Govt. officers

We have engaged DuPont Safety Solutions, an independent agency, for implementing best practices of health and safety across all of our plants in a phased manner.

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

There were no significant risk or concern arising from assessments of health & safety practices and working conditions, however we have undertaken following preventive measures:

i. Formation of Safety Committee to formulate best health & safety practices and working conditions.

ii. Safety audit by Internal/Government officials

iii. Specialized training program for Operations/Technicians

iv. Conducting frequent Safety Awareness programs

v. Periodic check of equipments

Leadership Indicators

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

   (A) Yes (B) Yes

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

   Yes- for PF & ESI

   All the contractors working with us are registered with PF & ESI authorities and they have been allotted separate code number by respective authorities. They are depositing the contributions as and when due and they share back the challans of the deposits made to the authorities.

3. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	90%
Working Conditions	90%

   The above table is related with material supplier. All the manpower deployed to the factory/Office by various manpower supply companies are governed by the respective labour laws of that company/Plant.

4. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

   All the manpower deployed to the factory/Office by various manpower supply companies are governed by the respective labour laws of the state concerned.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   Refer “Stakeholder Communication:Involving those who Matter Most” section (Page 30) in Sustainability Report

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

   Refer “Stakeholder Communication:Involving those who Matter Most” section (Page 30) in Sustainability Report

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023 (Current Financial Year)			FY 2022 (Previous Financial Year)		
	Total (A)	No. of Employees /Workers Covered (B)	% (B/A)	Total (C)	No. of Employees /Workers Covered (D)	% (D/C)
Employees						
Permanent	6,762	3,111	46%	5,744	2,183	38%
Other than Permanent	7,013	3,013	43%	5,508	2,644	48%
Total Employees	**13,775**	**6,124**	**44%**	**11,252**	**4,827**	**43%**
Workers						
Permanent	3,211	3,180	99%	2,892	1,475	51%
Other than Permanent	9,832	5,113	52%	8,820	3,969	45%
Total Workers	**13,043**	**8,293**	**64%**	**11,712**	**5,444**	**46%**

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023 (Current Financial Year)					FY 2022 (Previous Financial Year)				
	Total (A)	Equal to minimum wages		More than minimum wages		Total (D)	Equal to minimum wages		More than minimum wages	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	6,260	0	0%	6,260	100%	5,533	0	0%	5,533	100%
Female	488	0	0%	488	100%	211	0	0%	211	100%
Other	14	0	0%	14	100%	0	0	0%	0	0%
Other than Permanent										
Male	6,867	0	0%	6,867	100%	5,405	0	0%	5,405	100%
Female	146	0	0%	146	100%	103	0	0%	103	100%
Workers										
Permanent										
Male	3,175	0	0%	3,175	100%	2,859	0	0%	2,859	100%
Female	36	0	0%	36	100%	33	0	0%	33	100%
Other than Permanent										
Male	9,006	4,956	55%	4,050	45%	8,092	0	0%	8,092	100%
Female	826	455	55%	371	45%	728	0	0%	728	100%

3. Details of remuneration/salary/wages, in the following format: FY 2023

(₹ in Million)

	Male		Female		Other	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BOD)	3	57.66	-	-	-	-
Key Managerial Personnel	2	17.74	-	-	-	-
Employees other than BOD and KMP	6,255	0.44	488	0.40	14	0.36
Workers	3,175	0.31	36	0.26	-	-

Note: Since Independent Directors received no remuneration, except sitting fee for attending Board/ Committee meetings, the required details are not applicable. Further, for the purpose of calculation of median remuneration of KMP, remuneration paid to Mr. Rajesh Chawla has not been considered due to cessation as KMP with effect from August 3, 2023.

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

All employees can reach out to management to address their concerns & we also have grievance redressal mechanism.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

We have an internal grievance redressal mechanism through which grievance get redressed. However, if the grievance is not settled by the internal committee then concern person is free to approach the government forum.

6. **Number of Complaints on the following made by employees and workers:**

	FY 2023 (Current Financial Year)			FY 2022 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	-	-	-	-	-	-
Discrimination at workplace	-	-	-	-	-	-
Child Labour	-	-	-	-	-	-
Forced Labour/Involuntary Labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

7. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

   All employees can reach out to management to address their concerns & we are also governed by POSH &Grievance redressal mechanism.

8. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

   As per Labour laws and/or other applicable laws

9. **Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	Nil
Forced/involuntary labour	Nil
Sexual harassment	Nil
Discrimination at workplace	Nil
Wages	Nil
Others - please specify	N.A.

10. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.**

    We are strictly following the labour laws in which all above points are covered, so far we have not been prosecuted for any deviations. All employees can reach out to the management to address any significant risks/concerns regarding their work environment.

Leadership Indicators

1. **Details of a business process being modified/introduced as a result of addressing human rights grievances/ complaints.**

   We have had no such concerns in the past. However, all employees can reach out to the management to address any significant risks/concerns regarding their work environment.

2. **Details on assessment of value chain partners:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Sexual harassment	Nil
Discrimination at workplace	Nil
Child labour	Nil
Forced/involuntary labour	Nil
Wages	Nil
Others - please specify	N.A

3. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 2 above.**

   There has been no such cases

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. **Details of total energy consumption (in Kwh) and energy intensity, in the following format:**

Parameter	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
Total electricity consumption (A) Grid + Wind/Solar	343,616,110	303,770,200
Total fuel consumption (B) DG	11,482,235	13,652,865
Energy consumption through other sources (C)	-	-
Total energy consumption (A+B+C)	**355,098,345**	**317,423,065**
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	0.0028	0.0030
Energy intensity (optional) - the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, DQS (Deutsch Quality Systems India Private Limited)

2. **Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

   Not Applicable

3. **Provide details of the following disclosures related to water, in the following format:**

(in million liters)

Parameter	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
Water withdrawal by source		
(i) Surface water	1,826	1,928
(ii) Groundwater	4,571	4,393
(iii) Third party water	-	-
(iv) Seawater/desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (i + ii + iii + iv + v)	**6,397**	**6,321**
Total volume of water consumption	**4,143**	**3,728**
Water intensity per rupee of turnover (Water consumed/turnover)	0.033	0.035
Water intensity (optional) - the relevant metric may be selected by the entity	1.54	1.70

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, DQS (Deutsch Quality Systems India Private Limited)

4. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

No, the entity has not implemented a mechanism for Zero Liquid Discharge, however the company has adopted various improvement process for better water management:

- Low glass mix and more efficient new lines
- Air Scoring to complete in all the plants
- Connect all filters (ACF/PSF) for water recovery
- Optimize drainage timing at ACF/PSF (Optimization to standard 5 minutes drain time)
- Bottle washer recovery to complete. High volume glass line
- RO at ETPs at selective locations. Sample plant high volume to choose
- RO Efficiency to improve whereever RO recovery < Designed recovery
- Sensors/Foot operated taps for hand wash at plants

5. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify units	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
NOx	NA		
SOx			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic Compounds (VOC)			
Hazardous air Pollutants (HAP)			
Others - please specify			

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

6. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & intensity, in the following format:**

Parameter	units	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs,SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	42,930	51,945
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs,SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	210,408	224,446
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO_2 equivalent per Rupee	2.01	2.61
Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity	grams of CO_2e/liter	61.15	74.13

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, DQS (Deutsch Quality Systems India Private Limited)

7. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

   Yes, The Company has taken several environmental initiatives which showcases commitment to sustainable practices:

   i. Procurement of Energy efficient machines

   ii. Increase in Rooftop Solar Power Generation

   iii. Energy efficient Visi coolers

   iv. Conduction of Plantation Drive

   v. Use of Electric Vehicles for last mile delivery

   Also, Refer "Carbon Footprint" section (Page 52) in Sustainability Report

8. **Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	175,292	147,521
E-waste (B)	Quantity not recorded but safely disposed through authorised vendors	
Bio-medical waste (C)	-	-
Construction and demolition Waste (D)	Quantity not recorded but safely disposed through authorised vendors	
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G) -Sludge	1,426	1,152
Non Hazardous waste. Please specify, if any. (H) (Break-up by composition i.e. by materials relevant to the sector)	-	-
Total (A+B + C + D + E + F + G+ H)	**176,718**	**148,673**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste	-	-
(i) Recycled	150,982	118,392
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	**150,982**	**118,392**
% Recycled against total generated	**86%**	**80%**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste	-	-
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	1,426	1,152
Total	**1,426**	**1,152**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, GEM Enviro Management Private Limited for Plastic Recycle Management

9. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

We do segregation of all type of waste at source and store wastes in designated areas only. Wastages are closely monitored on daily, weekly and monthly basis and are directly linked with plant KPIs. Approximately more than 90-98% waste (broken glass, plastic bottles, cartons, metal waste etc) goes for recycling. Unit has effective ETP operation combined with aeration and anaerobic system wherein effective operational controls ensures very limited quantity of ETP sludge generation as a hazardous waste. ETP sludge is safely collected in Hazardous waste storage area and finally disposal is done to pollution control board approved TSDF facility for landfill. Unit is not using any toxic chemicals.

10. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:**

S.No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/ clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
	Not Applicable		

11. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Kota	-	-	Yes, Groundwater Impact Assessment (GIA) study was conducted	No	-

12. **Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

Yes

Leadership Indicators

1. **Provide break-up of the total energy consumed from renewable and non-renewable sources, in the following format:**

Parameter	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A) (in kWH)	57,699,095	20,962,123
Total fuel consumption (B) (biomass briquette, firewood, deoiled cashew cake, CNG KG)	64,147,966	74,120,237
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	**N.A***	**N.A***
From non-renewable sources		
Total electricity consumption (D) (in kWH)	382,031,610	282,808,077
Total fuel consumption (E) (HSD Diesel in liters)	4,470,862	5,531,857
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable (D+E+F)	**N.A***	**N.A***
(Note: *Different units of measurement, cannot be added)		

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, DQS (Deutsch Quality Systems India Private Limited)

2. **Provide the following details related to water discharged:**

(in million liters)

Parameter	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
Water discharge by destination and level of treatment		
(i) To Surface water	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment - please specify level of treatment - To ETP (treated) and reused in plants	2,253	2,593
Total water discharged	**2,253**	**2,593**

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, DQS (Deutsch Quality Systems India Private Limited)

3. **Water withdrawal, consumption and discharge in areas of water stress (in million liters):**

For each facility/plant located in areas of water stress, provide the following information:

(i) Name of the area: All Plants in India

(ii) Nature of operations: Manufacturing of Beverages

(iii) Water withdrawal, consumption and discharge in the following format:

(in million liters)

Parameter	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
Water withdrawal by source		
(i) Surface water	-	-
(ii) Groundwater	2,178	1,866
(iii) Third party water	-	-
(iv) Seawater/desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal	2,178	1,866
Total volume of water consumption	1,418	1,198
Water intensity per rupee of turnover (Water consumed/turnover)	0.01	0.01
Water intensity (Optional) - the relevant metric may be selected by the entity	-	
Water discharge by destination and level of treatment		
(i) Into Surface water	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(ii) Into Groundwater	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(iii) Into Seawater	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-

(in million liters)

Parameter	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment - please specify level of treatment - To ETP (treated) and reused in plants	761	668
Total water discharged	**761**	**668**

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, DQS (Deutsch Quality Systems India Private Limited)

4. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	units	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs,SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	581,930	580,419
Total Scope 3 emissions per rupee of turnover		4.61	5.48
Total Scope 3 emission intensity (optional) - the relevant metric may be selected by the entity	Grams of CO_2e/liter	140.47	155.67

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, DQS (Deutsch Quality Systems India Private Limited)

5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

Not Applicable

6. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Plastic Waste Management	Engaged Gem Enviro Management Pvt. Ltd for phased implementation (upto 100%) recycling of used Plastic Wastes from end users.	Reduction in plastic waste
2	Water Conservation	Engaged DQS India Pvt. Ltd which verifies water mass balance and we also undertook several other initiatives towards water conservation and water recharge.	Reduction in wastage of water
3	Reduced grammage of Plastic Closures and Preforms (used for PET-Bottles) over the years	Packaging innovations introduced by PIH in India through Global R&D and best practices.	Reduction in plastic usage

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
4	Use of fuels like biomass for steam generation, usage of Solar Energy	The company is proactive in adopting new technologies that use cleaner fuels of energy. Commissioned a solar power at its manufacturing plant at Nuh and Greater Noida and redesigned the power generation units at many locations.	Reduction in Green House Gases
5	Installation of Effluent Treatment Plant	Plants have installed online monitoring Systems in Effluent Treatment Plant as well as Boiler emissions for all time compliance which is being monitored by CPCB on real time basis.	Effluents are treated and discharged under prescribed limits thereby remain well within the prescribed norms and consent conditions.

7. **Does the entity have a business continuity and disaster management plan?**

   Yes; Unit does have Disaster/Emergency preparedness and response plan for business continuity. This includes all possible emergencies like Fire, Ammonia or CO_2 leakage, any major safety accidents, Chemical leakage, Natural Calamity (flood, cyclone, earthquake) or pandemic situation like Covid 19. To ensure unit readiness plant is also exercising mock drill on six monthly frequency. In past unit has also successfully demonstrated to respond any emergency situation. Such one example is to ensure business continuity during Covid times by implementing effective control mechanism to avoid Covid 19 spread. Unit has successfully operated production during pandemic time by adapting all the established measures.

8. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

   In order to continously reduce the Company environment footprint, the company is improving efficiencies, especially on critical resources such as Water, fuel and energy, optimizing the resource consumption and minimising wastages, increasing green cover in manufacturing plants and also developing outside establishments. Company also reduced weight of Closures and Preforms over the years to contribute towards environment sustainability. Company also implemented water consumption optimization measures and water recovery and reuse of the water across all plants.

9. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

   90%+ of Raw material suppliers, 90%+ of Capex suppliers and 90% of Distributors are covered for assessment

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/associations.**

   5

   b. **List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to.**

Sr. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/National)
1	Federation of Indian Chambers of Commerce and Industry	National
2	PHD Chamber of Commerce and Industry	National
3	Confederation of Indian Industry (CII)	National
4	The Associated Chambers of Commerce and Industry of India	National
5	Action Alliance for Recycling Beverage Cartons	National

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

   Not Applicable

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web Link
Not Applicable					

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

S.No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs n the FY (In ₹)
Not Applicable						

3. **Describe the mechanisms to receive and redress grievances of the community.**

There is regular engagement with representatives from key neighbourhood across India. Stakeholders suggestions can also be emailed to the Compliance Officer at complianceofficer@rjcorp.in

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
Directly sourced from MSMEs/small producers	6.66 %	5.70 %
Sourced directly from within the district and neighbouring districts	NA	NA

5. **Details of beneficiaries of CSR Projects:**

Sr. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
1	Community Health Care under Aaru Clinics	110,000+	100 % of the Projects serve the beneficiaries who are from the under privileged, marginalised, vulnerable and backward community of the society
2	Education to under privileged children under the programme-Shiksha Kendra	2,422	
3	Skills development training under the programme-Parvah	1,010	
4	Facilities Old age and underprivileged	Cannot be ascertained	
5	Animal Welfare	Cannot be ascertained	
6	Gender Equality	Cannot be ascertained	
7	Environmental sustainability and Water management Initiatives	Cannot be ascertained	
8	Eradicating Hunger	Cannot be ascertained	

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback**

VBL Consumer response programme is developed to promptly resolve consumer concerns & grievances, which ensures that consumer/customer is responded with courtesy and in timely manner. The Mechanism helps the organization to remain consumer centric, establish top down approach to build trust and strengthen transparency while addressing their queries and concerns:

The Complaints are lodged by consumer (via Toll Free no. available on label & crown), arranged and sorted by the PepsiCo Consumer Response System (CRS) representative who then, forwards the same to VBL after logging in on Wilke portal. VBL Plant team & Consumer Care/Complaint Management System (CCMS) coordinator review auto generated email containing relevant details of the Complaint which are then investigated by VBL Plant team, Regional Quality Coordinator (RQC) & CCMS coordinator and the complaint is attended by Customer Relationship Executive (CRE) to address the concern simultaneously. After detailed analysis of each reported complaints by all the plants root cause analysis is carried out and Corrective and Preventive Actions are taken by plant team.

Plants then, initiate an improvement plan to mitigate reoccurrence of concern and to pacify & satisfy the consumer.

Feedback:

Feedback is sent to PepsiCo CRS team by CCMS coordinator and Pepsi International (PI) Team connects & respond to consumer, subsequently on SOS basis.

The Complaints in VBL are tracked and reviewed monthly on the basis of it's nature, flavour, category and plant

2. **Turnover of products and/services as a percentage of turnover from all products/service that carry information about:**

We provide these information on the labels of our products like 'crush bottle after use', recycable package mark, throw in dustbin mark, safe and responsible use instructions on energy drink (Sting), etc.

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

3. **Number of consumer complaints in respect of the following:**

	FY 2023 (Current Financial Year)			FY 2022 (Previous Financial Year)		
	Received during the year	Pending resolution at the end of year	Remarks	Received during the year	Pending resolution at the end of year	Remarks
Data privacy	NIL	N.A	-	NIL	N.A	-
Advertising	NIL	N.A	-	NIL	N.A	-
Cyber-security	NIL	N.A	-	NIL	N.A	-
Delivery of Essential Services	NIL	N.A	-	NIL	N.A	-
Restrictive Trade Practices	NIL	N.A	-	NIL	N.A	-
Unfair Trade Practices	NIL	N.A	-	NIL	N.A	-
Other - No. of complaints received through PepsiCo Customer Care	1,223	17	-	1,109	10	-

4. **Details of instances of product recalls on account of safety issues:**

	Number	Reasons for Recall
Voluntary recalls	NA	NA
Forced recalls	NA	NA

5. **Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**
   Yes, https://varunbeverages.com/privacy

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.**

   NIL

Leadership Indicators

1. **Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   https://www.pepsicoindia.co.in/our-brands

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   https://www.pepsico.com/docs/default-source/sustainability-and-esg-topics/pepsico-policy-on-responsible-advertising-and-marketing-to-children.pdf.

Independent Auditor's Report

To the Members of Varun Beverages Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint venture, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31 December 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and joint venture, as at 31 December 2023, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, associates and joint venture, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of intangible assets including Goodwill (Refer note 3(e) and 3(k) for accounting policies on Intangibles assets and Business combinations and goodwill respectively. Further refer note 5A and note 5B to the consolidated financial statements)	Our audit procedures included, but were not limited, to the following: • Obtained an understanding of the management's process for identification of cash generating unit and processes performed by the management for their impairment testing;

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>The Group carries Goodwill and franchisee rights/ trademarks as intangible assets having indefinite life amounting to ₹ 242.30 million and ₹ 5,385.99 million respectively, that are required to be tested for impairment by the management on an annual basis in accordance with Ind AS 36, Impairment of Assets.

The aforesaid assessment of the impairment testing involves significant judgement around the determination of the recoverable amounts, being the higher of value in use and fair value less costs of disposal. Recoverable amounts are based on management's view of the future cash flows and prospects of the business, the appropriate discount rates and other industry specific risk factors.

The key judgements in determining the recoverable amounts relates to the forecast of future cash flows based on strategy using macroeconomic assumptions such as industry growth, inflation and expected growth in market share, capital expenditure and working capital requirements, among others.

Changes in the management forecasts or assumptions can impact the assessment of the discounted cash flows.

Considering the materiality of the amounts involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the forecasted cash flows used in the impairment evaluation, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, impairment assessment of Goodwill and the franchise rights/ trademarks was determined as a key audit matter.</td><td>Assessed the process by which management prepared its cash flow forecasts and held discussions with management to understand the assumptions used and estimates made by them for determining such projections;
Tested the design and operating effectiveness of internal controls over such identification and impairment test procedures;
Assessed the appropriateness of the Group's accounting policies, including those relating to recognition, measurement and impairment of intangibles by comparing with the applicable Ind AS;
Reviewed the valuation report obtained by the management from an independent valuer for Franchise rights and assessed the professional competence, skills and objectivity for performing the required valuations;
Assessed the appropriateness of the significant assumptions as well as the Group's valuation model with the support of auditor's valuation specialists, who assess the reasonableness of assumptions used and valuation methodology applied relating to discount rate, risk premium, industry growth rate etc. This included a discussion of the expected development of the business and results as well as of the underlying assumptions used with those responsible for the planning process;
Assessed the robustness of financial projections prepared by the management by comparing projections for previous financial years with actual results realised and discussed significant deviations, if any, with the management;
Tested mathematical accuracy of the projections and performed a sensitivity analysis for reasonably possible changes in the sales growth, discount rate applied and the long-term growth rate; and
Evaluated the adequacy and appropriateness of disclosures made by the Group in the consolidated financial statements, as required by the applicable provisions of the Act and Ind AS.</td></tr>
<tr><td>Claims, Appeals and Litigations – provisions and contingent liabilities

(Refer note 42 to the consolidated financial statements for the amounts of contingent liabilities)

The Group is involved in various direct, indirect tax and other claims, appeals and litigations (hereafter, referred to as "Matters") that are pending with different statutory authorities and judicial courts. The management exercises significant judgement for determining the need for and the amount of provisions, for any liabilities, arising from these matters.</td><td>Our audit procedures included, but were not limited to, the following:
Assessed the appropriateness of the Group's accounting policies relating to provisions and contingent liabilities with the applicable accounting standards;
Assessed the Group's process and the underlying controls for identification of the pending matters and completeness for financial reporting and also for monitoring of significant developments in relation to such pending matters;</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
This judgement is dependent on a number of significant assumptions and evaluations which involves interpreting the various applicable rules, regulations, practices and considering precedents in the various jurisdictions including the opinions received from various legal counsels. This matter is considered as a key audit matter, in view of the uncertainty regarding the outcome of these matters, the significance of the amounts involved and the subjectivity involved in management's judgement as to whether any amount should be recognised as a provision or be disclosed or not as a contingent liability in the consolidated financial statements.	• Assessed the management's assumptions and estimates in respect of matters, including the liabilities or provisions recognised or contingent liabilities disclosed in the consolidated financial statements. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts based on the various legal counsel opinions received by the Group; • Recomputed the arithmetical accuracy of the underlying calculations supporting the provisions recorded from the supporting evidences including the correspondence with various authorities; • Assessed the management's conclusions through understanding relevant judicial precedents in similar cases and the applicable rules and regulations and through a discussion with Company's legal department and legal counsels appointed by the Company; • Obtained legal opinions and confirmation on completeness from the Group's external legal counsels, where appropriate; • Engaged auditor's experts to gain an understanding of the current status of matters and changes in the disputes, if any, through discussions with the management and by reading external advice received by the Group, where relevant, to validate management's conclusions; and • Assessed the appropriateness of the Group's description of the accounting policy, disclosures related to matters and whether these are adequately presented in the consolidated financial statements.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Report on Corporate Governance and Director's Report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated

cash flows of the Group including its associates and joint venture in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, and its associate companies and joint venture company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for assessing the ability of the Group and of its associates and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates and joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint venture to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, and its associates and joint venture, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

15. We did not audit the financial statements of nine subsidiaries, whose financial statements reflects total assets of ₹ 35,471.10 million and net assets of ₹ 14,886.98 million as at 31 December 2023, total revenues of ₹ 43,269.44 million and net cash inflows amounting to ₹ 756.13 million for the year ended on that date, as considered in the consolidated financial statements. Out of the above, annual financial statements of one subsidiary included in the consolidated financial statements whose financial statement reflects total assets of ₹ 2,355.06 million and net assets of ₹ 1,773.69 million as at 31 December 2023, total revenues of ₹ 2,037.66 million and net cash outflows amounting to ₹ 213.63 million for the year ended on that date, as considered in the consolidated financial statement have been audited by one of the joint auditors, O P Bagla & Co LLP. The consolidated financial statements also includes the Group share of net loss (including other comprehensive income) ₹ 0.21 million for the year ended 31 December 2023, as considered in the consolidated financial statements, in respect of one associate, whose financial statement have not been audited by us. These financial statements has been audited by other auditor whose report has been furnished to us by the management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, are based solely on the reports of O P Bagla & Co LLP and the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of O P Bagla & Co LLP and the other auditors.

    The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 1.51 million for the year ended 31 December 2023, as considered in the consolidated financial statements, in respect of one associate based on their financial information, which have not been audited by us. This financial information is unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, this financial information is not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

16. The consolidated financial statements of the Group for the year ended 31 December 2022, were audited and reported jointly by then joint auditors Walker Chandiok & Co LLP and O P Bagla & Co LLP who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 06 February 2023.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors and one of the joint auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries and associate and joint venture, we report that the Holding Company, and one subsidiary company, incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to nine subsidiary companies, two associate companies and one joint venture company, since none of such companies is a public company as defined under section 2(71) of the Act.

18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us, of company included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such company. Further, following is the company included in the consolidated financial statements for the year ended 31 December 2023 and covered under that Act that is audited by one of the joint auditors for which the respective report under section 143(11) of the Act of such company has not yet been issued by the respective joint auditor, as per information and explanation given to us by the management in this respect.

S. No	Name	CIN	Subsidiary/ Associate/ Joint Venture	Remarks
1	Lunarmech Technologies Private Limited	U72900DL2009PTC190619	Subsidiary	Company follows different financial year (April to March)

19. As required by section 143(3) of the Act, based on our audit and on the consideration of the report of one of the joint auditors and other auditor on separate financial statements of the subsidiary, associate and joint venture, incorporated in India whose financial statements/ financial information have been audited under the Act and other financial information of the un-audited financial information of associate incorporated in India whose financial information are provided to us by the management of the Holding Company, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of one of the joint auditors and other auditor;

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of O P Bagla & Co LLP, the statutory auditor of its subsidiary company, covered under the Act, none of the directors of the Group companies are disqualified as on 31 December 2023 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary company, associate companies and joint venture company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in Annexure II wherein we have expressed an unmodified opinion; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the one of the joint auditors and other auditor on separate financial statements and other financial information of the subsidiary, associates and joint venture incorporated in India whose financial statements have been audited under the Act:

    i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 42 to the consolidated financial statements;

    ii. The Holding Company, its subsidiary companies, associate companies and joint venture company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 December 2023

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company, associate companies and joint venture company covered under the Act, during the year ended 31 December 2023;

    iv. a The respective managements of the Holding Company, its subsidiary company and joint venture incorporated in India whose financial statements have been audited under the Act have represented to us and the joint auditors of such subsidiary, and in respect of the un-audited financial information of associate company incorporated in India the management of Holding Company have represented to us that, to the best of their knowledge and belief, as disclosed in note 60(e) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, its associates companies or its joint venture company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, its associate companies or its joint venture company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

    b. The respective managements of the Holding Company, its subsidiary company and joint venture incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary, and in respect of the un-audited financial information of associate company incorporated in India the management of Holding Company have represented to us that, to the best of their knowledge and belief, as disclosed in note 60(f) to the consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies or its joint venture company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies, its associate companies or its joint venture company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiary, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The final dividend paid by the Holding Company during the year ended 31 December 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. The interim dividend declared and paid by the Holding Company during the year ended 31 December 2023 and until the date of this audit report is in compliance with section 123 of the Act. As stated in note 62(iii) to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 December 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year ended 31 December 2023.

For J. C. Bhalla & Co.
Chartered Accountants
Firm's Registration No. 001111N

Akhil Bhalla
Partner
Membership No: 505002
UDIN: 24505002BKBXPB7387

Place: Gurugram
Date: 05 February 2024

B-5, Sector-6, Noida
Uttar Pradesh 201301

For O P Bagla & Co LLP
Chartered Accountants
Firm's Registration No: 000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN: 24094155BKEOZE2952

Place: Gurugram
Date: 05 February 2024

B-225, 5th Floor, Okhla Industrial Area,
Phase 1, New Delhi 110020

Annexure I

List of entities included in the Statement

Holding Company

1. Varun Beverages Limited

Subsidiaries

1. Varun Beverages (Nepal) Private Limited
2. Varun Beverages Lanka (Private) Limited
3. Varun Beverages Morocco SA
4. Ole Spring Bottlers (Private) Limited
5. Varun Beverages (Zambia) Limited
6. Varun Beverages (Zimbabwe) (Private) Limited
7. Lunarmech Technologies Private Limited
8. Varun Beverages RDC SAS
9. Varun Beverages International DMCC
10. Varun Beverages South Africa (Pty) Ltd (with effect from 23 May 2023)
11. VBL Mozambique,SA (with effect from 21 November 2023)

Associates

1. Clean Max Tav Private Limited
2. Huoban Energy 7 Private Limited (with effect from 09 May 2023)

Joint Venture

1. IDVB Recycling Operations Private Limited

Annexure II

Independent Auditor's report on the internal financial controls with reference to Consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint venture as at and for the year ended 31 December 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company, its associate companies and joint venture company, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary company, its associate companies and joint venture company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. The audit of internal financial controls with reference to financial statements of the aforementioned associates and joint venture, which are companies covered under the Act, and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13 June 2017 read with corrigendum dated 14 July 2017. Consequently, our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of

records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, which is a company covered under the Act, has in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 December 2023, based on the Guidance Note issued by the ICAI.

Other Matter

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of one of the joint auditors, O P Bagla & Co. LLP of such company incorporated in India.

For J. C. Bhalla & Co.
Chartered Accountants
Firm's Registration No. 001111N

Akhil Bhalla
Partner
Membership No: 505002
UDIN: 24505002BKBXPB7387

Place: Gurugram
Date: 05 February 2024

B-5, Sector-6, Noida
Uttar Pradesh 201301

For O P Bagla & Co LLP
Chartered Accountants
Firm's Registration No: 000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN: 24094155BKEOZE2952

Place: Gurugram
Date: 05 February 2024

B-225, 5th Floor, Okhla Industrial Area,
Phase 1, New Delhi 110020

Consolidated Balance Sheet

As at 31 December 2023

(₹ in million)

	Notes	As at 31 December 2023	As at 31 December 2022
Assets			
Non-current assets			
(a) Property, plant and equipment	4A	68,031.32	54,415.78
(b) Capital work-in-progress	4B	19,222.22	6,066.32
(c) Right of use assets	4C	10,347.07	9,155.01
(d) Goodwill	5A	242.30	242.30
(e) Other intangible assets	5B	5,471.00	5,509.10
(f) Investment in associates and joint venture	6	179.32	0.04
(g) Financial assets			
(i) Investments	7	31.51	0.01
(ii) Other financial assets	8	622.67	486.80
(h) Other non-current assets	10	5,368.12	6,266.77
Total non-current assets		**109,515.53**	**82,142.13**
Current assets			
(a) Inventories	11	21,505.33	19,938.85
(b) Financial assets			
(i) Trade receivables	12	3,593.85	2,993.38
(ii) Cash and cash equivalents	13	2,422.12	1,543.32
(iii) Bank balances other than (ii) above	14	2,176.50	1,309.35
(iv) Others	15	7,388.23	3,977.06
(c) Current tax assets (Net)	16	3.11	-
(d) Other current assets	17	5,267.16	4,278.34
Total current assets		**42,356.30**	**34,040.30**
Total assets		**151,871.83**	**116,182.43**
Equity and liabilities			
Equity			
(a) Equity share capital	18	6,496.07	6,495.50
(b) Other equity	19	62,868.91	44,528.30
Equity attributable to owners of the Parent Company		**69,364.98**	**51,023.80**
Non-controlling interest		1,481.55	1,131.07
Total equity		**70,846.53**	**52,154.87**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20A	31,889.38	17,270.22
(ia) Lease liabilities	20B	1,978.85	1,654.25
(b) Provisions	21	2,126.44	2,041.13
(c) Deferred tax liabilities (Net)	9	3,430.11	3,368.48
(d) Other non-current liabilities	22	68.40	5.94
Total non-current liabilities		**39,493.18**	**24,340.02**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20C	20,054.49	19,677.90
(ia) Lease liabilities	20D	390.38	235.77
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	23	767.43	659.11
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	23	6,815.05	7,583.50
(iii) Other financial liabilities	24	7,638.39	5,593.90
(b) Other current liabilities	25	4,650.93	4,889.77
(c) Provisions	21	825.43	291.91
(d) Current tax liabilities (Net)	26	390.02	755.68
Total current liabilities		**41,532.12**	**39,687.54**
Total liabilities		**81,025.30**	**64,027.56**
Total equity and liabilities		**151,871.83**	**116,182.43**

Significant accounting policies 3

The accompanying notes 1 to 63 are an integral part of the consolidated financial statements.
As per our report of even date attached.

For J. C. Bhalla & Co.
Chartered Accountants
Firm's Registration No.: 001111N

For O P Bagla & Co LLP
Chartered Accountants
Firm's Registration No.: 000018N/N500091

For and on behalf of the Board of Directors of Varun Beverages Limited

Akhil Bhalla
Partner
Membership No.: 505002

Neeraj Kumar Agarwal
Partner
Membership No.: 094155

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Lalit Malik
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F- 5746

Place : Gurugram
Dated : 05 February 2024

Consolidated Statement of Profit and Loss

For the year ended 31 December 2023

(₹ in million, unless otherwise stated)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Income			
Revenue from operations	27	163,210.63	133,905.58
Other income	28	793.59	388.49
Total income		**164,004.22**	**134,294.07**
Expenses			
Cost of materials consumed	29	70,264.61	64,170.92
Excise duty		2,784.82	2,174.16
Purchases of stock-in-trade	30	4,626.96	1,885.71
Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress	31	(842.69)	(3,445.07)
Employee benefits expense	32	14,465.87	12,166.42
Finance costs	33	2,680.99	1,861.22
Depreciation, amortisation and impairment expense	34	6,809.06	6,171.89
Other expenses	35	35,816.21	29,072.39
Total expenses		**136,605.83**	**114,057.64**
Profit before share of loss of associate & joint venture and tax		**27,398.39**	**20,236.43**
Share of loss of associates and joint venture	6	(4.79)	(0.06)
Profit before tax		**27,393.60**	**20,236.37**
Tax expense			
(a) Current tax	26	6,290.81	4,258.66
(b) Adjustment of tax relating to earlier years	26	20.55	226.91
(c) Deferred tax charge	9	64.11	249.66
Total tax expense		**6,375.47**	**4,735.23**
Net profit for the year		**21,018.13**	**15,501.14**
Other comprehensive income	36		
(a) Items that will not to be reclassified to Profit or Loss:			
(i) Re-measurement (losses)/gain on defined benefit plans		(28.16)	107.87
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		6.98	(27.02)
(b) Items that will be reclassified to Profit or Loss:			
(i) Exchange differences arising on translation of foreign operations		(58.83)	(3,799.27)
Total other comprehensive loss		**(80.01)**	**(3,718.42)**
Total comprehensive income for the year (including non-controlling interest)		**20,938.12**	**11,782.72**
Net profit attributable to:			
(a) Owners of the Company		20,559.22	14,974.33
(b) Non-controlling interest		458.91	526.81
Other comprehensive income attributable to:			
(a) Owners of the Company		(56.45)	(3,154.79)
(b) Non-controlling interest		(23.56)	(563.63)
Total comprehensive income attributable to:			
(a) Owners of the Company		20,502.77	11,819.54
(b) Non-controlling interest		435.35	(36.82)
Earnings per equity share of face value of ₹ 5 each			
Basic (₹)	40	15.83	11.53
Diluted (₹)	40	15.82	11.52
Significant accounting policies	3		

The accompanying notes 1 to 63 are an integral part of the consolidated financial statements.
As per our report of even date attached.

For J. C. Bhalla & Co.
Chartered Accountants
Firm's Registration No.: 001111N

Akhil Bhalla
Partner
Membership No.: 505002

For O P Bagla & Co LLP
Chartered Accountants
Firm's Registration No.: 000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No.: 094155

For and on behalf of the Board of Directors of
Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Lalit Malik
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F- 5746

Place : Gurugram
Dated : 05 February 2024

Consolidated Statement of Cash Flow

For the year ended 31 December 2023

(Indirect Method) (₹ in million)

		Year ended 31 December 2023	Year ended 31 December 2022
A.	**Operating activities**		
	Profit before tax and share of loss in associates and joint venture	27,398.39	20,236.43
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and impairment on property, plant and equipment	6,409.04	5,830.99
	Amortisation of intangible assets and right of use assets	400.02	340.90
	Interest expense at amortised cost	2,680.99	1,854.49
	Interest income at amortised cost	(238.00)	(228.29)
	Gain on derecognition of financial instruments	(0.81)	-
	Gain on sale of current investments	(3.51)	(3.67)
	Excess provisions and liabilities written back	(322.36)	(9.20)
	Share based payments	78.61	29.06
	Loss on disposal/written off of property, plant and equipment (Net)	843.64	623.26
	Bad debts and advances written off	3.24	25.71
	Allowance for expected credit loss	69.47	73.51
	Unrealised foreign exchange fluctuation	3.26	(1,287.68)
	Operating profit before working capital changes	**37,321.98**	**27,485.51**
	Working capital adjustments		
	Increase in inventories	(1,601.73)	(5,568.33)
	Increase in trade receivables	(730.18)	(1,233.80)
	Increase in current and non-current financial assets and other current and non-current assets	(4,572.18)	(3,257.13)
	Increase in current financial liabilities and other current and non-current liabilities and provisions	169.28	4,207.33
	Total cash from operations	**30,587.17**	**21,633.58**
	Income tax paid	(6,679.39)	(3,733.29)
	Net cash flows from operating activities (A)	**23,907.78**	**17,900.29**
B.	**Investing activities**		
	Purchase of property, plant and equipment, right of use assets and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors)	(32,640.49)	(18,009.92)
	Proceeds from disposal of property, plant and equipment	701.31	510.93
	Investment made in associates, joint venture and other	(215.57)	(0.10)
	Purchase of additional stake from minority of a subsidiary	(100.00)	-
	Interest received	220.16	232.42
	Proceeds from sale of current investments (Net)	3.51	3.67
	Change in other bank balances	(867.59)	217.02
	Net cash used in investing activities (B)	**(32,898.67)**	**(17,045.98)**
C.	**Financing activities**		
	Proceeds from long-term borrowings	24,016.61	14,777.20
	Repayment of long-term borrowings	(12,765.22)	(11,373.59)
	Repayment of lease liabilities	(295.07)	(234.40)
	Proceeds/(Repayments) of short-term borrowings (Net)	3,812.66	(7.97)
	Proceeds from issue of share capital (including share premium thereon)	44.41	-
	Interest paid (inclusive of interest paid on lease liabilities ₹ 170.04 (31 December 2022: ₹ 44.26))	(2,694.42)	(1,716.79)

Consolidated Statement of Cash Flow

For the year ended 31 December 2023

(Indirect Method) (₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Proceeds from share application money pending allotment	3.51	-
Dividend paid	(2,273.48)	(1,623.87)
Net cash flows from/(used) in financing activities (C)	**9,849.00**	**(179.42)**
Net change in cash and cash equivalents (D=A+B+C)	**858.11**	**674.89**
Cash and cash equivalents at the beginning of year (E)	1,543.32	1,507.50
Unrealised exchange difference on translation of cash and cash equivalent in subsidiaries (F)	20.69	(639.07)
Cash and cash equivalents at the end of year (G= D+E+F) (Refer note 13)	**2,422.12**	**1,543.32**

Notes:

(a) Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes pursuant to Ind AS 7:

(₹ in million)

	Non-current borrowings*	Current borrowings	Lease Liabilities (Non-current and current)
Balance as at 01 January 2023	30,671.17	6,276.95	1,890.02
Cash flows (Net)	11,251.39	3,812.66	(295.07)
Non-cash changes:			
Recognition of lease liabilities	-	-	749.28
Impact of fair value changes	(10.74)	-	-
Impact of exchange fluctuations	-	(57.56)	25.00
Balance as at 31 December 2023	**41,911.82**	**10,032.05**	**2,369.23**

(₹ in million)

	Non-current borrowings*	Current borrowings	Lease Liabilities (Non-current and current)
Balance as at 01 January 2022	27,134.03	6,284.92	448.65
Cash flows (Net)	3,403.61	(7.97)	(234.40)
Non-cash changes:			
Recognition of lease liabilities	-	-	1,665.92
Impact of fair value changes	74.19	-	-
Impact of exchange fluctuations	59.34	-	9.85
Balance as at 31 December 2022	**30,671.17**	**6,276.95**	**1,890.02**

*includes current maturities of long-term debts amounting to ₹ 10,022.44 million (31 December 2022: ₹ 13,400.95 million). (Refer note 20A and 20C)

The accompanying notes 1 to 63 are an integral part of the consolidated financial statements.
As per our report of even date attached.

For J. C. Bhalla & Co.
Chartered Accountants
Firm's Registration No.: 001111N

Akhil Bhalla
Partner
Membership No.: 505002

For O P Bagla & Co LLP
Chartered Accountants
Firm's Registration No.: 000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No.: 094155

For and on behalf of the Board of Directors of Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Lalit Malik
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F- 5746

Place : Gurugram
Dated : 05 February 2024

Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

A. Equity share capital

(₹ in million)

Particulars	Notes	Number of shares	Amount
Balance as at 01 January 2022		433,033,080	4,330.33
Changes in equity share capital during the year 2022		216,516,540	2,165.17
Balance as at 31 December 2022	18	**649,549,620**	**6,495.50**
Changes in equity share capital during the year 2023		649,665,356	0.57
Balance as at 31 December 2023	18	**1,299,214,976**	**6,496.07**

B. Other Equity

(₹ in million)

Particulars	Notes	Attributable to Owners of the Company									Non-controlling interests	Total
		Reserve and surplus						Share application money pending allotment	Exchange differences on translating the financial statements of foreign operations	Total attributable to owners of the Group		
		Capital reserve on consolidation	Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings					
Balance as at 01 January 2022		**(2,279.78)**	**533.93**	**24,734.73**	**-**	**444.26**	**13,967.42**	**-**	**(931.81)**	**36,468.75**	**1,167.89**	**37,636.64**
Profit for the year		-	-	-	-	-	14,974.33	-	-	**14,974.33**	526.81	**15,501.14**
Other comprehensive income for the year (Net of deferred taxes)												
Re-measurement gains on defined benefit plans (Net of taxes)#		-	-	-	-	-	80.96	-	-	**80.96**	(0.11)	**80.85**
Exchange differences arising on translation of foreign operations		-	-	-	-	-	-	-	(3,235.76)	**(3,235.76)**	(563.52)	**(3,799.28)**
Dividend paid** (Refer note 41)		-	-	-	-	-	(1,623.87)	-	-	**(1,623.87)**	-	**(1,623.87)**
Recognition of share based payment expenses (Refer note 32)		-	-	-	29.06	-	-	-	-	**29.06**		**29.06**
Amount utilised for bonus issue		-	-	(2,165.17)	-	-	-	-	-	**(2,165.17)**	-	**(2,165.17)**
Balance as at 31 December 2022	**19**	**(2,279.78)**	**533.93**	**22,569.56**	**29.06**	**444.26**	**27,398.84**	**-**	**(4,167.57)**	**44,528.30**	**1,131.07**	**45,659.37**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

(₹ in million)

Particulars	Notes	Attributable to Owners of the Company										
		Reserve and surplus										
		Capital reserve on consolidation	Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Share application money pending allotment	Exchange differences on translating the financial statements of foreign operations	Total attributable to owners of the Group	Non-controlling interests	Total
Profit for the year		-	-	-	-	-	20,559.22	-	-	**20,559.22**	458.91	**21,018.13**
Other comprehensive income for the year (Net of deferred taxes)												
Re-measurement losses on defined benefit plans (Net of taxes)#		-	-	-	-	-	(21.08)	-	-	**(21.08)**	(0.10)	**(21.18)**
Exchange differences arising on translation of foreign operations		-	-	-	-	-	-	-	(35.37)	**(35.37)**	(23.46)	**(58.83)**
Dividend paid** (Refer note 41)		-	-	-	-	-	(2,273.48)	-	-	**(2,273.48)**	-	**(2,273.48)**
Pursuant to exercise of employee stock options		-	-	67.03	(23.19)	-	-	-	-	**43.84**	-	**43.84**
Share application money pending allotment		-	-	-	-	-	-	3.51	-	**3.51**		**3.51**
Recognition of share based payment expenses (Refer note 32)		-	-	-	79.10	-	-	-	-	**79.10**	-	**79.10**
Purchase of additional stake in subsidiary from minority		(15.13)	-	-	-	-	-	-	-	**(15.13)**	(84.87)	**(100.00)**
Balance as at 31 December 2023	**19**	**(2,294.91)**	**533.93**	**22,636.59**	**84.97**	**444.26**	**45,663.50**	**3.51**	**(4,202.94)**	**62,868.91**	**1,481.55**	**64,350.46**

The disaggregation of changes in OCI by each type of reserves in equity is disclosed in Note 36.

**Transaction with owners in their capacity as owners.

The accompanying notes 1 to 63 are an integral part of the consolidated financial statements.
As per our report of even date attached.

For J. C. Bhalla & Co.
Chartered Accountants
Firm's Registration No.: 001111N

Akhil Bhalla
Partner
Membership No.: 505002

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Chartered Accountants
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For and on behalf of the Board of Directors of Varun Beverages Limited

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Lalit Malik
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F- 5746

Place : Gurugram
Dated : 05 February 2024

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

1. Corporate information

Varun Beverages Limited ("VBL" or "the Company" or "Holding Company" or "Parent Company") is a public limited Company domiciled in India. Its registered office is at F-2/7, Okhla Industrial Area, Phase-I, New Delhi- 110 020. The Company's equity shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India (NSE). The Company was incorporated on 16 June 1995 with Corporate Identification Number L74899DL1995PLC069839 under the provisions of the Companies Act 1956.

The Company together with its subsidiaries and associates (hereinafter, "the Group") is engaged in manufacturing, selling, bottling and distribution of beverages of Pepsi brand in geographically pre-defined territories of India, Sri Lanka, Nepal, Zambia, Morocco and Zimbabwe as per franchisee agreement with PepsiCo India Holdings Private Limited ("PepsiCo India") and its affiliates. The sale of Group's products is seasonal.

2. Basis for preparation

These Consolidated Financial Statements ("the CFS") of the Group have been prepared in accordance with the Indian Accounting Standards ("Ind AS") and comply with requirements of Ind AS, stipulations contained in Schedule III (revised) as applicable under Section 133 of the Companies Act, 2013 ("the Act"), and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI) the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other pronouncements/ provisions of applicable laws. These financial statements are authorised for issue on 05 February 2024 in accordance with a resolution of the Board of Directors. The Board of Directors can permit the revision to the standalone financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

These CFS have been prepared using the significant accounting policies and measurement basis summarised below. These accounting policies have been used consistently throughout all periods presented in these consolidated financial statements except as mentioned in note 3 (b) below.

The CFS have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

i. Derivative financial instruments;

ii. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

iii. Defined benefit plans- plan assets measured at fair value; and

iv. Share based payments;

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current if it satisfies any of the following conditions:

i. Expected to be realised or intended to sold or consumed in normal operating cycle;

ii. Held primarily for the purpose of trading;

iii. Expected to be realised within twelve months after the reporting period; or

iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current if it satisfies any of the following conditions:

i. It is expected to be settled in normal operating cycle;

ii. It is held primarily for the purpose of trading;

iii. It is due to be settled within twelve months after the reporting period; or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and its realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

All amounts disclosed in the CFS and notes have been rounded off to the nearest million as per the requirement of Schedule III to the Act, unless otherwise stated.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

2.1. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and associate. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a) The contractual arrangement with the other vote holders of the investee;

b) The rights arising from other contractual arrangements;

c) The Group's voting rights and potential voting rights; and

d) The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

An associate is an entity over which the Group has significant influence, i.e., the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended 31 December. When the end of the reporting period of the parent is different from that of a subsidiary/ associate, the subsidiary/ associate prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

The following consolidation procedures are adopted:

Subsidiary:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date;

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill; and

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Ind AS 12 'Income Taxes' applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in Consolidated Statement of Profit and Loss;
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Associates/Joint Venture:

Interests in associates/Joint Venture are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. When a member of the Group transacts with an associate of the Group, profits and losses from transactions with the associate/Joint Venture are recognised in the CFS only to the extent of interests in the associate/Joint Venture that are not related to the Group.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate/Joint Venture since the acquisition date. Goodwill relating to the associate/Joint Venture is included in the carrying amount of the investment.

The Consolidated Statement of Profit and Loss reflects the Group's share of the results of operations of the associate/ Joint Venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate/Joint Venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate/Joint Venture are eliminated to the extent of the interest in the associate/Joint Venture. The aggregate of the Group's share of profit or loss of an associate/ Joint Venture is shown on the face of the Consolidated Statement of Profit and Loss.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate/Joint Venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate/Joint Venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate/Joint Venture and its carrying value, and then recognises the loss as 'Share of loss of associates and Joint Venture in the Consolidated Statement of Profit and Loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant and the fair value of the retained investment and proceeds from disposal is recognised in the Consolidated Statement of Profit and Loss.

On acquisition of control over previously owned associates, the Group re-measures its previously held equity interest in the associates at the acquisition date fair value and the difference, if any, between the carrying amount and the fair value is recognised in the Consolidated Statement of Profit and Loss.

Goodwill is generally computed as the difference between the sum of consideration transferred (measured at the fair value) the non-controlling interest ("NCI") in the acquire and the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

3. Summary of significant accounting policies

a) Fair value measurements

The Group measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by e-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

b) Revenue recognition

Revenue is recognised upon transfer of control of promised goods or services to customers at an amount that reflects the consideration to which the Group is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable considerations) allocated to that performance obligation as per contractually agreed terms with the customers. The transaction price of goods sold and services rendered is net of variable considerations on account of various discounts and schemes offered by the Company as part of the contract. Revenue is recorded provided the recovery of consideration is probable and determinable. Revenue from sale of goods and services transferred to distributors/intermediaries are recognised at a point in time.

Sale of goods

Revenue from the sale of manufactured and traded goods products is recognised upon transfer of control of products to the customers which coincides with their delivery to customer and is measured at fair value of consideration received/receivable, net of discounts, amount collected on behalf of third parties and applicable taxes.

Interest income

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial assets. Interest income is included in finance income in the Consolidated Statement of Profit and Loss.

Dividends

Dividend is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Services rendered

Revenue from service related activities including management and technical know-how service, job work are recognised as and when services are rendered and on the basis of contractual terms with the parties.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

c) Inventories

Inventories are valued as follows:

i. **Raw materials, components and stores and spares:** At lower of cost and net realisable value. Cost of inventory comprises all costs of purchases, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition and is determined on a moving weighted average cost basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

ii. **Work-in-progress:** At lower of cost and net realisable value. Cost for this purpose includes material, labour and appropriate allocation of overheads including depreciation. Cost is determined on a weighted average basis.

iii. **Intermediate goods/ Finished goods:**

a) **Self-manufactured -** At lower of cost and net realisable value. Cost for this purpose includes material, labour and appropriate allocation of overheads. Cost is determined on a weighted average basis.

b) **Traded -** At lower of cost and net realisable value. Cost of inventory comprises all costs of purchases, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition and is determined on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Provision for obsolescence is determined based on management's assessment and is charged to the Consolidated Statement of Profit and Loss.

d) Property, plant and equipment

Measurement at recognition:

Property, plant and equipment and capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost comprises the purchase price, borrowing costs if capitalization criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The cost of an item of property, plant and equipment is recognised as an asset if, and only if:

a. it is probable that future economic benefits associated with the item will flow to the entity; and

b. the cost of the item can be measured reliably.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increased the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day-to- day repair and maintenance expenditure and cost of replacing parts, are charged to the Consolidated Statement of Profit and Loss for the period during which such expenses are incurred. Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as a part of indirect construction cost to the extent the expenditure is related to construction or is incidental thereto. Other indirect costs incurred during-the construction periods which are not related to construction activity nor are incidental thereto are charged to the Consolidated Statement of Profit and Loss.

Value for individual assets acquired for a consolidated price, the consideration is apportioned to the various assets on a fair value basis as determined by competent valuers.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

Depreciation:

The management has estimated, supported by technical assessment, the useful lives of property, plant and equipment. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Description	Useful lives (upto)
Leasehold land	Over lease period
Buildings-factory	20-50 years
Buildings-others	59-60 years
Plant and equipment	4-20 years
Furniture and fixtures	5-10 years
Delivery vehicles	4-10 years
Vehicles (other than delivery vehicles)	4-7 years
Office equipment	4-10 years
Computer equipment	3-5 years
Containers	4-10 years
Post-mix vending machines and refrigerators (Visi - Cooler)	7-10 years
Power generating assets	22 years

Freehold land is not depreciated.

Depreciation on property, plant and equipment is provided over the useful life of assets as specified in Schedule II to the Act except where the management, based on independent technical assessment, depreciates certain assets are over estimated useful lives which are different from the useful life prescribed in the Schedule II to the Act.

The Group has used the remaining useful lives to compute depreciation on its property, plant and equipment, acquired under the business transfer agreement based on external technical evaluation.

Depreciation on property, plant and equipment which are added/disposed off during the year is provided on a pro-rata basis with reference to the month of addition/deletion.

The Group has technically evaluated all the property, plant and equipment for determining the separate identifiable assets having different useful lives under the component approach. On technical evaluation of all separate identifiable components, the management is of the opinion that they do not have any different useful life from that of the principal asset.

In case of revaluation of leasehold land, the resulting amortisation of the total revalued amount is expensed off to the Consolidated Statement of Profit and Loss.

Derecognition:

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds or amount of security deposit adjusted and the carrying amount of the asset) is included in the Consolidated Statement of Profit and Loss when the asset is de-recognised.

Breakages of containers are adjusted on 'first bought first broken' basis, since it is not feasible to specifically identify the broken containers in the fixed assets records.

e) Intangible assets

Intangible assets are initially recognised at:

a. In case the assets are acquired separately, then at cost,

b. In case the assets are acquired in a business combination or under any asset purchase agreement, at fair value.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful life are assessed for impairment whenever there is an indication that the intangible assets may be impaired.

Amortisation of other intangible assets are amortised on a straight-line basis using the estimated useful life as follows:

Intangible assets	Useful lives (years)
Software	3-5 Years
Market infrastructure	5 Years
Distribution network	8 Years

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

The franchise rights and trademarks acquired as part of business combinations normally have a remaining legal life of not exceeding ten years but is renewable every ten years at little cost and is well established. The Group intends to renew these rights continuously and evidence supports its ability to do so. An analysis of product life cycle studies, market and competitive trends provides evidence that the product will generate net cash inflows for the Group for an indefinite period. Therefore, these rights have been carried at cost without amortisation, but is tested for impairment annually, at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

f) Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed to the Consolidated Statement of Profit and Loss in the period in which they occur.

g) Leases

The Group as a lessee

The Group enters into an arrangement for lease of buildings and equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with Ind AS 116 – Leases, at inception of the contract, the Group assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfills the requirements of Ind AS 40 - Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Consolidated Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item in the standalone financial statements of the Group.

The Group has elected not to apply the requirements of Ind AS 116 - Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from Ind AS 116 - Leases. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

h) Employee benefits

Contribution to provident and other funds

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Group recognises termination benefit as a liability and an expense when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Gratuity liability is accrued on the basis of an actuarial valuation made at the end of the year. The actuarial valuation is performed by an independent actuary as per projected unit credit method, except for few subsidiary companies where gratuity liability is provided on full cost basis.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in Consolidated Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring cost

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation as an expense in the Consolidated Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Compensated absences

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit which are computed based on the actuarial valuation using the projected unit credit method at the year end except for few subsidiary companies where accumulated leave liability is provided on full cost basis. Actuarial gains/losses are immediately taken to the Consolidated Statement of Profit and Loss and are not deferred. The Group presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement

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for twelve months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the balance is presented as a non-current liability.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

All other employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognised in the Consolidated Statement of Profit and Loss in the period in which the employee renders the related service.

i) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments which are classified as equity-settled transactions.

The cost of equity-settled transactions is determined by the fair value at the date of grant using an appropriate valuation model. That cost is recognised as an employee benefit expense with a corresponding increase in 'Share option outstanding account' in other equity, over the period in which the performance and/or service conditions are fulfilled in relation to options granted to employees of the Group.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the parent company's best estimate of the number of equity instruments that will ultimately vest.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the parent company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions.

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the parent company or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

j) Foreign currency transactions and translations

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or after 01 January 2017: Exchange differences arising on conversion of long term foreign currency monetary items obtained or given is recorded in the Consolidated Statement of Profit and Loss.

Group companies

On consolidation, the assets and liabilities of foreign operations, whose functional currency is not the currency of a hyperinflationary economy, are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions.

However, all amounts (i.e. assets, liabilities, equity items, income and expenses) of foreign operation, whose functional currency is the currency of a hyperinflationary economy, are translated into INR at the rate of exchange prevailing at the reporting date and the comparative figures shall be those that were presented as current year amounts in the relevant prior year financial statement (i.e. not adjusted for subsequent changes in the price level or subsequent changes in exchange rates).

The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Financial statements of entity whose functional currency is the currency of a hyperinflationary economy

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy is stated in terms of the measuring unit current at the end of the reporting period.

Monetary items are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period.

Non-monetary items, which are carried at amounts current at the end of the reporting period, such as net realisable value and fair value, are not restated. All other nonmonetary assets and liabilities which are carried at cost or cost less depreciation are restated by applying to its historical cost and accumulated depreciation the change in a general price index from the date of acquisition to the end of the reporting period. However, where detailed records of the acquisition dates are not available or capable of estimation, in those cases, restatement is computed based on independent professional assessment or by using the best estimate, i.e., by capturing the movements in the exchange rate between the functional currency and a relatively stable foreign currency.

Statement of profit and loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore all amounts are restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

At the beginning of the first period of application, the components of shareholder's equity, excluding retained earnings and any revaluation surplus, are restated by applying a general price index from the dates on which the items were contributed or otherwise arose. Restated retained earnings are derived from all the other amounts in the restated statement of financial position.

The gain or loss on the net monetary position, being the difference resulting from the restatement of non-monetary assets, owners' equity and items in the statement of profit and loss and the adjustment of index linked assets and liabilities, is recognised in the consolidated statement of profit and loss.

k) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits' respectively. When a liability assumed is recognised at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments' ("Ind AS 109"), is measured at fair value with changes in fair value recognised in the Consolidated Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in the Consolidated Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Business combinations involving entities that are controlled by the Group are accounted for using the 'pooling of interests' method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- Except for adjustments made to harmonise accounting policies, no adjustments are made to reflect fair values, or recognise any new assets or liabilities;
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve; and
- The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferred.

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

l) Government grants

Grants from the Government are recognised when there is reasonable assurance that all underlying conditions will be complied with and that the grant will be received.

Grants related to income are recognised as income on a systematic basis in the Consolidated Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate and are presented as 'other operating revenues'. Further, where loans or similar assistance are provided by Government or related institutions, with an interest rate below the current applicable market rate, the

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds to be received. That grant is recognised in the Consolidated Statement of Profit and Loss under 'other operating revenue'. The loan is subsequently measured in the year of disbursement as per the accounting policy applicable to financial liabilities.

Government grants related to assets are presented in the Consolidated balance sheet by deducting the grant from the carrying value of the asset and non-monetary grant is recognised at a nominal value.

m) Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 and respective local jurisdictions of members of the Group.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity).

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate including amount expected to be paid/recovered for uncertain tax position.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their book bases. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum Alternate Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the relevant members of the Group will pay normal income tax during the specified period. Such asset is reviewed at each reporting period end and the adjusted based on circumstances then prevailing.

Deferred tax assets are recognised on the unrealized profit for all the inter-company sale/ purchase eliminations of property, plant and equipment and inventories.

Deferred tax on business combination

When a liability assumed is recognized at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base. In both cases, the resulting deferred tax asset affects goodwill.

n) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The business activities of the Group predominantly fall within a single operating segment, i.e., manufacturing and sale of beverages. The Group operates in two principal geographical areas, namely, India and other countries or 'outside India'. The Group prepares its segment information in conformity with the accounting policies adopted for preparing the CFS.

o) Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Consolidated Statement of Profit and Loss

p) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal

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and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded company's or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Consolidated Statement of Profit and Loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Consolidated Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss ("FVTPL"), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

For purposes of subsequent measurement, financial assets are classified as follows:

a) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost where the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and contractual terms of the asset give rise to cash flows on specified dates that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income from these financial assets is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

b) ***Debt instruments at Fair Value Through Other Comprehensive Income***

Assets that are held for collection of contractual cashflows and for selling the financial assets, where the cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). The Group has not designated any debt instrument in this category.

c) ***Debt instruments at Fair Value Through Profit or Loss***

Fair Value Through Profit or Loss ("FVTPL") is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Consolidated Statement of Profit and Loss. The Group has not designated any debt instrument in this category.

d) ***Equity instruments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 'Business Combinations' applies are Ind AS classified as at FVTPL. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Consolidated Profit and Loss.

For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair values. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

De-recognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive the contractual cash flows from the asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred.

Impairment of financial assets

The Group measures the Expected Credit Loss ("ECL") associated with its assets based on historical trends, industry practices and the general business environment in which it operates. The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the Consolidated Statement of Profit and Loss under the head 'other expenses'.

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Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses are recognised in the Consolidated Statement of Profit or Loss, except for those attributable to changes in own credit risk, which are recognised in OCI. These gains/ loss are not subsequently transferred to the profit or loss.

b) Financial liabilities at amortised cost

After initial recognition, financial liabilities designated at amortised costs are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortisation is included as finance costs in the Consolidated Statement of Profit and Loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date of executing a derivative contract and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

r) **Non-current assets and liabilities classified as held for sale**

Non-current assets classified as held for sale are presented separately in the Balance Sheet and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arises on remeasurement or sale is included in the Consolidated Statement of Profit and Loss.

If an entity has classified an asset (or disposal group) as held for sale, but the held-for-sale criteria as specified in Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations' are no longer met, the Group ceases to classify the asset (or disposal group) as held for sale.

The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and

b) its recoverable amount at the date of the subsequent decision not to sell.

s) **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

t) **Dividend distribution to equity holders of the parent**

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

u) **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Consolidated Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

v) **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

w) Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, other than conversion of potential equity shares, that have changed the number of equity shares outstanding without a corresponding change in resources.

In case of a bonus issue and sub-divison/split, the number of ordinary shares outstanding is increased by number of shares issued as bonus shares and sub-divison/split respectively in current year and comparative period presented as if the event had occurred at the beginning of the earliest year presented.

For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.1. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements. Changes in estimates are accounted for prospectively.

i) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

a) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

b) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) ***Useful lives of tangible/intangible assets***

The Group reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

b) ***Defined benefit obligation***

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c) ***Inventories***

The Group estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

d) ***Business combinations***

The Group uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

e) ***Impairment of non-financial assets and goodwill***

In assessing impairment, Group estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

f) ***Fair value measurement of financial instruments***

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

4A. Property, plant and equipment

(₹ in million)

	Land freehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount										
Balance as at 01 January 2023	7,797.60	15,541.43	43,694.33	290.23	2,064.15	401.89	326.12	5,427.93	11,981.78	87,525.46
Additions for the year	587.25	3,986.62	12,341.75	117.60	2,122.24	112.60	97.53	1,557.21	724.81	21,647.61
Disposals/adjustments for the year	(12.49)	(273.73)	(1,364.31)	(0.19)	(125.57)	(5.74)	(11.80)	(918.86)	(318.33)	(3,031.02)
Foreign exchange fluctuation for the year	60.07	(44.35)	(11.55)	(1.19)	(10.19)	(0.39)	(2.30)	(147.26)	35.63	(121.53)
Balance as at 31 December 2023	**8,432.43**	**19,209.97**	**54,660.22**	**406.45**	**4,050.63**	**508.36**	**409.55**	**5,919.02**	**12,423.89**	**106,020.52**
Accumulated depreciation										
Balance as at 01 January 2023	-	3,531.23	15,596.24	183.59	1,610.47	249.22	222.80	2,416.92	9,299.21	33,109.68
Depreciation charge for the year	-	626.97	3,471.30	29.42	198.02	58.80	48.83	940.08	1,035.62	6,409.04
Reversal on disposals/adjustments for the year	-	(57.53)	(507.37)	(0.18)	(120.68)	(4.68)	(10.91)	(722.46)	(109.10)	(1,532.91)
Foreign exchange fluctuation for the year	-	7.79	49.51	(0.52)	(8.83)	0.17	(1.43)	(70.63)	27.33	3.39
Balance as at 31 December 2023	**-**	**4,108.46**	**18,609.68**	**212.31**	**1,678.98**	**303.51**	**259.29**	**2,563.91**	**10,253.06**	**37,989.20**
Carrying amount as at 31 December 2023	**8,432.43**	**15,101.51**	**36,050.54**	**194.14**	**2,371.65**	**204.85**	**150.26**	**3,355.11**	**2,170.83**	**68,031.32**

(₹ in million)

	Land freehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount										
Balance as at 01 January 2022	7,203.14	14,414.94	39,658.25	293.35	2,102.07	344.58	284.03	4,508.86	12,080.03	80,889.25
Additions for the year	781.60	1,711.03	6,919.33	26.69	118.26	93.13	64.80	1,530.65	430.47	11,675.96
Disposals/adjustments for the year	(7.13)	(2.30)	(1,575.38)	(4.10)	(51.00)	(13.15)	(8.43)	(507.58)	(196.18)	(2,365.25)
Foreign exchange fluctuation for the year	(180.01)	(582.24)	(1,307.87)	(25.71)	(105.18)	(22.67)	(14.28)	(104.00)	(332.54)	(2,674.50)
Balance as at 31 December 2022	**7,797.60**	**15,541.43**	**43,694.33**	**290.23**	**2,064.15**	**401.89**	**326.12**	**5,427.93**	**11,981.78**	**87,525.46**
Accumulated depreciation and impairment										
Balance as at 01 January 2022	-	3,023.30	13,315.18	175.03	1,598.82	218.72	199.19	2,072.37	8,734.92	29,337.53
Depreciation charge for the year	-	537.87	2,859.42	21.97	117.11	49.91	37.73	809.85	922.89	5,356.75
Impairment loss for the year (Refer footnote iv)	-	84.24	386.38	-	-	-	-	-	-	470.62
Reversal on disposals/adjustments for the year	-	(0.58)	(591.90)	(3.32)	(38.40)	(9.70)	(7.76)	(383.55)	(171.75)	(1,206.96)
Foreign exchange fluctuation for the year	-	(113.60)	(372.84)	(10.09)	(67.06)	(9.71)	(6.36)	(81.75)	(186.85)	(848.26)
Balance as at 31 December 2022	**-**	**3,531.23**	**15,596.24**	**183.59**	**1,610.47**	**249.22**	**222.80**	**2,416.92**	**9,299.21**	**33,109.68**
Carrying amount as at 31 December 2022	**7,797.60**	**12,010.20**	**28,098.09**	**106.64**	**453.68**	**152.67**	**103.32**	**3,011.01**	**2,682.57**	**54,415.78**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

Footnotes to Note 4A:

i. Refer note 55 for information on property, plant and equipment pledged as security by the Group.

ii. Pre-operative expenses incurred and capitalised during the year are as under:

(₹ in million)

Net Book Value	31 December 2023	31 December 2022
Balance at the beginning of the year	359.72	179.74
Add: Incurred during the year		
Net gain on foreign currency transactions	(76.87)	(34.64)
Finance costs	625.45	171.76
Employee benefits expense and other expenses	685.56	466.43
Less: Capitalised during the year	(411.44)	(423.57)
Amount carried over included in CWIP	**1,182.42**	**359.72**

iii. The amount of contractual commitments for the acquisitions of property, plant and equipment are disclosed in Note 43.

iv. During the year ended on 31 December 2022, the Holding Company has impaired some of the property, plant and equipment, primarily used in production of beverages, amounting to ₹ 470.62 million, based on the detailed evaluation of capacity utilisation during the peak season and considering the future usability.

v. All title deeds of immovable properties are held in the name of the Group.

4B. Capital work-in-progress (CWIP)

The changes in the carrying value of capital work-in-progress for the year ended 31 December 2023 and 31 December 2022 are as follows :

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2023	6,066.32
Additions for the year*	20,855.34
Transfer to property, plant and equipment	(7,529.15)
Foreign exchange fluctuation for the year	(170.29)
Balance as at 31 December 2023	**19,222.22**

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2022	4,966.08
Additions for the year*	7,551.52
Transfer to property, plant and equipment	(6,299.30)
Impairment loss for the year#	(3.62)
Foreign exchange fluctuation for the year	(148.36)
Balance as at 31 December 2022	**6,066.32**

* includes finance cost amounting to ₹ 625.45 million (31 December 2022: ₹ 171.76 million) and Employee benefits expenses & other expenses amounting to ₹ 685.56 million (31 December 2022: ₹ 466.43 million) respectively.

During the year ended 31 December 2022, the Holding Company has impaired some of the plant and equipment amounting to ₹ 3.62 million which indicates the cost incurred on Capital work-in-progres related to plant impaired during the previous year, based on the detailed evaluation of capacity utilisation during the peak season and considering the future usability.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

4B (i) CWIP ageing schedule

(₹ in million)

Particular	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress					
As at 31 December 2023	17,735.60	1,482.00	1.15	3.47	**19,222.22**
As at 31 Decemebr 2022	5,999.31	63.54	3.25	0.22	**6,066.32**

There are no projects as on each reporting period where activity has been suspended . Also, there are no project as on reporting period which has exceeded cost as compared to its original plan or where completion is overdue.

4C. Right of use assets (ROU)

(₹ in million)

	Land leasehold	Leased buildings	Leased plant and equipment	Vehicles	Visi Coolers	Total
Gross carrying amount						
Balance as at 01 January 2023	8,996.88	326.20	314.26	456.84	-	10,094.18
Additions for the year	992.32	78.41	-	399.36	153.24	1,623.33
Rebate (Refer footnote i below)	(16.61)	-	-	-	-	(16.61)
Disposals for the year	-	(30.65)	-	-	-	(30.65)
Foreign exchange fluctuation for the year	(86.73)	-	13.99	30.61	3.59	(38.54)
Balance as at 31 December 2023	**9,885.86**	**373.96**	**328.25**	**886.81**	**156.83**	**11,631.71**
Accumulated Amortisation						
Balance as at 01 January 2023	483.81	250.61	49.00	155.75	-	939.17
Amortisation charge for the year	122.52	40.92	45.57	127.52	22.98	359.51
Reversal on disposals for the year	-	(28.22)	-	-	-	(28.22)
Foreign exchange fluctuation for the year	0.38	-	3.03	10.23	0.54	14.18
Balance as at 31 December 2023	606.71	263.31	97.60	293.50	23.52	1,284.64
Carrying amount as at 31 December 2023	**9,279.15**	**110.65**	**230.65**	**593.31**	**133.31**	**10,347.07**
Gross carrying amount						
Balance as at 01 January 2022	5,752.31	326.11	13.60	289.40	-	6,381.42
Additions for the year	3,316.84	0.09	291.75	163.92	-	3,772.60
Grant received (Refer footnote ii below)	(68.24)	-	-	-	-	(68.24)
Refund received (Refer footnote iii below)	(10.35)	-	-	-	-	(10.35)
Foreign exchange fluctuation for the year	6.32	-	8.91	3.52	-	18.75
Balance as at 31 December 2022	**8,996.88**	**326.20**	**314.26**	**456.84**	**-**	**10,094.18**
Accumulated Amortisation						
Balance as at 01 January 2022	388.99	171.23	4.41	88.80	-	653.43
Amortisation charge for the year	94.77	79.38	43.32	65.40	-	282.87
Foreign exchange fluctuation for the year	0.05	-	1.27	1.55	-	2.87
Balance as at 31 December 2022	483.81	250.61	49.00	155.75	-	939.17
Carrying amount as at 31 December 2022	**8,513.07**	**75.59**	**265.26**	**301.09**	**-**	**9,155.01**

Footnotes to Note 4C:

i. During the year ended on 31 December 2023, the Holding Company has received rebate on leasehold land acquired in Gorakhpur amounting to ₹ 16.61 million on account of full premium payment as per prescribed timeline. The rebate received is adjusted against the carrying value of the respective asset.

ii. During the year ended on 31 December 2022, the Holding Company had received government grant related to leasehold land acquired in Bihar amounting to ₹ 68.24 million. The grant received is adjusted against the carrying value of the respective asset.

iii. During the year ended on 31 December 2022, the Holding Company had received refund amounting to ₹ 10.35 million due to revision in rates of leasehold land acquired during the previous year at Kathua (Jammu and Kashmir). The refund received is adjusted against the carrying value of the respective asset.

iv. All lease deeds of immovable properties are held in the name of the Holding Company except as disclosed below:

(₹ in million)

Description of property	Gross carrying value	Net carrying value	Whether title deed holder is a Promoter, director or relative of promoter/ director or employee	Date since the property is held	Reason for not being held in name of Holding Company
Land Situated at Buxar, Bihar	327.30	327.30	No	21 December 2023	The Holding Company has received the possession letter dated 21 December 2023 of land situated at Buxar, Bihar and is in the process of getting lease deed in its name.
Land Situated at Sonarpur, Kolkata	1.50	1.42	No	01 October 2018	The Holding Company has executed the lease agreement Sonarpur, (Kolkata) land, which is yet to be registered.

5A. Goodwill (Refer note i)

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2023	242.30
Acquired during the year	-
Balance as at 31 December 2023	**242.30**
Amortisation	
Balance as at 01 January 2023	-
Amortisation charge for the year	-
Balance as at 31 December 2023	-
Carrying amount as at 31 December 2023	**242.30**

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2022	242.30
Acquired during the year	-
Balance as at 31 December 2022	**242.30**
Amortisation	
Balance as at 01 January 2022	-
Amortisation charge for the year	-
Balance as at 31 December 2022	-
Carrying amount as at 31 December 2022	**242.30**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

5B. Other intangible assets

(₹ in million)

	Market infrastructure	Distribution network	Franchise rights/ trademarks (Refer note i)	Computer software	Total
Gross carrying amount					
Balance as at 01 January 2023	71.36	157.64	6,043.55	279.73	6,552.28
Additions for the year	-	-	-	1.34	1.34
Foreign exchange fluctuation for the year	3.32	-	(0.59)	0.04	2.77
Balance as at 31 December 2023	**74.68**	**157.64**	**6,042.96**	**281.11**	**6,556.39**
Amortisation					
Balance as at 01 January 2023	41.13	79.88	657.19	264.98	1,043.18
Amortisation charge for the year	11.95	19.70	-	8.86	40.51
Foreign exchange fluctuation for the year	1.89	-	(0.22)	0.03	1.70
Balance as at 31 December 2023	**54.97**	**99.58**	**656.97**	**273.87**	**1,085.39**
Carrying amount as at 31 December 2023	**19.71**	**58.06**	**5,385.99**	**7.24**	**5,471.00**

(₹ in million)

	Market infrastructure	Distribution network	Franchise rights/ trademarks (Refer note i)	Computer software	Total
Gross carrying amount					
Balance as at 01 January 2022	71.73	157.64	6,043.54	313.03	6,585.94
Additions for the year	-	-	-	1.48	1.48
Disposals/adjustments for the year	-	-	-	(34.71)	(34.71)
Foreign exchange fluctuation for the year	(0.37)	-	0.01	(0.07)	(0.43)
Balance as at 31 December 2022	**71.36**	**157.64**	**6,043.55**	**279.73**	**6,552.28**
Amortisation					
Balance as at 01 January 2022	29.06	60.18	657.15	253.81	1,000.20
Amortisation charge for the year	11.86	19.70	0.03	26.44	58.03
Reversal on disposals/adjustments on assets for the year	-	-	-	(15.20)	(15.20)
Foreign exchange fluctuation for the year	0.21	-	0.01	(0.07)	0.15
Balance as at 31 December 2022	**41.13**	**79.88**	**657.19**	**264.98**	**1,043.18**
Carrying amount as at 31 December 2022	**30.23**	**77.76**	**5,386.36**	**14.75**	**5,509.10**

Footnotes to Note 5A and 5B:

i. Goodwill and franchise rights/trade marks with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

The Group has considered the related provisions of Ind AS 38 on 'Intangibles Assets' which permit certain intangible assets to have an indefinite life and accordingly the carrying value of franchisee rights have been considered to have an indefinite life. These franchisee rights meet the prescribed criteria of renewal at nominal cost, renewal with no specific conditions attached, are sustainable and the same is supported by evidences of being renewed. Management is of the opinion that, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the franchise rights are expected to generate net cash inflows for the Group.

The assumptions used in this impairment assessment are most sensitive to following:

a) Weighted average cost of capital ''WACC'' of 13.33%-18.90% (Previous year - 13.52%) for the explicit period and 13.33%-18.90% (Previous year - 13.52%) for the terminal year.

b) For arriving at the terminal value, approximate growth rate of 2%-5% (Previous year - 5%) is considered.

c) Number of years for which cash flows were considered are 5 years.

d) The approximate rate of growth in sales is estimated at 8%-10% (Previous year - 8%-10%) in the discrete period.

e) Profit before tax 1%-2% in the discrete period for the impairment testing of goodwill.

No impairment loss was identified on the above assessment.

ii. The amount of contractual commitments for the acquisitions of intangible assets are disclosed in Note 43.

iii. Refer Note 55 for information on other intangible assets pledged as security by the Group.

6. Investment in associate and joint venture

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Investment in joint ventures accounted as per equity method (unquoted)		
13,007,000 (31 December 2022: 7000) fully paid equity shares of ₹ 10 each in IDVB Recycling Operations Private Limited~	130.07	0.07
Add: Share in loss of joint venture (Refer footnotes below)	(3.07)	(0.01)
	127.00	**0.06**
Investment in associates accounted as per equity method (unquoted)		
21,030 (31 December 2022: 2,600) fully paid equity shares of ₹ 10 each in Clean Max Tav Private Limited@	32.85	0.03
Add: Share in loss of associate (Refer footnotes below)	(0.26)	(0.05)
	32.59	**(0.02)**
1,247,943 (31 December 2022: Nil) fully paid equity shares of ₹ 10 each in Huoban Energy 7 Private Limited#	21.24	-
Add: Share in loss of associate (Refer footnotes below)	(1.51)	-
	19.73	**-**
Aggregate amount of unquoted investments*	**179.32**	**0.04**

~The Holding Company has subscribed the equity investment of IDVB Recycling Operations Private Limited amounting to ₹ 120.00 million (31 December 2022: ₹ 0.01 million) and loan given amounting to ₹ 10.00 million were converted into equity investment on 25 September 2023.

@The Holding Company has made investment in Clean Max Tav Private Limited amounting to ₹ 3.28 million and ₹ 29.54 million on 27 January 2023 and 13 March 2023 respectively.

The Holding Company has made equity investment in Huoban Energy 7 Private Limited amounting to ₹ 21.24 million on 09 May 2023.

The above investment is for business purposes.

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Loss for the year*	(4.79)	(0.06)
Add/(less): Other comprehensive income	-	-
Total comprehensive income	**(4.79)**	**(0.06)**

*Refer note 58

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

7. Investments

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Fair value through Profit and Loss ("FVTPL")		
Investment in fully paid equity shares (unquoted)		
200 (31 December 2022: 200) shares of ₹ 50 each in The Margao Urban Co-operative Bank Limited	0.01	0.01
250 (31 December 2022: 250) shares of ₹ 10 each in The Goa Urban Co-operative Bank Limited**	0.00	0.00
3,150,000 (31 December 2022: Nil) fully paid equity shares of ₹ 10 each in Lone Cypress Ventures Private Limited~	31.50	-
	31.51	**0.01**
**Rounded off to Nil.		
Aggregate amount of unquoted investments	**31.51**	**0.01**

~ The Holding Company has made equity investment in Lone Cypress Ventures Private Limited amounting to ₹ 31.50 million on 13 March 2023.

8. Other non-current financial asset

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Financial assets at amortised cost		
Security deposits	577.63	477.53
Balance in deposit accounts with remaining maturity of more than 12 months#	10.49	9.27
Others	34.55	-
	622.67	**486.80**

#Includes deposits pledged as security with electricity department/banks.

9. Deferred tax assets and liabilities

Movement in deferred tax assets/liabilities during the year ended 31 December 2023 and 31 December 2022:

(₹ in million)

Deferred tax liabilities/(assets)	As at 01 January 2023	Recognised in other comprehensive income**	Recognised in the Consolidated Statement of Profit and Loss	As at 31 December 2023
Accelerated depreciation for tax purposes	3,914.39	-	213.39	4,127.78
Benefit accrued on government grants	96.59	-	(22.14)	74.45
Carry forward of unused tax losses	(61.07)	-	61.07	-
Allowance for doubtful debts	(85.32)	-	(0.92)	(86.24)
Accrued bonus	(47.50)	-	2.99	(44.51)
Provision for retirement benefits	(481.66)	(6.98)	(22.25)	(510.89)
Fair valuation of financial instruments	(15.22)	-	(10.65)	(25.87)
Borrowings	(1.00)	-	0.35	(0.65)

(₹ in million)

Deferred tax liabilities/(assets)	As at 01 January 2023	Recognised in other comprehensive income**	Recognised in the Consolidated Statement of Profit and Loss	As at 31 December 2023
Gain on acquisition of control over existing associate	36.83	-	-	36.83
Other expenses allowable on payment basis	12.44	-	(153.23)	(140.79)
	3,368.48	**(6.98)**	**68.61**	**3,430.11**
Exchange difference on re-statement of deferred tax balances	-	-	(4.50)	-
	3,368.48	**(6.98)**	**64.11**	**3,430.11**
Classified as:				
Deferred tax assets (Net)	-			-
Deferred tax liabilities (Net)	3,368.48			3,430.11

(₹ in million)

Deferred tax liabilities/(assets)	As at 01 January 2022	Recognised in other comprehensive income**	Recognised in the Consolidated Statement of Profit and Loss	As at 31 December 2022
Accelerated depreciation for tax purposes	3,958.14	-	(43.75)	3,914.39
Benefit accrued on government grants	136.58	-	(39.99)	96.59
Minimum alternate tax (MAT) credit*	(168.12)	-	168.12	-
Carry forward of unused tax losses	(164.98)	-	103.91	(61.07)
Allowance for doubtful debts	(77.08)	-	(8.24)	(85.32)
Accrued bonus	(19.73)	-	(27.77)	(47.50)
Provision for retirement benefits	(543.34)	27.02	34.66	(481.66)
Fair valuation of financial instruments	(35.50)	-	20.28	(15.22)
Borrowings	(1.24)	-	0.24	(1.00)
Gain on acquisition of control over existing associate	36.83	-	-	36.83
Other expenses allowable on payment basis	(34.22)	-	46.66	12.44
	3,087.34	**27.02**	**254.12**	**3,368.48**
Exchange difference on re-statement of deferred tax balances	-	-	(4.46)	-
	3,087.34	**27.02**	**249.66**	**3,368.48**
Classified as:				
Deferred tax assets (Net)	24.07			-
Deferred tax liabilities (Net)	3,111.41			3,368.48

*MAT credit (recognised in Holding Company): (₹ in million)

	Recognised in profit and loss	Utilised from profit and loss
31 December 2023	-	-
31 December 2022	-	(168.12)

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

(i) A subsidiary of the Group has the following unused tax losses and unabsorbed depreciation, for which no deferred tax asset has been recognised in the books of accounts:

a) Unused business losses and unabsorbed amortisation on intangible assets that can be carried forward as follows:

Financial year of origination	Financial year of expiry	31 December 2023	31 December 2022
31 December 2018	31 December 2022	-	390.75
31 December 2019	31 December 2023	-	-
Total		**-**	**390.75**

b) Unused unabsorbed depreciation on tangible assets amounting to ₹ 1,957.14 million (31 December 2022: ₹ 1,870.10 million) can be carried forward indefintely.

Notes:

** The amounts recognised in other comprehensive income relates to the re-measurement of net defined retirement benefit liability and exchange differences arising on translation of foreign operations. Refer note 36 for the amount of the income tax relating to these components of other comprehensive income.

All significant deferred tax assets have been recognised in the balance sheet.

(ii) Three subsidiaries included in the Group are under the tax holiday period and based on the evaluation of future taxability and estimates of reversal of timing differences during the tax holiday periods, no deferred tax assets/liabilities has been recognised for these subsidiaries.

10. Other non-current assets

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
(Unsecured, considered good)		
Capital advances	5,194.24	6,111.99
Advances other than capital advances		
- Security deposits	12.07	5.89
- Income tax paid (includes amount paid under protest)	10.42	10.29
- Balance with statutory authorities (paid under protest)	117.21	111.69
- Prepaid expenses	34.18	26.91
	5,368.12	**6,266.77**

11. Inventories

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
(Valued at lower of cost or net realisable value)		
Raw and packing material (including raw material in transit of ₹ 345.74 (31 December 2022: ₹ 562.15)	9,756.31	9,613.51
Work in progress	25.81	61.80
Intermediate goods (including goods in transit of ₹ 232.21 (31 December 2022: ₹ 53.09))	4,372.42	3,392.40
Finished goods (including goods in transit of ₹ 152.14 (31 December 2022: ₹ 8.18))*	4,160.22	4,313.41
Stores and spares	3,190.57	2,557.73
	21,505.33	**19,938.85**

*The Group manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods and the value of stock in trade being insignificant, it is not separately ascertainable and disclosed.

The cost of inventories recognised as an expense during the year are disclosed in Note 29, Note 30, Note 31 and Note 35.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

12. Trade receivables

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Trade receivables considered good - Unsecured	3,330.75	2,742.81
Trade receivables considered good - Secured	263.10	250.57
Trade receivables - Credit impaired	586.23	538.87
	4,180.08	**3,532.25**
Less : Allowance for expected credit losses (Refer note 52.2)	(586.23)	(538.87)
	3,593.85	**2,993.38**
Includes amounts due, in the ordinary course of business, from companies in which directors of the Holding Company are also directors:		
i. Alisha Torrent Closures (India) Private Limited	0.00*	5.41
ii. Devyani Airport Services (Mumbai) Private Limited#	-	0.13

*Rounded off to Nil.

#Amalgamated with Devyani International Limited w.e.f. 01 April 2022 vide Hon'ble National Company Law Tribunal order dated 13 July 2023.

Trade receivables are non-interest bearing and credit period generally falls in the range of 0 to 120 days.
No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed above.

Trade receivables ageing schedule

31 December 2023

(₹ in million)

Particulars	Outstanding from transaction date					Total
	Less than 6 months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade Receivables – considered good	3,413.46	60.32	57.86	7.35	54.86	3,593.85
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	193.48	11.64	21.95	6.80	175.79	409.66
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	3.10	3.03	24.51	145.93	176.57
Total	**3,606.94**	**75.06**	**82.84**	**38.66**	**376.58**	**4,180.08**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

31 December 2022

(₹ in million)

Particulars	Outstanding from date of transactions					Total
	Less than 6 months	6 months-1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade Receivables – considered good	2,820.39	78.17	33.51	25.46	35.85	2,993.38
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	157.46	26.66	4.35	102.94	69.24	360.65
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	0.59	2.82	30.42	144.39	178.22
Total	**2,977.85**	**105.42**	**40.68**	**158.82**	**249.48**	**3,532.25**

13. Cash and cash equivalents

(also for the purpose of Consolidated Statement of Cash Flow)

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Balance with banks in current accounts*	1,707.72	938.31
Balance in deposits with original maturity of less than three months	613.35	539.52
Cash on hand	101.05	65.49
	2,422.12	**1,543.32**

* Includes inward remittance not yet cleared amounting to ₹ 127.77 million (31 December 2022: ₹ 278.49 millions)

14. Bank balances other than cash and cash equivalents

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Deposits with original maturity more than 3 months but less than 12 months*	2,150.25	1,308.52
Deposits with bank held as margin money	25.28	-
Unpaid dividend account**	0.97	0.83
	2,176.50	**1,309.35**

*Includes deposited pledged as security with statutory authorities/banks.

**These balances are not available for use by the Group and corresponding balance is disclosed as unclaimed dividend in Note 24.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

15. Other current financial assets

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
(Unsecured, considered good)		
Interest accrued on:		
- Term deposits	22.37	16.36
- Others	34.99	23.16
Security deposits	137.93	106.49
Advances to Employees~	141.57	94.14
Government grant receivable	6,002.38	3,018.19
Claims receivable	595.27	550.31
Other receivables	453.72	168.41
	7,388.23	**3,977.06**
~Advance given to key management personnel (Refer Note 45A)	38.50	-

16. Current tax assets (Net)

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Advance tax (net of provision)	3.11	-
	3.11	**-**

17. Other current assets

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
(Unsecured, considered good)		
Security deposits	16.79	8.18
Advance to related party*	66.75	104.47
Other advances:		
- Contractors and suppliers	2,029.35	2,440.99
- Prepaid expenses	290.14	238.90
- Balance with statutory/government authorities	2,732.46	1,300.54
- Other advances	131.67	185.26
	5,267.16	**4,278.34**
*Amounts due, in the ordinary course of business, from related party:		
SMV Beverages Private Limited	66.75	104.47

18. Equity share capital

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Authorised share capital:		
2,000,000,000 (31 December 2022: 1,000,000,000) equity shares of ₹ 5 each (31 December 2022: ₹ 10 each)	10,000.00	10,000.00
	10,000.00	**10,000.00**
Issued, subscribed and fully paid up:		
1,299,214,976 equity shares of ₹ 5 each (31 December 2022: 649,549,620 equity shares of ₹ 10 each)	6,496.07	6,495.50
	6,496.07	**6,495.50**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

a) Reconciliation of share capital

(₹ in million)

Particular	No. of shares	Amount
Balance as at 01 January 2023	649,549,620	6,495.50
Add: Shares issued of ₹ 10 each pursuant to exercise of employee stock options	8,412	0.08
Add: Sub-division/split of 1 share of face value ₹ 10/- each into 2 share of face value ₹ 5/- each effective 15 June 2023 (Increase in shares on account of sub-division/split) (Refer note (h) below)	649,558,032	-
Add: Shares issued of ₹ 5 each pursuant to exercise of employee stock options	98,912	0.49
Balance as at 31 December 2023	**1,299,214,976**	**6,496.07**

(₹ in million)

Particular	No. of shares	Amount
Balance as at 01 January 2022	433,033,080	4,330.33
Add: Bonus shares issued during the year (Refer note (d) below)	216,516,540	2,165.17
Balance as at 31 December 2022	**649,549,620**	**6,495.50**

b) Terms/rights attached to shares

The Holding Company has only one class of equity shares having a par value of ₹ 5 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Holding Company, holders of equity shares will be entitled to receive any of the remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

c) List of shareholders holding more than 5% of the equity share capital of the Holding Company at the beginning and at the end of the year :

Shareholders as at 31 December 2023	No. of shares (face value of ₹ 5 each)	% of shareholding
R J Corp Limited	349,750,824	26.92%
Mr. Ravi Kant Jaipuria	229,104,059	17.63%
Mr. Varun Jaipuria	208,343,948	16.04%

Shareholders as at 31 December 2022	No. of shares (face value of ₹ 10 each)	% of shareholding
R J Corp Limited	177,900,412	27.39%
Mr. Ravi Kant Jaipuria	116,734,060	17.97%
Mr. Varun Jaipuria	104,171,974	16.04%

As per records of the Holding Company, including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

d) Aggregate number of equity shares issued as bonus during the period of five years immediately preceding the reporting date:

(i) During the year ended 31 December 2019, the Holding Company has issued 91,327,613 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

(ii) During the year ended 31 December 2021, the Holding Company has issued 144,344,360 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

(iii) During the year ended 31 December 2022, the Holding Company has issued 216,516,540 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

For the period of five years of the date of the immediately preceding the reporting date, there was no share allotment made for consideration other than cash. Further, there has been no buy back of shares during the period of five years immediately preceding 31 December 2023 and 31 December 2022.

e) Shares held by holding and ultimate holding company

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
RJ Corp Limited, Parent company*	1,748.75	1,779.00
349,750,824 fully paid-up equity shares of ₹ 5 each (31 December 2022: 177,900,412 fully paid-up equity shares of ₹ 10 each)		
	1,748.75	**1,779.00**

*As defined under Ind AS 110 - Consolidated Financial Statements

f) Details of shares held by promoters:

Shareholders as at 31 December 2023	No. of shares (face value of ₹ 5 each)	% of shareholding	% change during the year
R J Corp Limited	349,750,824	26.92%	-0.47%
Mr. Ravi Kant Jaipuria	229,104,059	17.63%	-0.34%
Mr. Varun Jaipuria	208,343,948	16.04%	0.00%

Shareholders as at 31 December 2022	No. of shares (face value of ₹ 10 each)	% of shareholding	% change during the year
R J Corp Limited	177,900,412	27.39%	-0.30%
Mr. Ravi Kant Jaipuria	116,734,060	17.97%	-0.69%
Mr. Varun Jaipuria	104,171,974	16.04%	0.00%

g) Conversion of authorised Preference share capital into authorised Equity share capital

On 07 April 2022, the Holding Company had converted the authorised preference share capital of 50,000,000 preference shares of ₹ 100 each into authorised equity share capital of 500,000,000 equity shares of ₹ 10 each.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

h) Sub-division/split of equity shares

The Board of Directors of the Holding Company in their meeting held on 02 May 2023 recommended the sub-division/split of existing Equity Shares of the Holding Company from 1 (One) Equity Share having face value of ₹ 10/- (Rupees Ten only) each fully paid-up, into 2 (Two) Equity Shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up. The above sub-division/split has been approved by the equity shareholders of the Holding Company dated 02 June 2023 through postal ballot. Pursuant to sub-division/split of shares effective 15 June 2023 ("Record Date"), the paid up equity share capital of the Holding Company is ₹ 6,495.58 consisting of 1,299,116,064 equity shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up.

19. Other equity

Refer Consolidated Statement of Changes in Equity for detailed movement in Other Equity balance.

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Capital reserve on consolidation	(2,294.91)	(2,279.78)
Capital reserve	533.93	533.93
General reserve	444.26	444.26
Securities premium	22,636.59	22,569.56
Retained earnings	45,663.50	27,398.84
Share option outstanding account	84.97	29.06
Share application money pending allotment	3.51	-
Exchange differences on translating the financial statements of foreign operations	(4,202.94)	(4,167.57)
	62,868.91	**44,528.30**

Description of nature and purpose of each reserve:

Capital reserve on consolidation - Created on additional consideration paid in form of cash on business combinations involving entities including businesses/entities under common control.

Capital reserve - Created on merger of Varun Beverages (International) Limited with the Holding Company pursuant to and in accordance with the Court approved scheme of amalgamation. Includes gain from bargain purchases.

General reserve - Created by way of transfer from debenture redemption reserve on redemption of debentures.

Securities premium - Created to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Retained earnings - Created from the profit of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

Share option outstanding account - Created to recognise the grant date fair value of options issued to employees under the employee stock option schemes and is adjusted on exercise / forfeiture of options.

Share application money pending allotment - Created to record the amount of money received for the purpose of allotment of equity share of the company pending at the reporting date. It will be utilised in accordance with the provisions of the Companies Act, 2013 upon issuance of equity shares.

Exchange differences on translating the financial statements of foreign operations - Exchange differences arising on translation of the foreign operations of the Group, recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within other equity.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

20. Borrowings

A. Non-current borrowings:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Term loans (secured) (Refer note 20E)		
- Loans from banks	31,442.52	16,689.81
- Loan from others	446.86	580.41
	31,889.38	**17,270.22**

Loans and borrowing above are recognised at amortised cost taking into account any discount or premium on acquisition and fee or costs that are part of effective interest rate, accordingly the outstanding balances above may not necessarily reconcile with repayment amounts.

The carrying value of financial assets pledged as security for borrowings as disclosed under Note 55.

B. Non-current financial liabilities:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Lease liabilities (Refer note 46)	1,978.85	1,654.25
	1,978.85	**1,654.25**

C. Current borrowings:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Loans repayable on demand		
- Working capital facilities from banks (secured) (Refer footnote (a))	7,082.05	5,434.28
- Working capital facilities from banks (unsecured) (Refer footnote (b))	2,450.00	300.00
Working capital facility from banks (unsecured) (Refer footnote (c))	500.00	542.67
Current maturities of long-term debts (Refer note 20E)	10,022.44	13,400.95
	20,054.49	**19,677.90**

a) In case of the Holding Company, the working capital facilities from banks are secured by first charge on entire current assets of the Company ranking pari-passu amongst the banks and second charge on the movable and immovable assets of the Company pertaining to specific manufacturing units (wherever applicable). One short term loan facility from a bank were secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company and during the previous year two facilities were secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company. These facilities carry interest rates ranging between 7.45% to 7.76% (31 December 2022: 7.05% to 7.45%).

Working capital facilities in case of subsidiaries amounting to ₹ 2,277.05 million (31 December 2022: ₹ 1,104.00 million), are secured mainly by charge on trade receivables, inventories and other current assets of the respective subsidiary company, ranking pari passu and charge on certain movable and immovable assets of the respective subsidiary. Some of the facilities of subsidiaries are guaranteed by respective subsidiary company, as per the terms of respective agreements. The working capital facilities carries interest rates ranging between 5.50% to 14.50% (31 December 2022: 5.50% to 17%).

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

b) The Holding Company has availed working capital facilities from banks carrying interest rates ranging between 7.70% to 7.72% per annum (31 December 2022: 7.10% per annum).

c) The Holding Company has availed working capital facility from a bank carrying interest rate 7.76% per annum is repayable in three equal instalments from the date of disbursement. During the previous year, buyers credit carrying interest rate ranging between 3.70% to 3.86% per annum were repaid during the year.

There are no defaults in repayment of principal borrowing or interest thereon.

D. Current financial liabilities:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Lease liabilities (Refer note 46)	390.38	235.77
	390.38	**235.77**

E. Terms and conditions/details of securities for loans:

(₹ in million)

Particulars	Loan outstanding			
	31 December 2023		31 December 2022	
	Non-current	Current	Non-current	Current
Term loans				
i) Indian rupee loan from banks (secured)				
Loans carrying weighted average rate of interest 8.01% (31 December 2022: 7.50%) depending upon tenure of the loans. For repayment terms refer note 20F.	29,283.63	8,068.46	14,233.50	11,273.11
These loan are secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory /franchisee rights acquired under the business acquisition except vehicles and lands for which no mortgages have been created till date.				
ii) Indian rupee loan from banks (secured)				
Loans carrying rate of interest 7.40% (31 December 2022: 7.15%) depending upon tenure of the loans. For repayment terms refer note 20F.	-	800.00	800.00	600.00
These loans are secured with subservient charge on movable fixed assets of the Company and one facility during the previous year was further secured with first pari-passu charge on the inventories and receivables of the Holding Company.				
iii) Indian rupee loan from banks (secured)				
Loans carrying rate of interest 7.95% (31 December 2022: 7.35%) depending upon tenure of the loans. For repayment terms refer note 20F.	375.00	541.67	916.67	541.67

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

(₹ in million)

Particulars	Loan outstanding			
	31 December 2023		31 December 2022	
	Non-current	Current	Non-current	Current
These loan are secured on first pari-passu charge on the entire movable assets of the Company including the territory /franchisee rights acquired under the business acquisition except vehicles.				
iv) Vehicle rupee term loan in Holding Company				
Loans carrying rate of interest in range of Nil (31 December 2022: 8.02% to 9.25 %). These loans were repaid during the year.	-	-	2.00	37.92
v) Term loan at Varun Beverages Morocco				
(a) Loan carrying a rate of interest of 4.00% per annum. For repayment terms refer note 20F.	54.72	41.67	92.11	38.11
(b) Loan carrying a rate of interest of 5.00% per annum. For repayment terms refer note 20F.	337.04	92.25	408.65	64.55
Above loan are secured by corporate guarantee of the Holding Company.				
(c) Loan carrying a rate of interest of 5.75% per annum and is secured against Land. For repayment terms refer note 20F.	799.95	-	-	-
vi) Term loan at Lunarmech Technologies Private Limited				
(a) Loan carrying a rate of interest of Euribor+48 bps per annum and are repayable over a period of 3 years as a single payment. The loan was secured against respective asset financed and paid on 10 Jan 2023.	-	-	-	95.10
(b) Loan carrying a rate of interest of Euribor+55 bps per annum and are repayable over a period of 3 years as a single payment. The loan was secured against respective asset financed and paid on 20 March 2023.	-	-	-	95.10
(c) Loan carrying a rate of interest of Euribor+88 bps per annum and are repayable over a period of 3 years as a single payment. The loan was secured against respective asset financed and paid on 28 December 2023.	-	-	-	95.12
(d) Loan carrying a rate of interest of Euribor+88 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 10 January 2024 and are secured against respective asset financed.	-	99.28	95.12	-

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

(₹ in million)

Particulars	Loan outstanding			
	31 December 2023		31 December 2022	
	Non-current	Current	Non-current	Current
(e) Loan carrying a rate of interest of Euribor+88 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 31 May 2024 and are secured against respective asset financed.	-	48.69	46.65	-
(f) Loan carrying a rate of interest of Euribor+75 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 14 April 2025 and are secured against respective asset financed.	99.28	-	95.11	-
(g) Loan carrying a rate of interest of 8.10% per annum and are repayable from Jan 2025 in equal monthly installments. The loan is secured against respective asset financed.	1.00	-	-	-
vii) Term loan at Varun Beverages RDC SA				
(a) Loan carrying a rate of interest of 7.25% per annum. For repayment terms refer note 20F.	491.90	-	-	-
Above loan is secured by corporate guarantee of the Holding Company.				
Total loans from banks (secured)	**31,442.52**	**9,692.02**	**16,689.81**	**12,840.68**

(₹ in million)

Particulars	Loan outstanding			
	31 December 2023		31 December 2022	
	Non-current	Current	Non-current	Current
Loans from others (secured)				
Interest free loans from The Pradeshiya Industrial & Investment Corporation of U.P. Limited are repayable in one instalment after expiry of seven years from the date of disbursement. Loans are secured against bank guarantee equivalent to 100% of loan amount valid up to the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.52%-9.72% (31 December 2022: 8.52%-9.72%) The repayment schedule is as under: **Date of repayment** — **Amount** 30 November 2024 — 177.83 01 November 2025 — 211.98 31 March 2030 — 65.90 07 July 2030 — 139.92	308.20	166.86	323.34	141.42

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

(₹ in million)

Particulars	Loan outstanding			
	31 December 2023		31 December 2022	
	Non-current	Current	Non-current	Current
Interest free loans from The Director of Industries and Commerce, Haryana are repayable in one instalment after expiry of five years from the date of disbursement. Loans are secured against bank guarantee equivalent to 100% of loan amount valid up to the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.33% (31 December 2022: 8.33%) The repayment schedule is as under: **Date of repayment** — **Amount** 20 February 2024 — 91.36 27 May 2024 — 36.85 29 August 2024 — 39.10 17 February 2025 — 43.98 13 October 2025 — 23.96 21 February 2027 — 70.83 18 July 2028 — 33.30	138.66	163.56	257.07	418.85
Total loans from others (secured)	**446.86**	**330.42**	**580.41**	**560.27**
Total	**31,889.38**	**10,022.44**	**17,270.22**	**13,400.95**

F. Repayment terms:

(₹ in million)

S.No	Description	31 December 2023		31 December 2022		Repayment terms
		Non-current	Current	Non-current	Current	
i)	**Indian rupee loan from banks**					
1	Term loan - 1	-	-	-	150.00	Loan was repaid during the year.
2	Term loan - 2	-	-	-	250.00	Loan was repaid during the year.
3	Term loan - 3	-	240.00	240.00	90.00	One instalment of ₹ 90.00 due in May 2024 and one instalment of ₹ 150.00 due in June 2024.
4	Term loan - 4	-	-	-	85.00	Loan was repaid during the year.
5	Term loan - 5	-	-	-	241.60	Loan was repaid during the year.
6	Term loan - 6	-	-	-	222.40	Loan was repaid during the year.
7	Term loan - 7	291.49	291.80	583.18	291.60	Two instalments of ₹ 145.90 each due in June 2024 and July 2024 and two instalments of ₹ 145.90 each due in June 2025 and July 2025.
8	Term loan - 8	-	-	-	749.79	Loan was repaid during the year.
9	Term loan - 9	499.32	500.00	998.51	500.00	Two instalments of ₹ 250.00 each due in May 2024 and June 2024 and two instalments of ₹ 250.00 each due in May 2025 and June 2025.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

(₹ in million)

S.No	Description	31 December 2023		31 December 2022		Repayment terms
		Non-current	Current	Non-current	Current	
10	Term loan - 10	-	-	-	599.59	Loan was repaid during the year.
11	Term loan - 11	200.00	200.00	400.00	150.00	Two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
12	Term loan - 12	199.73	200.00	398.56	200.00	Two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
13	Term loan - 13	-	-	-	500.00	Loan was repaid during the year.
14	Term loan - 14	-	-	-	676.47	Loan was repaid during the year.
15	Term loan - 15	-	-	-	1,300.00	Loan was repaid during the year.
16	Term loan - 16	699.75	400.00	1,100.00	200.00	Two instalments of ₹ 200.00 each due in May 2024 and June 2024, two instalments of ₹ 200.00 each due in May 2025 and June 2025, one instalment of ₹ 200.00 due in May 2026 and one instalment of ₹ 100.00 due in June 2026.
17	Term loan - 17	-	-	-	2,000.00	Loan was repaid during the year.
18	Term loan - 18	1,050.00	380.00	1,430.00	300.00	Two instalments of ₹ 190.00 each due in May 2024 and June 2024, two instalments of ₹ 190.00 each due in May 2025 and June 2025, two instalments of ₹ 185.00 each due in May 2026 and June 2026 and two instalments of ₹ 150.00 each due in May 2027 and June 2027.
19	Term loan - 19	-	800.00	800.00	600.00	Two instalments of ₹ 400.00 each due in May 2024 and June 2024.
20	Term loan - 20	1,600.00	500.00	2,100.00	200.00	Two instalments of ₹ 250.00 each due in May 2024 and June 2024, two instalments of ₹ 250.00 each due in May 2025 and June 2025, two instalments of ₹ 250.00 each due in May 2026 and June 2026 and two instalments of ₹ 300.00 each due in May 2027 and June 2027.
21	Term loan - 21	1,350.00	300.00	1,650.00	100.00	Two instalments of ₹ 150.00 each due in May 2024 and June 2024, one instalment of ₹ 150.00 due in May 2025, one instalment of ₹ 180.00 due in June 2025, two instalments of ₹ 180.00 each due in May 2026 and June 2026 and three instalments of ₹ 220.00 each due in May 2027, June 2027 and July 2027.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

(₹ in million)

S.No	Description	31 December 2023		31 December 2022		Repayment terms
		Non-current	Current	Non-current	Current	
22	Term loan - 22	1,333.34	666.66	1,333.26	666.66	Two instalments of ₹ 333.33 each due in May 2024 and June 2024, two instalments of ₹ 333.33 each due in May 2025 and June 2025 and two instalments of ₹ 333.34 each due in May 2026 and June 2026.
23	Term loan - 23	3,750.00	1,250.00	1,000.00	-	Two instalments of ₹ 625.00 each due in May 2024 and June 2024, two instalments of ₹ 625.00 each due in May 2025 and June 2025, two instalments of ₹ 625.00 each due in May 2026 and June 2026 and two instalments of ₹ 625.00 each due in May 2027 and June 2027.
24	Term loan - 24	-	-	-	1,800.00	Loan was repaid during the year.
25	Term loan - 25	375.00	375.00	750.00	375.00	Two instalments of ₹ 187.50 each due in May 2024 and June 2024 and two instalments of ₹ 187.50 each due in May 2025 and June 2025.
26	Term loan - 26	-		166.67	166.67	Two instalments of ₹ 83.33 each due in May 2024 and June 2024.
27	Term loan - 27	2,000.00	1,000.00	2,999.99	-	Two instalments of ₹ 500.00 each due in May 2024 and June 2024, two instalments of ₹ 500.00 each due in May 2025 and June 2025 and two instalments of ₹ 500.00 each due in May 2026 and June 2026.
28	Term loan - 28	2,350.00	100.00	-	-	Two instalments of ₹ 50.00 each due in May 2024 and June 2024, two instalments of ₹ 250.00 each due in May 2025 and June 2025, two instalments of ₹ 250.00 each due in May 2026 and June 2026, two instalments of ₹ 350.00 each due in May 2027 and June 2027,one instalment of ₹ 350.00 due in May 2028 and one instalment of ₹ 300.00 due in June 2028.
29	Term loan - 29	2,400.00	600.00	-	-	Two instalments of ₹ 300.00 each due in May 2024 and June 2024, two instalments of ₹ 300.00 each due in May 2025 and June 2025, two instalments of ₹ 300.00 each due in May 2026 and June 2026, two instalments of ₹ 300.00 each due in May 2027 and June 2027 and two instalments of ₹ 300.00 each due in May 2028 and June 2028.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

(₹ in million)

S.No	Description	31 December 2023		31 December 2022		Repayment terms
		Non-current	Current	Non-current	Current	
30	Term loan - 30	1,900.00	100.00	-	-	Two instalments of ₹ 50.00 each due in May 2024 and June 2024, two instalments of ₹ 200.00 each due in May 2025 and June 2025, two instalments of ₹ 250.00 each due in May 2026 and June 2026, two instalments of ₹ 250.00 each due in May 2027 and June 2027 and two instalments of ₹ 250.00 each due in May 2028 and June 2028.
31	Term loan - 31	750.00	250.00			Two instalments of ₹ 125.00 each due in May 2024 and June 2024, two instalments of ₹ 125.00 each due in May 2025 and June 2025, two instalments of ₹ 125.00 each due in May 2026 and June 2026 and two instalments of ₹ 125.00 each due in May 2027 and June 2027.
32	Term loan - 32	3,150.00	350.00	-	-	Two instalments of ₹ 175.00 each due in May 2024 and June 2024, two instalments of ₹ 525.00 each due in May 2025 and June 2025, two instalments of ₹ 525.00 each due in May 2026 and June 2026 and two instalments of ₹ 525.00 each due in May 2027 and June 2027.
33	Term loan - 33	2,760.00	240.00	-	-	Two instalments of ₹ 120.00 each due in May 2024 and June 2024, two instalments of ₹ 240.00 each due in May 2025 and June 2025, two instalments of ₹ 360.00 each due in May 2026 and June 2026, two instalments of ₹ 360.00 each due in May 2027 and June 2027and two instalments of ₹ 420.00 each due in May 2028 and June 2028.
34	Term loan - 34	1,500.00	-	-	-	Two instalments of ₹ 75.00 each due in May 2025 and June 2025, two instalments of ₹ 131.25 each due in May 2026 and June 2026, two instalments of ₹ 168.75 each due in May 2027 and June 2027, two instalments of ₹ 187.50 each due in May 2028 and June 2028 and two instalments of ₹ 187.50 each due in May 2029 and June 2029.

(₹ in million)

S.No	Description	31 December 2023		31 December 2022		Repayment terms
		Non-current	Current	Non-current	Current	
35	Term loan - 35	1,500.00	500.00	-	-	Two instalments of ₹ 250.00 each due in May 2024 and June 2024, two instalments of ₹ 250.00 each due in May 2025 and June 2025, two instalments of ₹ 250.00 each due in May 2026 and June 2026 and two instalments of ₹ 250.00 each due in May 2027 and June 2027.
	Total (A)	**29,658.63**	**9,410.13**	**15,950.17**	**12,414.78**	
ii)	**Term Loan at Varun Beverages Morocco**					
36	Term loan - 36	54.72	41.67	92.11	38.11	Balance amount as at 31 December 2023 is repayable in multiple instalments till January 2026.
37	Term loan - 37	337.04	92.25	408.65	64.55	Balance amount as at 31 December 2023 is repayable in multiple instalments till January 2028.
38	Term loan - 38	799.95	-	-	-	Balance amount as at 31 December 2023 is repayable in multiple instalments once full disbursement is done.
	Total (A)	**1,191.71**	**133.92**	**500.76**	**102.66**	
iii)	**Term Loan at Varun Beverages RDC SA**					
39	Term loan - 39	491.90	-	-	-	Balance amount as at 31 December 2023 is repayable in equal monthly instalments starting from January 2025.
	Total (C)	**491.90**	**-**	**-**	**-**	
	Total (A+B+C)	**31,342.24**	**9,544.05**	**16,450.93**	**12,517.44**	

21. Provisions

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Non-current		
Provision for employee benefits (Refer note 39)		
Defined benefit liability (net)	1,470.83	1,431.93
Other long term employee obligations	655.61	609.20
	2,126.44	**2,041.13**
Current		
Provision for employee benefits (Refer note 39)		
Defined benefit liability (net)	3.99	2.18
Other short term employee obligations	317.72	289.73
Others (Refer note 59)	503.72	-
	825.43	**291.91**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

22. Other non-current liabilities

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Deferred revenue on government grant	5.16	5.94
Deferred income	63.24	-
	68.40	**5.94**

23. Trade payables

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Total outstanding dues of-		
Micro enterprises and small enterprises (Refer note 48)	767.43	659.11
Creditors other than micro enterprises and small enterprises	6,815.05	7,583.50
	7,582.48	**8,242.61**

Trade payables ageing schedule

31 December 2023

(₹ in million)

Particulars	Outstanding from date of transactions					Total
	Unbilled	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed trade payable						
Micro enterprises and small enterprises	68.73	692.31	5.34	0.36	0.50	767.24
Others	2,123.29	4,408.76	157.26	16.32	30.08	6,735.71
Disputed trade payable	-	-	-	-	-	
Micro enterprises and small enterprises	-	0.19	-	-	-	0.19
Others	-	52.46	13.18	6.95	6.75	79.34
Total	**2,192.02**	**5,153.72**	**175.78**	**23.63**	**37.33**	**7,582.48**

31 December 2022

(₹ in million)

Particulars	Outstanding from date of transactions					Total
	Unbilled	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed trade payable						
Micro enterprises and small enterprises	-	657.80	0.28	0.37	0.50	658.95
Others	1,910.88	5,481.13	41.55	45.14	21.60	7,500.30
Disputed trade payable						
Micro enterprises and small enterprises	-	-	0.01	0.15	-	0.16
Others	-	48.49	11.48	11.97	11.26	83.20
Total	**1,910.88**	**6,187.42**	**53.32**	**57.63**	**33.36**	**8,242.61**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

24. Other current financial liabilities

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Interest accrued but not due on borrowings	115.82	82.79
Interest payable	27.21	13.71
Payable for capital expenditures	4,543.04	2,448.01
Employee related payables	810.91	761.56
Unclaimed dividends#	0.97	0.83
Security deposits	2,140.44	2,287.00
	7,638.39	**5,593.90**

#Not due for deposit to the Investor Education and Protection Fund in the books of Holding Company.

25. Other current liabilities

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Advances from customers	1,804.71	2,033.83
Statutory dues payable	2,806.31	2,853.67
Deferred income	39.91	2.27
	4,650.93	**4,889.77**

26. Current tax liabilities (Net)

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Provision for tax (Net)	390.02	755.68
	390.02	**755.68**

The key components of income tax expense for the year ended 31 December 2023 and 31 December 2022 are:

A. Income tax expense reported in the Consolidated Statement of Profit and Loss:

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
(i) Profit and Loss section		
(a) Current tax	6,290.81	4,258.66
(b) Adjustment of tax relating to earlier years	20.55	226.91
(c) Deferred tax charge	64.11	249.66
	6,375.47	**4,735.23**
Income tax charged to OCI:		
(ii) OCI section		
Deferred tax related to items recognised in OCI during the year:		
(a) Net gain on remeasurements of defined benefit plans	6.98	(27.02)
	6.98	**(27.02)**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

B. Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Accounting profit before tax	**27,393.60**	**20,236.37**
Tax expense at statutory income tax rate of 25.167% (31 December 2022: 25.167%)	6,894.15	5,092.89
Adjustments in respect of current income tax of previous years	20.55	226.91
Non deductible expenses	75.14	89.92
Deduction claimed u/s Chapter-VI A of Income-tax Act, 1961 by Holding Company	(109.46)	(271.45)
Income chargeable at lower tax rate	102.56	135.77
Tax rate differential for taxes provided in subsidiaries	(145.66)	(34.09)
Tax impact of exempted income of subsidiaries	(512.55)	(603.63)
Impact due to change in tax rate*	-	114.32
Others	50.74	(15.41)
Income tax expense at effective tax rate reported in the Consolidated Statement of Profit and Loss	**6,375.47**	**4,735.23**

*The Holding Company had made an assessment of the impact of Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax (MAT) credit and expiry of other tax benefits/holidays available. The Holding Company had decided to opt for the new tax regime u/s 115BAA of the Income Tax Act,1961 w.e.f. Assessment year 2023-24 after utilisation of all unutilised Minimum Alternate Tax credit and other tax benefits/holidays available and hence the tax provision has been done accordingly.

27. Revenue from operations

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Sale of products (inclusive of excise duty) *	158,687.38	131,383.91
Rendering of services	314.86	0.77
Other operating revenue	4,208.39	2,520.90
	163,210.63	**133,905.58**

*Sale of products includes excise duty collected from customers of ₹ 2,784.82 million (31 December 2022: ₹ 2,174.16 million) in subsidiaries.

Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers:

A. Reconciliation of revenue recognised with the contracted price:

(₹ in million)

Particulars	Year ended 31 December 2023	Year ended 31 December 2022
Gross revenue/Contracted price	162,329.34	135,195.74
Less: Discounts and rebates	(3,327.10)	(3,811.06)
Revenue from contracts with customers	**159,002.24**	**131,384.68**

B. Disaggregation of revenue

a) Information about geographical area

(₹ in million)

Particulars	Year ended 31 December 2023	Year ended 31 December 2022
i. Sale of products and rendering of services		
(i) Within India	121,594.93	102,606.78
(ii) Outside India	37,407.31	28,777.90
Total sale of products and rendering of services	**159,002.24**	**131,384.68**

b) Revenue from sale of goods and services are recognised at a point in time. There are no disaggregation of revenue with respect to this information.

c) No single external customer amounts to 10% or more of the Company's revenue from operations.

d) The Group manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods and the value of stock in trade being sold is insignificant, it is not separately ascertainable and disclosed.

C. Contract balances:

The following table provides information about trade receivables and contract liabilities from contract with customers:

Receivables

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Trade receivables	4,180.08	3,532.25
Less: Allowances for expected credit loss	(586.23)	(538.87)
Net receivables	**3,593.85**	**2,993.38**

Contract liabilities

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Advance from customers (Refer note 25)	1,804.71	2,033.83
	1,804.71	**2,033.83**

D. Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liabilities are on account of the advance payment received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 120 days from the completion of performance obligation.

There is no significant financing component in any transaction with the customers..

E. Government grant recongnised under the head 'Other operating revenue' amounts to ₹ 3,462.98 million (31 December 2022 ₹ 1,853.06 million) under different industrial promotion tax exemption schemes.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

F. Changes in the contract liabilities balances during the year are as follows:

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Balance at the beginning of the year	2,033.83	794.30
Addition during the year	1,804.71	2,033.83
Revenue recognised during the year	(2,033.83)	(794.30)
Balance at the closing of the year	**1,804.71**	**2,033.83**

28. Other income

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Interest income on items at amortised cost:		
- term deposits	205.44	203.46
- others	32.56	24.83
Gain on sale of current investments	3.51	3.67
Excess provisions and liabilities written back	322.36	9.20
Gain on derecognition of financial instruments	0.81	-
Miscellaneous income	228.91	147.33
	793.59	**388.49**

29. Cost of materials consumed

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Raw material and packing material consumed		
Inventories at beginning of the year	9,613.51	8,070.05
Purchases during the year (Net)	72,762.19	72,052.48
	82,375.70	**80,122.53**
Less: Sold during the year	2,354.78	6,338.10
Less: Inventories at end of the year	9,756.31	9,613.51
	70,264.61	**64,170.92**

30. Purchases of stock-in-trade

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Beverages	1,378.89	1,082.66
Others	3,248.07	803.05
	4,626.96	**1,885.71**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

31. Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
As at the beginning of the year		
- Finished goods	4,313.41	2,530.16
- Intermediate goods	3,392.40	1,795.66
- Work in progress	61.80	69.24
	7,767.61	**4,395.06**
As at the closing of the year		
- Finished goods	4,160.22	4,313.41
- Intermediate goods	4,372.42	3,392.40
- Work in progress	25.81	61.80
	8,558.45	**7,767.61**
Finished goods used as property, plant and equipment*	(51.85)	(72.52)
	(842.69)	**(3,445.07)**

*The Holding Company and a subsidiary manufactures plastic shells at some of their manufacturing facilities. The shells manufactured are used for beverages operations of the Group as property, plant and equipment (under the head 'Containers'). These containers are sold to third parties. The cost of manufacturing of plastic shells is being shown here separately with a corresponding debit to property, plant and equipment.

32. Employee benefits expense

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Salaries, wages and bonus*	13,041.12	11,026.09
Contribution to provident fund and other funds*	679.36	538.82
Staff welfare expenses*	666.78	572.45
Share based payments** (Refer note 51)	78.61	29.06
	14,465.87	**12,166.42**

*Refer note 4A for capitalisation of employee benefits expense in setting-up of new manufacturing facilities.

**excluding expenses of ₹ 0.49 related to one subsidiary, which has been capitalised in new projects.

33. Finance costs

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Interest on items at amortised cost:		
- Term loans*	2,044.26	1,282.52
- Working capital facilities*	214.28	272.70
- Financial liabilities (inclusive of interest on lease liabilities ₹ 170.04 (31 December 2022: ₹ 44.26))	260.05	137.15
- Bank guarantee fees	17.82	17.48
- Others (inclusive of interest on income tax ₹ 82.28 (31 December 2022: ₹ 111.47))	130.03	127.08
Exchange differences regarded as an adjustments to borrowings	-	6.73
Other ancillary borrowing costs	14.55	17.56
	2,680.99	**1,861.22**

*Refer note 4A for capitalisation of finance costs in setting-up of new manufacturing facilities.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

34. Depreciation, amortisation and impairment expense

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Depreciation on property, plant and equipment	6,409.04	5,356.75
Amortisation of intangible assets	40.51	58.03
Amortisation of ROU	359.51	282.87
Impairment of property, plant and equipment and others (Refer Note 4A and 4B)	-	474.24
	6,809.06	**6,171.89**

35. Other expenses*

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Power and fuel	5,502.85	4,792.20
Repairs to plant and equipment	2,973.81	2,577.68
Repairs to buildings	178.12	138.03
Other repairs	923.29	811.00
Consumption of stores and spares	1,296.28	1,193.75
Rent (Refer note 46 (iv))	801.60	542.21
Rates and taxes	901.80	204.98
Insurance	180.99	159.31
Printing and stationery	91.43	70.11
Communication	121.27	101.99
Travelling and conveyance	1,215.23	1,064.08
Sitting fees/commission paid to non-executive directors (Refer note 45A)	5.85	185.55
Payment to auditors**	27.69	31.45
Vehicle running and maintenance	594.23	180.49
Lease and hire (Refer note 46 (iv))	297.62	304.77
Security and service charges	564.00	445.46
Legal, professional and consultancy	510.05	339.25
Bank charges	234.96	179.65
Advertisement and sales promotion	1,963.65	1,397.69
Meeting and conferences	117.98	35.91
Royalty	165.93	159.68
Freight, octroi and insurance paid (net)	11,020.58	9,112.67
Delivery vehicle running and maintenance	832.34	841.58
Distribution expenses	2,250.15	2,100.79
Loading and unloading charges	881.69	681.47
Donations	2.23	2.04
Property, plant and equipment written off	1.37	54.01
Loss on disposal of property, plant and equipment (net)	842.27	569.25
Bad debts and advances written off	3.24	25.71
Allowance for expected credit loss and advances	69.47	73.51
Corporate social responsibility expenditure	169.42	92.57
Net loss on foreign currency transactions and translations	574.92	64.74
General office and other miscellaneous	499.90	538.81
	35,816.21	**29,072.39**

*Refer note 4A for capitalisation of other expenses in setting-up of new manufacturing facilities.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

****Includes payment to statutory auditors of the Holding Company as follows:-**

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Services rendered for:		
- Audit and reviews	11.46	13.33
- taxation matters	2.11	2.30
- other matters#	1.86	0.64
- reimbursement of expenses	0.23	0.92
	15.66	**17.19**

#Excludes expense of ₹ 0.23 (31 December 2022: ₹ Nil) towards fee related to other matters, which has been capitalised in new projects.

36. Other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserves in equity is shown below:

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Retained earnings		
Re-measurement (losses)/gain on defined benefit plans	(28.16)	107.87
Tax impact on re-measurement gains on defined benefit plans	6.98	(27.02)
Exchange differences arising on translation of foreign operations	(58.83)	(3,799.27)
	(80.01)	**(3,718.42)**

37. Composition of the Group

These consolidated financial statements include the respective financial statements of Varun Beverages Limited (the "Parent Company" or the "Holding Company"), its subsidiaries and the results of operations of its associate & joint venture as listed below. The principal activity of the Parent Company, subsidiaries and erstwhile associate, predominantly comprise manufacturing and sale of beverages including its packing material.

Name of the company/entity	Country of incorporation and principal place of business	Proportion of ownership interests held by the Group at year end	
		As at 31 December 2023	As at 31 December 2022
Varun Beverages (Nepal) Private Limited ("VBL Nepal")	Nepal	100.00%	100.00%
Varun Beverages Lanka (Private) Limited ("VBL Lanka")	Sri Lanka	100.00%	100.00%
Varun Beverages Morocco SA ("VBL Morocco")	Morocco	100.00%	100.00%
Ole Spring Bottlers Private Limited ("Ole")*	Sri Lanka	100.00%	100.00%
Varun Beverages (Zambia) Limited ("VBL Zambia")	Zambia	90.00%	90.00%
Varun Beverages (Zimbabwe) (Private) Limited ("VBL Zimbabwe")	Zimbabwe	85.00%	85.00%
Varun Beverages RDC SAS ("VBL RDC")	Democratic Republic of the Congo	100.00%	99.90%

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

Name of the company/entity	Country of incorporation and principal place of business	Proportion of ownership interests held by the Group at year end	
		As at 31 December 2023	As at 31 December 2022
Varun Beverages South Africa (PTY) Limited**	South Africa	100.00%	Not Applicable
Lunarmech Technologies Private Limited#	India	60.07%	55.04%
Varun Beverages International DMCC@	Dubai	100.00%	100.00%
Clean Max Tav Private Limited^	India	26.00%	26.00%
IDVB Recycling Operations Private Limited##	India	50.00%	50.00%
Huoban Energy 7 Private Limited~	India	26.34%	Not Applicable
VBL Mozambique, SA^^	Mozambique	100.00%	0.00%

*subsidiary of VBL Lanka

**w.e.f 23 May 2023 (refer note 49)

@w.e.f. 31 January 2022 (refer note 49)

^w.e.f. 23 November 2022 ((refer note 6)

##w.e.f. 01 July 2022 (refer note 6)

~w.e.f 09 May 2023 (refer note 6)

refer note 49

^^Subsidiary incorporated on 21 November 2023, 100% share capital subscribed subsequent to year end 31 December 2023

38. The Group conducts business operations in the Republic of Zimbabwe through its subsidiary VBL Zimbabwe.

During the year ended 31 December 2019, the Reserve Bank of Zimbabwe ("RBZ") recomended use of Zimbabwe Dollar ("ZWL" or "RTGS") as a local currency for domestic transactions in Zimbabwe w.e.f. 22 February 2019 which was till then interchangeable with USD at the rate of 1:1 and subsequently vide its notification dated 25 June 2019, prohibited the usage of any other currency for domestic transactions other than ZWL. This resulted in a change in the primary economic environment in which VBL Zimbabwe was operating and accordingly, the functional and presentational currency was changed from USD to ZWL.

During the year ended 31 December 2019, the Zimbabwean economy was classified as hyperinflationary in accordance with the factors and characteristics of a hyperinflationary economy as described in Ind AS 29 'Financial Reporting in Hyper-Inflationary Economies' ("Ind AS 29"). In accordance with Ind AS 29, the historical cost financial statements of VBL Zimbabwe have been restated for the changes in the general purchasing power of the functional currency and consequently are stated in terms of the measuring unit current at the year end. For the purposes of restatement, the management has applied the Consumer Price Index ("CPI") published by the Reserve Bank of Zimbabwe. The CPI (in units) was 13,672.91 on 31 December 2022.

During the current financial year, on the basis of the factors mentioned in Ind AS 21 in relation to functional currency assessment, functional and presentation currency has changed from ZWL to USD since the substantial transactions in sales, purchase, manpower and other cost are being transacted in USD.

39. Gratuity and other post-employment benefit plans

Parent Company and other components of the Group provide its employees gratuity and compensated absences benefits in accordance with the respective local statutory requirements and entity's policies. The following tables summaries the changes in their present values over the reporting periods, components of expense recognised in the Consolidated Statement of Profit and Loss, their funded status and amounts recognised in the consolidated balance sheet:

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Changes in present values are as follows:				
Balance at the beginning of the year	1,852.54	1,817.62	898.93	830.82
Current service cost	235.94	221.07	168.68	141.55
Interest cost	137.42	119.39	65.54	57.31
Benefits settled	(101.03)	(185.59)	(59.74)	(77.14)
Actuarial loss/(gain)	25.66	(108.20)	(99.43)	(53.67)
Foreign exchange translation reserve	(2.82)	(11.75)	(0.65)	0.06
Balance at the end of the year	**2,147.71**	**1,852.54**	**973.33**	**898.93**

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Changes in fair value of plan assets are as follows:				
Plan assets at the beginning of the year, at fair value	418.43	65.61	-	-
Expected income on plan assets	36.31	13.75	-	-
Actuarial loss	(2.51)	(0.34)	-	-
Contributions by employer	250.00	350.00	-	-
Benefits settled	(29.34)	(10.59)	-	-
Plan assets at the end of the year, at fair value	**672.89**	**418.43**	**-**	**-**

The Holding Company has taken an insurance policy against its liability towards gratuity, the same has been disclosed as plan assets above.

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Reconciliation of present value of the obligation and the fair value of the plan assets:				
Present value of obligation	2,147.71	1,852.54	973.33	898.93
Fair value of plan assets	(672.89)	(418.43)	-	-
Net liability recognised in the consolidated balance sheet	**1,474.82**	**1,434.11**	**973.33**	**898.93**

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Amount recognised in consolidated statement of profit and loss:				
Current service cost	235.94	221.07	168.68	141.55
Interest cost	137.42	119.39	65.54	57.31
Expected return on plan assets	(36.31)	(13.75)	-	-
Actuarial gain	-	-	(99.43)	(53.67)
Net cost recognised	**337.05**	**326.71**	**134.79**	**145.19**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Amount recognised in Other Comprehensive Income:				
Actuarial changes arising from changes in financial assumptions	21.67	(114.92)	-	-
Experience adjustments	3.98	6.71	-	-
Return on plan assets	2.51	0.34	-	-
Amount recognised loss/(gain)	**28.16**	**(107.87)**	**-**	**-**

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Assumptions used:				
Mortality	IALM 2012-2014 and A 1967/70 mortality table (issued by Institute of Actuaries, London)	IALM 2012-2014 and A 1967/70 mortality table (issued by Institute of Actuaries, London)	IALM 2012-2014	IALM 2012-2014
Discount rate	7.23%-13.50%	7.4%-25%	7.23%-8.50%	6.40%-11.00%
Rate of return on plan assets	6.79%-7.65%	6.69%-7.40%	0.00%	0.00%
Withdrawal rate	3%-12%	3%-12%	3%-12%	3%-12%
Salary increase	6% -12%	6% -18%	6%-12%	6%-12%
Rate of leave availment	-	-	3.50%-20%	3.50%-20%
Retirement age (Years)	55-70 years	55-70 years	58-70 years	58-70 years

These assumptions were developed by management of the respective company/entity with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of high quality corporate bonds that are denominated in the respective currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligations. Other assumptions are based on current actuarial benchmarks and respective management's historical experience.

The defined benefit obligation and plan assets are composed by geographical locations as follows:

(₹ in million, unless otherwise stated)

31 December 2023	India	Outside India	Total
Defined benefit obligation	2,097.23	50.48	2,147.71
Fair value of plan assets	672.89	-	672.89

(₹ in million, unless otherwise stated)

31 December 2022	India	Outside India	Total
Defined benefit obligation	1,806.97	45.57	1,852.54
Fair value of plan assets	418.43	-	418.43

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

A quantitative sensitivity analysis for significant assumption is as shown below:

(₹ in million, unless otherwise stated)

	Sensitivity level		Gratuity		Compensated Absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Discount rate	+1%	+1%	(129.68)	(112.82)	(29.68)	(27.59)
	-1%	-1%	145.63	126.73	31.60	29.39
Salary increase	+1%	+1%	138.06	120.39	29.98	27.92
	-1%	-1%	(125.76)	(109.60)	(28.73)	(26.75)
Withdrawal rate	+1%	+1%	(30.37)	(25.98)	(9.80)	(9.21)
	-1%	-1%	33.59	28.60	10.33	9.70

The sensitivity analysis above has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Risk associated:	
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit.
Interest risk (discount rate risk)	A decrease in the bond interest rate (discount rate) will increase the plan liability.
Mortality risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2012-2014) (31 December 2022: (2012-14) ultimate table). A change in mortality rate will have a bearing on the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Effect of the defined benefit plan on the Company's future cash flows:

Funding arrangements and funding policy:

The Holding Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the company. Any deficit in the assets arising as a result of such valuation is funded by the company.

Expected contribution during the next annual reporting period:

The Holding Company's best estimate of contribution during the next financial year approximates to ₹ 1,637.97 million (31 December 2022: ₹ 1,566.90 million).

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

The following are maturity profile of Defined Benefit Obligations in future years (before adjusting fair value of plan assets):

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
i) Weighted average duration of the defined benefit obligation	6 years - 10 years	5.62 years - 9.38 years	3 years- 5 years	3 years- 6 years
ii) Expected cash flows over the years (valued on undiscounted basis):				
Duration (years)				
1	328.23	265.79	315.81	287.12
2 to 5	961.20	843.17	627.31	584.93
Above 5	2,433.78	2,176.33	312.80	297.01
	3,723.21	**3,285.29**	**1,255.92**	**1,169.06**

Defined contribution plan:

Contribution to defined contribution plans, recognised as expense for the year is as under:

Employer's contribution to provident and other funds ₹ 679.36 million (31 December 2022 ₹ 538.82 million) (Refer note 32)

40. Earnings per share (EPS)

(₹ in million, unless otherwise stated)

	31 December 2023	31 December 2022
Profit attributable to the equity shareholders	20,559.22	14,974.33
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (nos.)*	1,299,140,257	1,299,099,240
Add: Weighted average number of potential equity shares on account of employee stock options	559,133	342,466
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (nos.)*	1,299,699,390	1,299,441,706
Nominal value per equity shares (₹)	5.00	5.00
Basic earnings per share (₹)	15.83	11.53
Diluted earnings per share (₹)	15.82	11.52

*Previous year numbers are adjusted for shares split during the current year.(Refer note 18h)

41. Dividend

(₹ in million)

	31 December 2023	31 December 2022
Dividend on equity shares declared and paid during the year:		
Final dividend of ₹ 0.50 per share for financial year ended 31 December 2022* by Holding Company	649.55	-
Interim dividend ₹ 1.25 per share (31 December 2022: ₹ 1.25 per share)* by Holding Company	1,623.93	1,623.87

*Refer note 56

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

42. Contingent liabilities

(₹ in million)

		As at 31 December 2023	As at 31 December 2022
Claims against the Group not acknowledged as debts (being contested):			
i.	Goods and Service Tax	140.90	26.70
ii.	For excise and service tax	103.35	145.81
iii.	For customs	90.75	90.75
iv.	For sales tax (VAT)/entry tax	778.65	1,010.99
v.	For income tax	378.35	223.35
vi.	For mandi tax and others*	388.60	447.43

*excludes pending matters where amount of liability is not ascertainable.

43. Commitments

(₹ in million, unless otherwise stated)

		31 December 2023	31 December 2022
a.	Guarantee issued to third party by subsidiaries for business purposes	373.39	355.43
b.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 5,194.24 (31 December 2022 ₹ 6,111.99))*	30,726.98	16,804.28

*Inclusive of commitment as mentioned in note no. 61.

44. Pursuant to transfer pricing legislations under the Income-tax Act, 1961, the Holding Company is required to use specified methods for computing arm's length price in relation to specified international and domestic transactions with its associated enterprises. Further, the Holding Company is required to maintain prescribed information and documents in relation to such transactions. The appropriate method to be adopted will depend on the nature of transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Holding Company is in the process of updating its transfer pricing documentation for the current financial year. Based on the preliminary assessment, the management is of the view that the update would not have a material impact on the tax expense recorded in these consolidated financial statements. Accordingly, these consolidated financial statements do not include any adjustments for the transfer pricing implications, if any.

45. Related party disclosures (as per Ind AS-24)

Following are the related parties and transactions entered with related parties for the relevant financial year:

(i) List of related parties and relationships:-

I. Key managerial personnel (KMPs)

Mr. Ravi Kant Jaipuria	Non-executive chairman
Mr. Varun Jaipuria	Executive vice chairman (w.e.f. 03 March 2022) and Whole Time Director
Mr. Raj Pal Gandhi	Whole Time Director
Mr. Rajinder Jeet Singh Bagga	Whole Time Director
Mr. Kapil Agarwal	Chief Executive Officer (till 03 March 2022) and Whole Time Director (till 01 November 2022)
Mr. Lalit Malik	Chief Financial Officer (appointed w.e.f. 04 August 2023)
Mrs. Sita Khosla	Non-executive independent director
Dr. Ravi Gupta	Non-executive independent director

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

Mrs. Rashmi Dhariwal	Non-executive independent director
Mr. Abhiram Seth	Non-executive independent director (w.e.f. 02 May 2023)
Mr. Anil Kumar Sondhi	Non-executive independent director (w.e.f. 02 May 2023)
Mr. Pradeep Khushalchand Sardana	Non-executive independent director (till 27 March 2023)
Mr. Naresh Kumar Trehan	Non-executive independent director (till 30 November 2023)
Mr. Ravi Batra	Company secretary
Mr. Rajesh Chawla	Chief Financial Officer (till 03 August 2023)
Mr. Mahavir Prasad Garg	Company secretary of the parent, namely RJ Corp Limited

II. Parent and ultimate parent

RJ Corp Limited	Parent

III. Fellow subsidiaries and entities controlled by parent and ultimate parent*

Devyani International Limited
Devyani Food Industries Limited
Varun Food and Beverages Zambia Limited
Varun Developers Private Limited
Wellness Holdings Limited
SVS India Private Limited
Ole Marketing (Private) Limited
Devyani Food Industries (Kenya) Limited
Devyani Airport Services (Mumbai) Private Limited#
Devyani International Nepal Private Limited
Cryoviva Biotech Private Limited

IV. Joint venture and associate*

IDVB Recycling Operations Private Limited	Joint venture (w.e.f. 01 July 2022)
Clean Max Tav Private Limited	Associate (w.e.f. 23 November 2022)
Huoban Energy 7 Private Limited	Associate (w.e.f. 09 May 2023)

V. Relatives of KMPs*

Mrs. Dhara Jaipuria
Mrs. Devyani Jaipuria
Mr. Ravindra Dhariwal
Mrs. Aastha Agarwal (till 01 November 2022)
Mr. Kaustubh Agarwal (till 01 November 2022)

VI. Entities in which a director or his/her relative is a member/director/trustee*

SMV Beverages Private Limited
Alisha Torrent Closures (India) Private Limited
Lineage Healthcare Limited
Jai Beverages Private Limited
Diagno Labs Private Limited (till 29 March 2022)
RJ Foundation (Trust)
Global Health Limited

VII. Entities which are post employment benefits plans

VBL Employees' Gratuity Trust

*With whom the Group had transactions during the current year and previous year.

#Amalgamated with Devyani International Limited w.e.f. 01 April 2022 vide Hon'ble National Company Law Tribunal order dated 13 July 2023.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

(ii) Terms and conditions of transactions with related parties

The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(iii) Transactions with KMPs (Refer note 45A)

(iv) Transactions with related parties (Refer note 45B)

45A. Transactions with KMPs

(₹ in million)

		For year ended 2023	For year ended 2022
I.	**Remuneration paid**		
	Mr. Ravi Kant Jaipuria	151.72	-
	Mr. Varun Jaipuria	54.02	54.69
	Mr. Raj Pal Gandhi	62.45	56.60
	Mr. Kapil Agarwal	-	237.21
	Mr. Lalit Malik	20.63	-
	Mr. Rajesh Chawla	6.35	9.61
	Mr. Ravi Batra	14.85	13.30
	Mr. Rajinder Jeet Singh Bagga	57.66	52.45
	Mr. Mahavir Prasad Garg	2.99	2.74
II.	**Director sitting fees paid**		
	Mr. Pradeep Khushalchand Sardana	0.10	0.60
	Mrs. Sita Khosla	1.00	1.00
	Dr. Ravi Gupta	1.40	1.70
	Mrs. Rashmi Dhariwal	1.80	1.80
	Mr. Abhiram Seth	0.40	-
	Mr. Anil Kumar Sondhi	0.40	-
III.	**Dividend paid**		
	Mr. Varun Jaipuria	364.60	260.43
	Mr. Raj Pal Gandhi	4.66	3.36
	Mr. Kapil Agarwal	-	2.12
	Mr. Ravi kant Jaipuria	403.11	291.84
	Mr. Rajinder Jeet Singh Bagga	1.02	0.73
	Mr. Pradeep Khushalchand Sardana	0.00*	0.01
IV.	**Commission paid to non-executive director**		
	Mr. Ravi Kant Jaipuria	-	180.45
V.	**Defined benefit obligation (Cumulative) for KMP**		
i.	**Gratuity**		
	Mr. Varun Jaipuria	56.52	52.21
	Mr. Raj Pal Gandhi	53.21	48.83
	Mr. Ravi Batra	3.41	2.64
	Mr. Mahavir Prasad Garg	0.97	0.76
	Mr. Rajinder Jeet Singh Bagga	45.13	39.50
	Mr. Rajesh Chawla	-	0.42
	Mr. Lalit Malik	0.01	-

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

(₹ in million)

		For year ended 2023	For year ended 2022
ii.	**Compensated absences**		
	Mr. Varun Jaipuria	21.01	20.89
	Mr. Raj Pal Gandhi	15.19	14.48
	Mr. Ravi Batra	2.29	2.07
	Mr. Mahavir Prasad Garg	0.68	0.68
	Mr. Rajinder Jeet Singh Bagga	12.93	11.74
	Mr. Rajesh Chawla	-	0.88
	Mr. Lalit Malik	0.79	-
VI.	**Bonus Share issued**		
	Mr. Varun Jaipuria	-	347.24
	Mr. Raj Pal Gandhi	-	4.58
	Mr. Kapil Agarwal	-	2.83
	Mr. Ravi kant Jaipuria	-	389.11
	Mr. Pradeep Khushalchand Sardana	-	0.01
	Mr. Rajinder Jeet Singh Bagga	-	0.97
VII.	**Advance given**		
	Mr. Lalit Malik	38.50	-
VIII.	**Balances (payable)/receivable outstanding at the end of the year, net**		
	Mr. Varun Jaipuria	(2.78)	(2.60)
	Mr. Raj Pal Gandhi	(1.96)	(1.75)
	Mr. Rajinder Jeet Singh Bagga	(2.22)	0.36
	Mr. Ravi Batra	(0.73)	(0.72)
	Mr. Mahavir Prasad Garg	0.46	0.11
	Mr. Rajesh Chawla	(0.49)	(0.45)
	Mr. Lalit Malik	37.02	-
	Dr. Ravi Gupta	(0.09)	-
	Mrs. Rashmi Dhariwal	(0.09)	-
	Mr. Abhiram Seth	(0.09)	-
	Mr. Anil Kumar Sondhi	(0.09)	-
	Mrs. Sita Khosla	(0.09)	-

*Rounded off to Nil.

Note:

(i) Stock options have been granted to KMPs of the Group. The number of stock options granted to such KMPs outstanding as at 31 December 2023: 58,000 (31 December 2022 : 28,000). However as the liability has not been determined for individual employees, the charge thereof for the individual employees is not disclosed above.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

45B. Transactions with related parties

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent		Joint Venture and Associates (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sale of goods														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	105.41	148.32	-	-	**105.41**	**148.32**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	11.35	21.28	-	-	**11.35**	**21.28**
- Devyani Food Industries (Kenya) Limited	-	-	32.38	59.04	-	-	-	-	-	-	-	-	**32.38**	**59.04**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	170.49	197.12	-	-	**170.49**	**197.12**
- Devyani International Limited	-	-	59.15	89.37	-	-	-	-	-	-	-	-	**59.15**	**89.37**
- Devyani Food Industries Limited	-	-	30.19	45.23	-	-	-	-	-	-	-	-	**30.19**	**45.23**
- Lineage Healthcare Limited	-	-	-	-	-	-	-	-	0.11	0.11	-	-	**0.11**	**0.11**
- Devyani Airport Services (Mumbai) Private Limited	-	-	2.02	2.36	-	-	-	-	-	-	-	-	**2.02**	**2.36**
- Devyani International Nepal Private Limited	-	-	-	8.59	-	-	-	-	-	-	-	-	**-**	**8.59**
Sale of raw materials and stores														
- Devyani Food Industries (Kenya) Limited	-	-	8.50	-	-	-	-	-	-	-	-	-	**8.50**	**-**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	2.17	-	-	**-**	**2.17**
- Devyani Food Industries Limited	-	-	45.91	36.26	-	-	-	-	-	-	-	-	**45.91**	**36.26**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	172.40	219.28	-	-	**172.40**	**219.28**
Purchase of goods														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	575.53	525.89	-	-	**575.53**	**525.89**
- Devyani Food Industries Limited	-	-	384.89	464.64	-	-	-	-	-	-	-	-	**384.89**	**464.64**
Purchase of raw materials and stores														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	16.65	14.37	-	-	**16.65**	**14.37**
- Devyani Food Industries Limited	-	-	60.45	79.13	-	-	-	-	-	-	-	-	**60.45**	**79.13**
House keeping and cleaning charges paid														
- Varun Developers Private Limited	-	-	-	12.53	-	-	-	-	-	-	-	-	**-**	**12.53**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent		Joint Venture and Associates (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Loan given														
- IDVB Recycling Operations Private Limited	-	-	-	-	10.00	-	-	-	-	-	-	-	**10.00**	-
- Varun Developers Private Limited	-	-	407.08	-	-	-	-	-	-	-	-	-	**407.08**	-
Loan taken														
- Varun Developers Private Limited	-	-	407.08	-	-	-	-	-	-	-	-	-	**407.08**	-
Conversion of loan into investment														
- IDVB Recycling Operations Private Limited	-	-	-	-	10.00	-	-	-	-	-	-	-	**10.00**	-
Interest received/(paid)														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	(7.00)	(2.00)	-	-	**(7.00)**	**(2.00)**
- IDVB Recycling Operations Private Limited	-	-	-	-	0.68	-	-	-	-	-	-	-	**0.68**	-
Contribution to corporate social responsibility activities														
- RJ Foundation (Trust)	-	-	-	-	-	-	-	-	158.50	85.04	-	-	**158.50**	**85.04**
Equity investment														
- IDVB Recycling Operations Private Limited	-	-	-	-	120.00	0.07	-	-	-	-	-	-	**120.00**	**0.07**
- Clean Max Tav Private Limited	-	-	-	-	32.82	0.03	-	-	-	-	-	-	**32.82**	**0.03**
- Huoban Energy 7 Private Limited	-	-	-	-	21.24	-	-	-	-	-	-	-	**21.24**	-
Professional charges paid														
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	1.25	4.88	-	-	-	-	**1.25**	**4.88**
Travelling expenses paid														
- Wellness Holdings Limited	-	-	102.02	263.80	-	-	-	-	-	-	-	-	**102.02**	**263.80**
Contribution to gratuity trust														
- VBL Employees' Gratuity Trust	-	-	-	-	-	-	-	-	-	-	250.00	350.00	**250.00**	**350.00**

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent		Joint Venture and Associates (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Dividend paid														
- RJ Corp Limited	615.09	444.75	-	-	-	-	-	-	-	-	-	-	**615.09**	**444.75**
- Mrs. Aastha Agarwal	-	-	-	-	-	-	-	0.75	-	-	-	-	**-**	**0.75**
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	-	0.56	-	-	-	-	**-**	**0.56**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	0.02	0.02	-	-	-	-	**0.02**	**0.02**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	55.15	39.39	-	-	-	-	**55.15**	**39.39**
(Recovery of Expenses incurred by the Company on behalf of others)/expenses incurred by others on behalf of the Company														
- Devyani International Limited	-	-	3.37	0.79	-	-	-	-	-	-	-	-	**3.37**	**0.79**
- RJ Corp Limited	(2.43)	(1.81)	-	-	-	-	-	-	-	-	-	-	**(2.43)**	**(1.81)**
- Devyani Food Industries (Kenya) Limited	-	-	(0.61)	(1.34)	-	-	-	-	-	-	-	-	**(0.61)**	**(1.34)**
- Devyani Food Industries Limited	-	-	(21.36)	(19.70)	-	-	-	-	-	-	-	-	**(21.36)**	**(19.70)**
Licence fee paid														
- Devyani Food Industries Limited	-	-	0.90	1.27	-	-	-	-	-	-	-	-	**0.90**	**1.27**
Purchase of property, plant and equipment														
- Devyani Food Industries (Kenya) Limited	-	-	-	3.32	-	-	-	-	-	-	-	-	**-**	**3.32**
- Varun Food and Beverages Zambia Limited	-	-	-	43.10	-	-	-	-	-	-	-	-	**-**	**43.10**
- Cryoviva Biotech Private Limited	-	-	-	3.62	-	-	-	-	-	-	-	-	**-**	**3.62**
Rent/ lease charges paid/ (received)														
- RJ Corp Limited	112.80	112.80	-	-	-	-	-	-	-	-	-	-	**112.80**	**112.80**
- Devyani Food Industries Limited	-	-	(8.82)	(8.82)	-	-	-	-	-	-	-	-	**(8.82)**	**(8.82)**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	27.00	27.00	-	-	**27.00**	**27.00**
- SVS India Private Limited	-	-	2.97	2.73	-	-	-	-	-	-	-	-	**2.97**	**2.73**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	(1.23)	-	-	**-**	**(1.23)**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent		Joint Venture and Associates (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
IT infrastructure support fee														
- Devyani Food Industries Limited	-	-	11.96	8.86	-	-	-	-	-	-	-	-	**11.96**	**8.86**
- RJ Corp Limited	0.84	1.03	-	-	-	-	-	-	-	-	-	-	**0.84**	**1.03**
- Devyani Food Industries (Kenya) Limited	-	-	2.06	1.77	-	-	-	-	-	-	-	-	**2.06**	**1.77**
- Diagno Labs Private Limited	-	-	-	-	-	-	-	-	-	0.03	-	-	**-**	**0.03**
- Devyani International Limited	-	-	4.41	1.53	-	-	-	-	-	-	-	-	**4.41**	**1.53**
- Cryoviva Biotech Private Limited	-	-	3.16	0.89	-	-	-	-	-	-	-	-	**3.16**	**0.89**
- Lineage Healthcare Limited	-	-	-	-	-	-	-	-	0.57	-	-	-	**0.57**	**-**
Capital commitments														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	201.60	201.60	-	-	**201.60**	**201.60**
Bonus share issued														
- RJ Corp Limited	-	593.00	-	-	-	-	-	-	-	-	-	-	**-**	**593.00**
- Mrs. Aastha Agarwal	-	-	-	-	-	-	-	1.00	-	-	-	-	**-**	**1.00**
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	-	0.75	-	-	-	-	**-**	**0.75**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	0.02	-	-	-	-	**-**	**0.02**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	-	52.52	-	-	-	-	**-**	**52.52**
Medical Expenditure paid														
- Global Health Limited	-	-	-	-	-	-	-	-	0.11	-	-	-	**0.11**	**-**
Electricity Charges (Solar Power) Paid														
- Clean Max Tav Private Limited	-	-	-	-	28.24	-	-	-	-	-	-	-	**28.24**	**-**
- Huoban Energy 7 Private Limited	-	-	-	-	13.34	-	-	-	-	-	-	-	**13.34**	**-**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent		Joint Venture and Associates (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Balances outstanding at the end of the year, net including loan outstanding														
A. Receivable/(payable),net														
- Devyani International Limited	-	-	11.90	3.75	-	-	-	-	-	-	-	-	**11.90**	**3.75**
- RJ Corp Limited	36.24	35.60	-	-	-	-	-	-	-	-	-	-	**36.24**	**35.60**
- Wellness Holdings Limited	-	-	-	(23.07)	-	-	-	-	-	-	-	-	**-**	**(23.07)**
- Devyani International Nepal Private Limited	-	-	0.49	0.95	-	-	-	-	-	-	-	-	**0.49**	**0.95**
- Lineage Healthcare Limited	-	-	-	-	-	-	-	-	0.39	(0.00)*	-	-	**0.39**	**(0.00)***
- Ole Marketing (Private) Limited	-	-	24.68	21.64	-	-	-	-	-	-	-	-	**24.68**	**21.64**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	100.23	161.91	-	-	**100.23**	**161.91**
- Diagno Labs Private Limited	-	-	-	-	-	-	-	-	-	0.12	-	-	**-**	**0.12**
- Devyani Food Industries (Kenya) Limited	-	-	24.94	20.76	-	-	-	-	-	-	-	-	**24.94**	**20.76**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	0.00	5.41	-	-	**0.00**	**5.41**
- Devyani Airport Services (Mumbai) Private Limited	-	-	-	0.13	-	-	-	-	-	-	-	-	**-**	**0.13**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	1.05	0.70	-	-	**1.05**	**0.70**
- Devyani Food Industries Limited	-	-	4.95	(56.21)	-	-	-	-	-	-	-	-	**4.95**	**(56.21)**
- Varun Food and Beverages Zambia Limited	-	-	(48.85)	(59.28)	-	-	-	-	-	-	-	-	**(48.85)**	**(59.28)**
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	-	(0.40)	-	-	-	-	**-**	**(0.40)**
- SVS India Private Limited	-	-	(0.58)	(1.17)	-	-	-	-	-	-	-	-	**(0.58)**	**(1.17)**
- Cryoviva Biotech Private Limited	-	-	4.78	1.05	-	-	-	-	-	-	-	-	**4.78**	**1.05**
- IDVB Recycling Operations Private Limited	-	-	-	-	(0.00)	-	-	-	-	-	-	-	**(0.00)**	**-**
- Clean Max Tav Private Limited	-	-	-	-	(1.88)	-	-	-	-	-	-	-	**(1.88)**	**-**
- Huoban Energy 7 Private Limited	-	-	-	-	(1.70)	-	-	-	-	-	-	-	**(1.70)**	**-**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

46. Disclosure on lease transactions pursuant to Ind AS 116 - Leases

The Group lease asset class primarily consists of leases for land, buildings, plant and equipments and vehicles. With the exception of short-term leases, leases of low-value and cancellable long-term leases underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liability.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the weighted average borrowing rate on the date of adoption ranging between 5.44% - 13.56% (31 December 2022: 5.44% - 10.00%).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right of use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets other than leasehold lands as security against the Group's other debts and liabilities.

i. Lease liabilities are presented in the balance sheet as under:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Current maturities of lease liabilities (Refer note 20D)	390.38	235.77
Non-current lease liabilities (Refer note 20B)	1,978.85	1,654.25
Total	**2,369.23**	**1,890.02**

ii. The recognised right of use assets relate to land, buildings and plant and equipments as at 31 December 2023 and 31 December 2022:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Right of use assets - land, buildings and plant and equipments		
Balance at the beginning of the year	9,155.01	5,727.99
Additions for the year	1,623.33	3,772.60
Derecognition for the year	(2.43)	-
Rebate/grant related to asset received	(16.61)	(68.24)
Refund received for the year	-	(10.35)
Amortisation charge for the year	(359.51)	(282.87)
Exchange differences on translation of foreign operations	(52.72)	15.88
Balance at the end of the year	**10,347.07**	**9,155.01**

iii. The following are amounts recognised in Consolidated Statement of Profit and Loss:

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Amortisation charge on right of use assets	359.51	282.87
Interest expense on lease liabilities*	179.04	44.26
Total	**538.55**	**327.13**

*In Holding Company, during the previous year ended on 31 December 2022, interest expense on leasehold lands acquired were capitalised as pre-operative expense amounting to ₹ 24.70 million.

iv. Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less), non-cancellable long-term leases and for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 1,099.22 (31 December 2022: ₹ 846.98 million).

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

v. Refer Consolidated Cash Flow Statement for total cash outflow for leases for the year ended 31 December 2023 and 31 December 2022.

vi. Maturity of lease liabilities

Future minimum lease payments for year ended 31 December 2023 were as follows:

(₹ in million)

	Lease payments	Interest expense	Net Present value*
Not later than 1 year	554.90	169.21	390.38
Later than 1 year not later than 5 years	1,872.67	379.76	1,508.34
Later than 5 years	1,359.42	881.62	470.51
Total	**3,786.99**	**1,430.59**	**2,369.23**

* Includes exchange differences on translation of foreign operations of ₹ 12.83 million

Future minimum lease payments for year ended 31 December 2022 were as follows:

(₹ in million)

	Lease payments	Interest expense	Net Present value*
Not later than 1 year	370.84	138.33	235.77
Later than 1 year not later than 5 years	1,430.10	354.68	1,086.53
Later than 5 years	1,133.92	568.87	567.72
Total	**2,934.86**	**1,061.88**	**1,890.02**

* Includes exchange differences on translation of foreign operations of ₹ 17.04 million

47. Segment Reporting

The business activity of the Group predominantly fall within a single reportable business segment viz manufacturing and sale of beverages. There are no separate reportable business segments. As part of reporting for geographical segments, the Group operates in two principal geographical areas of the world, i.e., within India and other countries (outside India). The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Group is seasonal.

The following table presents segment non-current assets, revenue from external customers regarding geographical segments:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Non-current assets*		
- Within India	89,820.78	67,717.76
- Outside India	18,861.25	13,937.52

* excluding Investment in associates & joint venture, financial instruments and post-employment benefit assets.

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Revenue from external customers		
- Within India	125,763.47	105,100.36
- Outside India	37,447.16	28,805.22

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

48. Dues to Micro and Small Enterprises

The dues to micro and small enterprises as required under the Micro, Small and Medium Enterprises Development Act ("MSMED"), 2006 to the extent information available with the Holding Company is given below:

(₹ in million)

Particulars	31 December 2023	31 December 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	767.43	659.11
Interest due on above	4.83	1.07
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year*	522.67	116.95
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	8.67	2.91
The amount of interest accrued and remaining unpaid at the end of each accounting year	27.21	13.71
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	27.21	13.71

*includes principal amounting to ₹ 522.67 million (31 December 2022: ₹ 116.95 million).

49. Investments in Subsidiary

i. On 23 May 2023, the Holding Company incorporated a new wholly-owned subsidiary company i.e. Varun Beverages South Africa (Pty) Ltd in Johannesburg, South Africa by subscription of its 100% share capital for a consideration of ₹ 0.05 million to explore the business of manufacturing and distribution of beverages.

ii. On 16 October 2023, the Holding Company has acquired 50,000 equity shares of Lunarmech Technologies Private Limited for a purchase consideration of ₹ 100 million. Post acquisition, the Holding Company is holding 60.07% of the effective equity share capital of Lunarmech Technologies Private Limited.

iii. On 21 November 2023, incorporated a new subsidiary company i.e. VBL Mozambique,SA in Mozambique for selling and distribution of beverages. Subsequent to year ended 31 December 2023, the Group has subscribed its 100% share capital for a consideration of ₹ 1.33 million.

iv The Holding Company has subscribed 370,370 equity shares of Varun Beverages (Nepal) Private Limited amounting to ₹ 625.00 million on 18 May 2023 and Varun Beverages (Nepal) Private Limited on 24 December 2023 allotted 551,130 equity shares as bonus shares of NPR 1,000 each to its existing shareholder.

v During the previous year ended 31 December 2022, the Holding Company has subscribed equity shares of Varun Beverages International DMCC amounting to ₹ 2.05 million and ₹ 18.63 million on 31 January 2022 and 11 April 2022 respectively to render business-related management and technical services to the Group.

50. The Holding Company follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

51. Share-based payments

a. Description of share based payment arrangements

i) Share Options Schemes (equity settled)

Employees Stock Option Scheme 2016 ("ESOS 2016 or scheme")

The ESOP 2016 was approved by the Board of Directors and the shareholders on 27 April 2016 and further ratified and amended by the shareholders in their meetings held on 17 April 2017 and 07 April 2022 respectively. Further, National Stock Exchange of India Limited and BSE Limited have accorded their in principle approvals for issue and allotment of upto 16,695,152 equity shares ("Ceiling Limit"). The scheme was formulated with the objective to enable the Company to grant Options for equity shares of the Company to certain eligible employees as defined in the Scheme at a pre-determined price.

The Options were granted on the dates as mentioned in the table below:

31 December 2023

Scheme	Grant Date	Number of Options Granted	Exercise Price	Vesting Conditions	Vesting Period	Contractual period
ESOS 2016	06-Feb-23	54,000	628	Graded vesting over 4 years	06 Feb 2023 to 01 Jan 2027	0-3.92 Years
ESOS 2016	02-May-23	12,000	643	Graded vesting over 4 years	02 May 2023 to 01 Jan 2027	0-3.67 Years
ESOS 2016	03-Aug-23	50,000	801	Graded vesting over 4 years	03 Aug 2023 to 01 Jan 2027	0-3.42 Years
ESOS 2016	06-Nov-23	26,000	899	Graded vesting over 4 years	06 Nov 2023 to 01 Jan 2027	0-3.17 Years
ESOS 2016	23-Nov-23	30,000	899	Graded vesting over 4 years	23 Nov 2023 to 01 Jan 2027	0-3.09 Years

31 December 2022

Scheme	Grant Date	Number of Options Granted	Exercise Price	Vesting Conditions	Vesting Period	Contractual period
ESOS 2016	04-Jan-22	280,950	303	Graded vesting over 4 years	04 Jan 2023 to 01 Jan 2026	0-4 Years
ESOS 2016	03-Feb-22	9,000	299	Graded vesting over 4 years	03 Feb 2023 to 01 Jan 2026	0-3.92 Years
ESOS 2016	03-Mar-22	18,000	298	Graded vesting over 4 years	03 Mar 2023 to 01 Jan 2026	0-3.83 Years
ESOS 2016	13-Apr-22	9,000	303	Graded vesting over 4 years	13 Apr 2023 to 01 Jan 2026	0-3.75 Years
ESOS 2016	28-Apr-22	18,000	306	Graded vesting over 4 years	28 Apr 2023 to 01 Jan 2026	0-3.75 Years
ESOS 2016	24-Sep-22	902,000	435	Graded vesting over 4 years	24 Sep 2023 to 01 Jan 2026	0-3.33 Years

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

b. Measurement of fair values

The fair values are measured based on the Black-Scholes-Merton model. The fair value of the options and inputs used in the measurement of the grant date fair values of the equity-settled share based payments are as follows:

31 December 2023

Particulars	Options granted on 06 February 2023	Options granted on 02 May 2023	Options granted on 03 August 2023	Options granted on 06 November 2023	Options granted on 23 November 2023
Fair value per Option at grant date (in ₹)	172.00	263.87	243.57	290.42	347.52
Share price at grant date (in ₹)	577.45	722.60	808.10	951.85	1,031.35
Exercise price (in ₹)	627.50	643.00	801.00	899.00	899.00
Expected volatility	38.03%-40.07%	37.33%-39.95%	36.65%-39.12%	35.77%-37.09%	35.71%-36.46%
Expected life (in years)	1.6-4.5	1.6-4.2	1.6-4.0	1.57-3.72	1.57-3.68
Expected dividends	0.22%	0.24%	0.43%	0.37%	0.34%
Risk-free interest rate	6.57%-6.91%	6.60%-6.69%	6.67%-6.80%	6.82%-6.96%	6.75%-6.89%

31 December 2022

Particulars	Options granted on 04 January 2022	Options granted on 03 February 2022	Options granted on 03 March 2022	Options granted on 13 April 2022	Options granted on 28 April 2022	Options granted on 24 September 2022
Fair value per Option at grant date (in ₹)	130.82	154.17	166.75	167.58	184.29	244.41
Share price at grant date (in ₹)	439.90	470.33	487.93	491.95	518.23	579.48
Exercise price (in ₹)	453.50	448.50	447.00	453.50	459.00	435.00
Expected volatility	37.45%-39.59%	37.59%-39.90%	37.56%-39.94%	37.83%-40.09%	37.64%-40.26%	37.45%-40.70%
Expected life (in years)	1.6-4.6	1.6-4.5	1.6-4.4	1.6-4.3	1.6-4.3	1.6-3.8
Expected dividends	0.28%	0.27%	0.26%	0.25%	0.24%	0.22%
Risk-free interest rate	4.28%-5.59%	4.41%-5.83%	4.52%-5.79%	4.82%-6.27%	4.9%-6.22%	6.44%-6.92%

The risk-free interest rate (continuous compounding) being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the options on the date of grant of options based on the zero-coupon yield curve for Government Securities available as on Valuation date taken from www.ccilindia.com.

The measure of volatility used in the Option-Pricing Model is the annualised standard deviation of the continuous rates of return on the stock over a period of time.

c. Effect of employee stock option schemes on the standalone statement of profit and loss

(₹ in million, unless otherwise stated)

Particulars	31 December 2023	31 December 2022
Employee stock option expense*	78.61	29.06

*included in employee benefits expense (refer note 32)

d. Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option scheme is as follows:

	As at 31 December 2023		As at 31 December 2022	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Number of options granted, exercised and forfeited				
Options outstanding as at the beginning of the year	1,221,950	399.55	-	-
Add: Options granted during the year	172,000	767.41	1,236,950	399.55
Less: Options exercised during the year	115,736	399.55	-	-
Less: Options forfeited/lapsed during the year	45,000	399.55	15,000	399.55
Options outstanding as at the end of the year	1,233,214	450.86	1,221,950	399.55
Options exercisable at the end of the year	180,750	399.55	-	-

	As at 31 December 2023	As at 31 December 2022
Weighted average remaining life of options outstanding at the end of year (in years)	2.70	3.56

Also refer note 18(h) on sub-division/split of equity shares of the Holding Company during the year. The outstanding stock options (whether vested or unvested as on the Record Date) and exercise prices as above has been adjusted to ensure fair and reasonable adjustment to the entitlement of the Eligible Employees under the Schemes due to the sub-division/split of equity shares.

52. Financial instruments risk

Financials risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of financial risks are market risk, credit risk and liquidity risk.

The respective management of the Holding Company and other companies/entities comprising the Group monitors and manages the financial risks relating to the operations of the respective entity/company on a continuous basis. The Group's risk management is coordinated at head office, in close cooperation with the management of respective entity/company, and focuses on actively securing the short to medium-term cash flows and simultaneously minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

52.1 Market risk analysis

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and commodity price risk, which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The functional currency of the Holding Company is Indian Rupees ('INR' or '₹'). Most of the transactions of the Holding Company and other entities/companies are carried out in the respective local currency. Exposures to currency exchange rates mainly arise from the overseas operations and external commercial borrowings etc., which are primarily denominated in US Dollar ("USD"), Euro ("EUR"), Australian Dollars (AUD), Pound Sterling ("GBP"), Zuid-Afrikaanse Rand ("ZAR"), Emirati Dirham ("AED") and Zimbabwe Dollar ("ZWL").

To mitigate its exposure to foreign currency risk, the Group continuously monitors non-INR cash flows and hedging contracts are entered into wherever considered necessary.

The carrying amounts of the Group's foreign currency denominated monetary items are restated at the end of each reporting period. Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are as follows:

(amount in million)

	USD	GBP	EUR	ZWL	AUD	AED	ZAR
31 December 2023							
Financial assets							
(i) Trade receivables	0.78	-	-	6,884.63	-	-	0.02
(ii) Others	6.43	-	-	-	-	-	-
(iii) Cash and cash equivalents	7.42	-	-	10,016.19	-	-	0.79
(iv) Other bank balances	0.01	-	-	-	-	-	0.00
Total financial assets	**14.64**	**-**	**-**	**16,900.82**	**-**	**-**	**0.81**
Financial liabilities							
(i) Borrowings	7.89	-	2.76	-	-	-	-
(ii) Trade payables	15.98	0.00	1.88	2,570.26	-	-	4.27
(iii) Other financial liabilities	3.46	-	9.63	196.19	-	-	-
Total financial liabilities	**27.33**	**0.00**	**14.27**	**2,766.45**	**-**	**-**	**4.27**
31 December 2022							
Financial assets							
(i) Trade receivables	5.72	-	-	-	-	-	0.00*
(ii) Others	2.13	-	-	-	-	-	-
(iii) Cash and cash equivalents	3.42	-	-	-	-	-	6.01
(iv) Other bank balances	0.13	-	-	-	-	-	-
Total financial assets	**11.40**	-	-	-	-	-	**6.01**
Financial liabilities							
(i) Borrowings	2.77	-	5.92	-	-	-	-
(ii) Trade payables	16.26	0.00*	1.67	-	0.03	0.02	2.91
(iii) Other financial liabilities	3.21	-	6.38	-	-	-	-
Total financial liabilities	**22.24**	**0.00***	**13.97**	**-**	**0.03**	**0.02**	**2.91**

*Rounded off to Nil

^Outstanding foreign currency exposure hedged (excluding interest thereon)

There are no other exposure hedged against advance currency fluctuations.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

The foreign currency sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities considering 'all other things being equal' and ignoring the impact of taxation. It assumes a +/- 1% change of the respective countries exchange rates (i.e. local currency to foreign currency) for the year ended at 31 December 2023 (31 December 2022: +/-1%). These are the sensitivity rates used when reporting foreign currency exposures internally to the key management personnel and represents respective management's assessment of the reasonably possible changes in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at end of each period reported upon. A positive number indicates an increase in profit or equity and vice-versa.

If the INR had strengthened against the USD by 1% (31 December 2022: 1%), AUD by 1% (31 December 2022: 1%), GBP by 1% (31 December 2022: 1%), ZWL by 1% (31 December 2022: 1%) EUR by 1% (31 December 2022: 1%), AED by 1% (31 December 2022: 1%) and ZAR by 1% (31 December 2022: 1%), the following would have been the impact:

(₹ in million)

Particulars	Profit/(Loss) for the year		Equity	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
USD	10.55	8.97	10.55	8.97
GBP	0.00	0.00*	0.00	0.00*
EUR	13.14	12.32	13.14	12.32
ZWL	(32.43)	-	(32.43)	-
AUD	-	0.02	-	0.02
ZAR	0.16	(0.15)	0.16	(0.15)
AED	-	0.00	-	0.00

*Rounded off to Nil

If the INR had weakened against the USD by 1% (31 December 2022: 1%), AUD by 1% (31 December 2022: Nil), GBP by 1% (31 December 2022: 1%), ZWL by 1% (31 December 2022: 1%) EUR by 1% (31 December 2022: 1%), AED by 1% (31 December 2022: Nil) and ZAR by 1% (31 December 2022: 1%), the following would have been the impact:

(₹ in million)

Particulars	Profit/(Loss) for the year		Equity	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
USD	(10.55)	(8.97)	(10.55)	(8.97)
GBP	(0.00)	(0.00)*	(0.00)	(0.00)*
EUR	(13.14)	(12.32)	(13.14)	(12.32)
ZWL	32.43	-	32.43	-
AUD	-	(0.02)	-	(0.02)
ZAR	(0.16)	0.15	(0.16)	0.15
AED	-	(0.00)	-	(0.00)

*Rounded off to Nil

Exposures to foreign exchange rates vary during the year depending on the volume of the overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Group is exposed to changes in market interest rates as some of the bank and other borrowings are at variable interest rates.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (31 December 2022: +/- 1%). These changes are considered to be reasonably possible based on management's assessment. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(₹ in million)

Particulars	Profit/(Loss) for the year		Equity	
	+1%	-1%	+1%	-1%
31 December 2023	(396.00)	396.00	(396.00)	396.00
31 December 2022	(293.64)	293.64	(293.64)	293.64

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of sugar and pet chips and therefore require a continuous supply. In view of volatility of price of sugar and pet chips, the Group also executes into various advance purchase contracts.

Commodity price sensitivity

The following tables shows the effect of price change in sugar and pet chips

(₹ in million)

Particulars	Change in yearly average price	Effect on profit before tax		Effect on equity	
31 December 2023					
Sugar	+/-1%	(169.53)	169.53	(169.53)	169.53
Pet chips	+/-1%	(145.18)	145.18	(145.18)	145.18
31 December 2022					
Sugar	+/-1%	(148.65)	148.65	(148.65)	148.65
Pet chips	+/-1%	(107.25)	107.25	(107.25)	107.25

Other price sensitivity

The Group is not exposed to any listed equity or listed debt price risk as it does not hold any investments in listed entities.

52.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is operating through a network of distributors and other distribution partners based at different locations. The Group is exposed to this risk for various financial instruments, for example loans granted, receivables from customers, deposits placed etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at end of each reporting period, as summarised below:

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Classes of financial assets-carrying amounts:		
Investments (non-current)	31.51	0.01
Others non-current financial assets	622.67	486.80
Trade receivables	3,593.85	2,993.38
Cash and cash equivalents	2,422.12	1,543.32
Bank balances (other than those classified as cash and cash equivalents above)	2,176.50	1,309.35
Others current financial assets	7,388.23	3,977.06
	16,234.88	**10,309.92**

The Group continuously monitors receivables and defaults of customers and other counterparties, and incorporates this information into its credit risk controls. Appropriate security deposits are kept against the supplies to customers and balances are reconciled at regular intervals. The Group's policy is to deal only with creditworthy counterparties. In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty. Trade receivables consist of a large number of customers of various scales and in different geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables. In case the receivables are not recovered even after regular follow up, measures are taken to stop further supplies to the concerned customer. The expected credit loss is based on the five years historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Movement in expected credit loss allowance on trade receivables and capital advances:

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Balance as at beginning of the year	538.87	495.36
Loss allowance measured at lifetime expected credit loss	69.47	73.51
Reversal of allowance during the year	(2.31)	-
Foreign currency translation reserve	(19.80)	(30.00)
Balance at the end of the year	**586.23**	**538.87**

The credit risk for cash and cash equivalents, bank deposits including interest accrued thereon and Government grant receivables is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and State Government bodies.

In respect of financial guarantees provided by the Group, the maximum exposure to which the Group is exposed to is the maximum amount which it would have to pay if the guarantee is called upon. Based on the expectation at the end of each reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

52.3 Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and considering the maturity profiles of financial assets and other financial liabilities as well as forecast of operational cash inflows and outflows. Liquidity needs are monitored in various time bands, on a day-to-day basis, a week-to-week basis and a month-to-month basis. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the Group's ability to avail further credit facilities subject to creation of requisite charge on its assets. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

As at 31 December 2023, the Group's non-derivative financial liabilities have contractual undiscounted maturities as summarised below:

(₹ in million)

31 December 2023	Carrying value	1 to 12 months	1 to 5 years	Later than 5 years	Total contractual cash flow
Borrowings (current and non-current)	51,943.87	20,069.19	31,452.89	580.82	52,102.91
Lease liabilities (current and non-current)	2,369.23	554.90	1,872.67	1,359.42	3,786.99
Trade payables	7,582.48	7,582.48	-	-	7,582.48
Other financial liabilities (current)	7,638.39	7,638.39	-	-	7,638.39
Total	**69,533.97**	**35,844.96**	**33,325.56**	**1,940.24**	**71,110.77**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

(₹ in million)

31 December 2022	Carrying value	1 to 12 months	1 to 5 years	Later than 5 years	Total contractual cash flow
Borrowings (current and non-current)	36,948.12	19,666.69	17,388.87	-	37,055.56
Lease liabilities (current and non-current)	1,890.02	370.84	1,430.10	1,133.92	2,934.86
Trade payables	8,242.61	8,242.61	-	-	8,242.61
Other financial liabilities (current)	5,593.90	5,593.90	-	-	5,593.90
Total	**52,674.65**	**33,874.04**	**18,818.97**	**1,133.92**	**53,826.93**

53. Fair value measurements

Financial instruments by categories

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

Particulars	31 December 2023		31 December 2022	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
(i) Non-current financial assets				
(a) Investment (non-current)	31.51	-	0.01	-
(ii) Non-current financial assets				
(a) Others financial assets	-	622.67	-	486.80
(iii) Current financial assets				
(a) Trade receivables	-	3,593.85	-	2,993.38
(b) Cash and cash equivalents	-	2,422.12	-	1,543.32
(c) Bank balances other than above	-	2,176.50	-	1,309.35
(d) Others financial assets	-	7,388.23	-	3,977.06
Total	**31.51**	**16,203.37**	**0.01**	**10,309.91**
Financial liabilities				
(i) Non-current borrowings (excluding those disclosed under FVTPL category above)	-	31,889.38	-	17,270.22
(ii) Non-current lease liabilities	-	1,978.85	-	1,654.25
(iii) Current financial liabilities				
(a) Borrowings	-	20,054.49	-	19,677.90
(b) Lease liabilities	-	390.38	-	235.77
(c) Trade payables	-	7,582.48	-	8,242.61
(d) Others financial liabilities	-	7,638.39	-	5,593.90
Total	**-**	**69,533.97**	**-**	**52,674.65**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

Valuation technique to determine fair value

Cash and cash equivalents, other bank balances, trade receivables, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the long term borrowings, loans and other deferred payments are determined by using discounted cash flow method using the appropriate discount rate. The discount rate is determined using other similar instruments incorporating the risk associated.
- The Group executed derivative financial instruments such as cross currency interest rate swap being valued using valuation techniques, which employs use of market observable inputs. The Group uses mark to market valuation provided by bank for its valuation.

Fair value hierarchy

The financial assets measured at fair value are grouped into the fair value hierarchy as on 31 December 2023 and 31 December 2022 as follows: (also refer note 3(a))

(₹ in million)

31 December 2023	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2023	**31.51**	-	-	31.51

There have been no transfers of financial assets and financial liabilities between the levels during the year 2022

(₹ in million)

31 December 2022	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2022	**0.01**	-	-	0.01

54. Capital management

For the purpose of the Group's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity shareholders of the Group.

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, non-current and current borrowings, deferred payment liabilities, current maturity of long-term debts and lease liabilities, less cash and cash equivalents, excluding discontinued operations, if any.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

The amounts managed as capital by the Group for the reporting periods are summarised as follows:

(₹ in million)

Particulars		As at 31 December 2023	As at 31 December 2022
Non-current borrowings (Refer note 20A)		31,889.38	17,270.22
Current borrowings (Refer note 20C)		20,054.49	19,677.90
Lease liabilities (Refer note 20B)		1,978.85	1,654.25
Current portion of lease liabilities (Refer note 20D)		390.38	235.77
		54,313.10	**38,838.14**
Less: Cash and cash equivalents (Refer note 13)		(2,422.12)	(1,543.32)
Net debt	**(A)**	**51,890.98**	**37,294.82**
Equity share capital (Refer note 18)		6,496.07	6,495.50
Other equity (Refer note 19)		62,868.91	44,528.30
Total capital	**(B)**	**69,364.98**	**51,023.80**
Capital and net debt	**(C=A+B)**	**1,21,255.96**	**88,318.62**
Gearing ratio	**(A/C)**	**42.79%**	**42.23%**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 31 December 2022.

There is no breaches in the financial covenants of the borrowing that would permit the banks to immediately call loans and borrowings in the reporting periods.

55. Assets pledged as security

The carrying amount of assets pledged as security are:

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Inventories and trade receivable	19,928.92	18,518.69
Other bank deposits	1,652.34	1,219.30
Other current financial assets	8,243.82	4,907.30
Other current assets	4,086.65	3,545.52
Other non current assets	42.23	1,815.72
Other intangible assets	5,450.94	5,478.86
Property, plant and equipment (including capital work-in-progress)	83,894.08	54,313.33
Right of use assets	6,400.64	6,578.77
Cash and cash equivalent	129.20	-

56. During the year ended 31 December 2023, the Holding Company on 15 June 2023 ("Record Date"), sub-divided/ split of existing Equity Shares of the Company from 1 (One) Equity Share having a face value of ₹ 10/- (Rupees Ten only) each fully paid-up, into 2 (Two) Equity Shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up. Accordingly, the final dividend per share of the current year and interim dividend per share of the previous year presented have been recalculated based on the number of shares outstanding in respective periods, as increased by sub-divided/split of shares.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

57. Additional information, as required to Consolidated Financial Statements pursuant to Schedule III to the Companies Act, 2013

(₹ in million)

Name of the company/entity	Net assets i.e., total assets minus total liabilities		Share of profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
	As % of consolidated net assets*	Amount	As % of consolidated profit/(loss)*	Amount	As % of consolidated OCI*	Amount	As % of consolidated TCI*	Amount
For the year ended 31 December 2023								
A. Parent Company								
Varun Beverages Limited	84.07%	70,758.02	84.17%	17,751.30	-874.44%	(20.77)	84.06%	17,730.53
B. Subsidiaries								
Indian								
Lunarmech Technologies Private Limited	2.11%	1,773.69	1.93%	407.47	-10.54%	(0.25)	1.93%	407.22
Foreign								
Varun Beverages (Nepal) Private Limited	2.79%	2,346.21	3.33%	701.72	0.00%	-	3.33%	701.72
Varun Beverages Lanka (Private) Limited (Consolidated)	2.37%	1,992.19	1.91%	403.14	-6.93%	(0.16)	1.91%	402.98
Varun Beverages Morocco SA	3.41%	2,868.04	2.12%	446.63	0.00%	-	2.12%	446.63
Varun Beverages (Zambia) Limited (Consolidated)	0.55%	459.59	-2.71%	(571.56)	0.00%	-	-2.71%	(571.56)
Varun Beverages (Zimbabwe) (Private) Limited	5.76%	4,851.54	10.05%	2,119.24	0.00%	-	10.05%	2,119.24
Varun Beverages RDC SAS	-0.03%	(22.03)	-0.01%	(2.26)	0.00%	-	-0.01%	(2.26)
Varun Beverages International DMCC	0.73%	617.76	1.42%	299.06	0.00%	-	1.42%	299.06
Varun Beverages South Africa (PTY) Limited	0.00%	0.04	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Non-controlling interests in subsidiaries	-1.76%	(1,481.55)	-2.19%	(458.91)	991.91%	23.56	-2.07%	(435.35)
C. Associate (Investment as per equity method)								
Indian								
Clean Max Tav Private Limited^	0.00%	-	0.00%	(0.21)	0.00%	-	0.00%	(0.21)
Huoban Energy 7 Private Limited	0.00%	-	-0.01%	(1.51)	0.00%	-	-0.01%	(1.51)
D. Joint venture (Investment as per equity method)								
Indian								
IDVB Recycling Operations Private Limited^	0.00%	-	-0.01%	(3.07)	0.00%	-	-0.01%	(3.07)
	100.00%	**84,163.50**	**100.00%**	**21,091.03**	**100.00%**	**2.38**	**100.00%**	**21,093.41**
Inter group eliminations/adjustments		(14,798.52)		(531.81)		(58.83)		(590.64)
Total		**69,364.98**		**20,559.22**		**(56.45)**		**20,502.77**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

(₹ in million)

Name of the company/entity	Net assets i.e., total assets minus total liabilities		Share of profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
	As % of consolidated net assets*	Amount	As % of consolidated profit/(loss)*	Amount	As % of consolidated OCI*	Amount	As % of consolidated TCI*	Amount
For the year ended 31 December 2022								
A. Parent Company								
Varun Beverages Limited	85.19%	55,174.01	81.73%	12,701.99	12.51%	80.60	78.98%	12,782.59
B. Subsidiaries								
Indian								
Lunarmech Technologies Private Limited	2.11%	1,366.47	3.08%	478.85	-0.04%	(0.25)	2.96%	478.60
Foreign								
Varun Beverages (Nepal) Private Limited	2.20%	1,426.37	1.90%	294.66	0.00%	-	1.82%	294.66
Varun Beverages Lanka (Private) Limited (Consolidated)	2.20%	1,424.60	0.53%	82.87	0.08%	0.50	0.52%	83.37
Varun Beverages Morocco SA	3.68%	2,385.33	0.71%	110.42	0.00%	-	0.68%	110.42
Varun Beverages (Zambia) Limited (Consolidated)	1.70%	1,097.89	0.83%	128.42	0.00%	-	0.79%	128.42
Varun Beverages (Zimbabwe) (Private) Limited	4.19%	2,712.82	12.81%	1,991.16	0.00%	-	12.30%	1,991.16
Varun Beverages RDC SAS	-0.01%	(7.87)	-0.02%	(2.40)	0.00%	-	-0.01%	(2.40)
Varun Beverages International DMCC	0.48%	313.58	1.81%	281.78	0.00%	-	1.74%	281.78
Non-controlling interests in subsidiaries	-1.74%	(1,131.07)	-3.38%	(526.81)	87.45%	563.63	0.22%	36.82
C. Associate (Investment as per equity method)								
Indian								
Clean Max Tav Private Limited^	0.00%	-	0.00%	(0.05)	0.00%	-	0.00%	(0.05)
D. Joint venture (Investment as per equity method)								
Indian								
IDVB Recycling Operations Private Limited^	0.00%	-	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
	100.00%	**64,762.13**	**100.00%**	**15,540.88**	**100.00%**	**644.48**	**100.00%**	**16,185.36**
Inter group eliminations/adjustments		(13,738.33)		(566.55)		(3,799.27)		(4,365.82)
Total		**51,023.80**		**14,974.33**		**(3,154.79)**		**11,819.54**

*Percentage has been determined before considering elimination/adjustments arising out of consolidation.

^ Refer note 6.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

58. Summarised financial information for Associate and Joint Venture:

The Group has subscribed 50% ownership interest in IDVB Recycling Operations Private Limited ("IDVB"), a joint venture on 1 July 2022, 26% ownership interest in Clean Max Tav Private Limited ("Clean Max") on 23 November 2022 and 26.34% ownership interest in Huoban Energy 7 Private Limited ("Huoban") on 09 May 2023. The Holding Company's interest in IDVB, Huoban and Clean Max is accounted at cost using the equity method in these financial statements. Summarised financial information of IDVB, Huoban and Clean Max, is set out below:

A. Principal place of business: India

B. Summarised balance sheet as on 31 December 2023:

(₹ in million)

Particulars	IDVB	Huoban	Clean Max
Non-current assets	140.30	323.32	449.58
Current assets	120.85	22.92	30.26
Non-current liabilities	(7.16)	(250.91)	(336.11)
Current liabilities	(0.01)	(32.18)	(18.35)
Net assets	**253.98**	**63.15**	**125.38**
Group share of net assets	50.00%	26.34%	26.00%
Group's carrying amount of investment	**126.99**	**16.63**	**32.60**

C. Group's share of loss for the year

(₹ in million)

Particulars	IDVB	Huoban	Clean Max
Revenue	-	12.55	36.68
Other income	0.69	0.18	1.13
Total income	**0.69**	**12.73**	**37.81**
Finance costs	2.17	10.53	26.10
Depreciation and amortisation expense	0.09	4.34	10.60
Other expenses	4.57	3.76	11.39
Total expense	**6.83**	**18.63**	**48.09**
Loss before tax	**(6.14)**	**(5.90)**	**(10.28)**
Tax expense	-	(0.18)	(9.49)
Loss after tax	**(6.14)**	**(5.72)**	**(0.79)**
Other comprehensive income	-	-	-
Total comprehensive income	**(6.14)**	**(5.72)**	**(0.79)**
Group's share of loss	(3.07)	(1.51)	(0.21)
Group's share of OCI	-	-	-
Group's share of total comprehensive income	**(3.07)**	**(1.51)**	**(0.21)**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

59. Disclosure relating to provision:

(₹ in million)

Particulars	31 December 2023	31 December 2022
Opening balance	-	-
Addition	503.72	-
Utilisation	-	-
Closing balance	**503.72**	**-**

The Holding Company has made GST provision towards tax rate difference based on the demand order amounting to ₹ 120.08 million issued by Central GST Commissionerate, Jalandhar for the period 01 July 2017 to 30 September 2021 in the State of Punjab. Considering the demand order, Holding Company has provided for GST liability on entire sales of a product for the said period. The Holding Company has not recovered the additional GST liability from its customers.

Notes:

(i) This provision represent estimates made mainly for probable claim arising out of dispute pending with authority. The probability and the timing of the outflow with regard to the matter depend on the final outcome of the dispute. Hence, the Holding Company is not able to reasonably ascertain the timing of the outflow.

(ii) Discounting obligation has not been considered as the dispute relates to Government Authority.

60. Additional regulatory information not disclosed elsewhere in the financial information

a) The Holding Company and its Indian subsidiary does not have any Benami property and no proceedings have been initiated or pending against the Group for holding any Benami property, under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the rules made thereunder.

b) The Holding Company and its Indian subsidiary does not have any transactions with struck off companies under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956, except for the parties mentioned below:

Name of the struck off company	Nature of transactions with struck off company	Balance outstanding as at 31 December 2023	Relationship with the struck off company	Balance outstanding as at 31 December 2022	Relationship with the struck off company
Ace Polypet Private Limited	Sale of goods	(0.00)*	No relationship	(0.00)*	No relationship
C A Trade Links Private Limited	Security deposit received	(0.09)	No relationship	(0.09)	No relationship
Ngen Auto Private Limited	Purchases	0.00*	No relationship	0.00*	No relationship
J K Cement Private Limited	Purchases	-	No relationship	0.00*	No relationship
Nts Engineering Private Limited	Purchases	-	No relationship	-	No relationship

*Rounded off to Nil

c) The Group does not have any charges which is yet to be registered with ROC beyond the statutory period. The Group had obtained loans from banks in earlier years which have been fully repaid. However pending NOCs from banks, the satisfaction of charges is yet to be registered with ROC in some of the cases.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

d) The Group has not traded or invested in Crypto currency or Virtual Currency during the current and previous financial year.

e) The Group has not advanced or provided loan to or invested funds in any entity(ies) including foreign entities (Intermediaries) or to any other person(s), with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

f) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

g) The Group has not undertaken any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

h) The Holding Company and its Indian subsidiary has not been declared a 'Wilful Defaulter' by any bank (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

i) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

j) The borrowings obtained by the Holding Company from banks have been applied for the purposes for which such loans were taken.

k) The Holding Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

l) The Holding Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Holding Company with banks are in agreement with the books of accounts.

61. On 19 December 2023, the Holding Company has entered into a binding agreement to acquire 100% stake in the business conducted by The Beverage Company (Proprietary) Limited, South Africa along with its wholly owned subsidiaries (hereinafter referred as "Bevco") with an option to accept minority co-investment from large equity fund, subject to approvals from PepsiCo Inc., Competition Commissions and other regulatory approvals (if any) for a proposed purchase consideration amounting to ZAR 3 Billion (₹ 13.2 Billion; 1 ZAR= ₹4.4). The indicative time period for completion of the acquisition is on or before 31 July 2024. Bevco is engaged in the business of manufacturing and distribution of licensed (PepsiCo Inc.) and own-branded non-alcholic beverages in South Africa. Bevco has franchise bottling rights from PepsiCo Inc. for South Africa, Lesotho and Eswatini and distribution rights for Namibia and Botswana.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2023

62. Subsequent events occurred after the balance sheet date:

i. On 25 January 2024, the Holding Company has started commercial production of products of the Company including backward integeration at its new greenfiled production facilitiy at Supa, Maharashtra.

ii. The Holding Company and Varun Beverages International DMCC has subscribed its 99% and 1% share capital for a consideration of ₹ 1.32 million and ₹ 0.01 million on 02 January 2024 and 18 January 2024 respectively in newly incorporated subsidiary company i.e. VBL Mozambique,SA in Mozambique for selling and distribution of beverages.

iii. The Board of Directors in their meeting held on 05 February 2024 have approved a payment of final dividend of ₹ 1.25 (Rupees one and paise twenty five only) per equity share of the face value of ₹ 5 each, subject to the approval of equity shareholders in ensuing annual general meeting of the Holding Company. With this, total dividend declared for year ended 31 December 2023 stands at ₹ 2.50 (Rupees two and paise fifty only) per equity share of the face value of ₹ 5 each.

63. The amounts of previous reported period have been regrouped/reclassified wherever considered necessary in order to comply with financial reporting requirements.

The accompanying notes 1 to 63 are an integral part of the consolidated financial statements.
As per our report of even date attached.

For J. C. Bhalla & Co.
Chartered Accountants
Firm's Registration No.: 001111N

Akhil Bhalla
Partner
Membership No.: 505002

For O P Bagla & Co LLP
Chartered Accountants
Firm's Registration No.: 000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No.: 094155

For and on behalf of the Board of Directors of
Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Lalit Malik
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F- 5746

Place : Gurugram
Dated : 05 February 2024

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013
read with Rule 5 of the Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/Associate companies/Joint ventures

Part A: Subsidiaries

(₹ in million, except as stated otherwise)

S. No	Particulars	1	2	3	4	5	6	7	8	9
	Particulars	**Varun Beverages (Nepal) Private Limited**	**Varun Beverages Lanka (Private) Limited***	**Varun Beverages Morocco SA**	**Varun Beverages (Zambia) Limited**	**Varun Beverages (Zimbabwe) (Private) Limited**	**Lunarmech Technologies Private Limited**	**Varun Beverages RDC SAS**	**Varun Beverages International DMCC**	**Varun Beverages South Africa (Pty) Limited^**
	Date of acquisition	**01 January 2012**	**01 January 2012**	**01 January 2012**	**01 January 2016**	**01 January 2016**	**04 November 2019**	**31 December 2021**	**31 January 2022**	**23 May 2023**
	Financial year ended	**16 July 2023**	**31 December 2023**	**31 December 2023**	**31 December 2023**	**31 December 2023**	**31 March 2023**	**31 December 2023**	**31 December 2023**	**31 December 2023**
	Reporting period for consolidation	**31 December 2023**	**31 December 2023**	**31 December 2023**	**31 December 2023**	**31 December 2023**	**31 December 2023**	**31 December 2023**	**31 December 2023**	**31 December 2023**
	Reporting Currency	**NPR**	**LKR**	**MAD**	**ZMW**	**USD**	**INR**	**CDF**	**AED**	**ZAR**
	Exchange rate on the last day of financial year	**0.62441**	**0.25509**	**8.25350**	**3.21714**	**83.11640**	**1.00000**	**0.03075**	**22.60700**	**4.53425**
	Average exchange rate during the financial year	**0.62441**	**0.25096**	**8.06442**	**4.11611**	**82.59991**	**1.00000**	**0.03537**	**22.47730**	**4.53425**
1	Share Capital	907.31	2,896.82	6,215.07	843.71	0.07	9.95	0.74	20.68	0.05
2	Reserves and surplus	1,438.90	(904.63)	(3,347.04)	(384.12)	4,851.46	1,763.74	(22.78)	597.07	(0.01)
3	Total Assets	5,652.98	2,598.37	9,228.87	2,081.67	7,300.82	2,355.06	2,779.47	3,473.86	0.04
4	Total Liabilities	3,306.77	606.24	6,339.92	1,627.68	2,449.28	581.37	2,782.55	2,853.66	-
5	Investments	-	-	-	-	-	-	-	-	-
6	Turnover	6,631.65	2,848.23	10,164.07	3,415.72	14,379.04	2,001.10	-	3,395.26	-
7	Profit/(Loss) before tax	890.07	444.55	410.98	(406.37)	2,111.76	540.11	(2.26)	298.09	(0.01)
8	Provision for tax	188.35	85.17	38.96	-	-	132.64	-	-	-
9	Profit/(Loss) after tax	701.72	359.39	372.02	(406.37)	2,111.76	407.47	(2.26)	298.09	(0.01)
10	Proposed Dividend	407.53	-	-	-	-	-	-	-	-
11	% of shareholding	100.00%	100.00%	100.00%	90.00%	85.00%	60.07%	100.00%	100.00%	100.00%

* Consolidated figures

^ Incorporated on 23 May 2023 and yet to commence operations as on reporting date.

Note: On 21 November 2023, incorporated a new subsidiary named "VBL Mozambique, SA" and subsequent to the year ended 31 December 2023, the Group has subscribed its 100% share capital and the said subsidiary is yet to commence its operations as on reporting date.

Part B: Associates and Joint venture

(₹ in million, except as stated otherwise)

S. No.	Particulars	IDVB Recycling Operations Private Limited*	Clean Max Tav Private Limited	Huoban Energy 7 Private Limited
	Latest Audited Balance sheet date	31 March 2023	31 December 2023	31 March 2023
	Date of acquisition	01 July 2022	23 November 2022	09 May 2023
	Reporting Currency	INR	INR	INR
1	Shares of Associate/Joint venture held by the Holding company on the year end: (Number)	13,007,000	21,030	1,247,943
	Amount of investment in Associate/joint venture	130.07	32.85	21.24
	Total number of shares	26,014,000	80,881	4,738,129
	Extent of holding %	50.00%	26.00%	26.34%
	Description of how there is significant influence	Joint Venture	Associate	Associate
2	Networth attributable to shareholding as per latest Balance Sheet	253.98	125.38	63.14
3	Loss for the year:			
	Considered in consolidation	(3.07)	(0.21)	(1.51)
	Not considered in consolidation	(3.07)	(0.59)	(4.22)

* Incorporated on 20 May 2022 and yet to commence commercial operations as on reporting date.

For and on behalf of the Board of Directors of
Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Place: Gurugram
Dated: 05 February 2024

Ravi Batra
Chief Risk Officer and Group Company Secretary
Membership No. F- 5746

Lalit Malik
Chief Financial Officer

Independent Auditor's Report

To the Members of Varun Beverages Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Varun Beverages Limited ('the Company'), which comprise the Balance Sheet as at 31 December 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2023, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of intangible assets including goodwill Refer note 3.5 and 3.11 for accounting policies on Intangibles assets and Business combinations and Goodwill respectively. Further refer note 5A and 5B to the standalone financial statements The Company carries Goodwill and franchise rights/ trademarks as intangible assets having indefinite life amounting to INR 19.40 million and INR 5,385.99 million respectively, that are required to be tested for impairment by the management on an annual basis in accordance with Ind AS 36, Impairment of Assets.	Our audit procedures included, but were not limited, to the following: • Obtained an understanding of the management's process for identification of cash generating unit and processes performed by the management for their impairment testing; • Assessed the process by which management prepared its cash flow forecasts and held discussions with management to understand the assumptions used and estimates made by them for determining such projections;

Key audit matter	How our audit addressed the key audit matter
The aforesaid assessment of the impairment testing involves significant judgement around the determination of the recoverable amounts, being the higher of value in use and fair value less costs of disposal. Recoverable amounts are based on management's view of the future cash flows and prospects of the business, the appropriate discount rates and other industry specific risk factors. The key judgements in determining the recoverable amounts relates to the forecast of future cash flows based on strategy using macroeconomic assumptions such as industry growth, inflation and expected growth in market share, capital expenditure and working capital requirements, among others. Changes in the management forecasts or assumptions can impact the assessment of the discounted cash flows. Considering the materiality of the amounts involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the forecasted cash flows used in the impairment evaluation, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, impairment assessment of Goodwill and the Franchise rights/ trademarks was determined as a key audit matter.	• Tested the design and operating effectiveness of internal controls over such identification and impairment test procedures; • Assessed the appropriateness of the Company's accounting policies, including those relating to recognition, measurement and impairment of intangibles by comparing with the applicable Ind AS; • Reviewed the valuation report obtained by the management from an independent valuer for Franchise rights and assessed the professional competence, skills and objectivity for performing the required valuations; • Assessed the appropriateness of the significant assumptions as well as the Company's valuation model with the support of auditor's valuation specialists, who assess the reasonableness of assumptions used and valuation methodology applied relating to discount rate, risk premium, industry growth rate etc. This included a discussion of the expected development of the business and results as well as of the underlying assumptions used with those responsible for the planning process. • Assessed the robustness of financial projections prepared by the management by comparing projections for previous financial years with actual results realised and discussed significant deviations, if any, with the management; • Tested mathematical accuracy of the projections and performed a sensitivity analysis for reasonably possible changes in the sales growth, discount rate applied and the long-term growth rate; and • Evaluated the adequacy and appropriateness of disclosures made by the Company in the standalone financial statements, as required by the applicable provisions of the Act and Ind AS.
Claims, Appeals and Litigations – provisions and contingent liabilities (Refer note 39 to the standalone financial statements for the amounts of contingent liabilities) The Company is involved in various direct, indirect tax and other claims, appeals and litigations (hereafter, referred to as "Matters") that are pending with different statutory authorities and judicial courts. The management exercises significant judgement for determining the need for and the amount of provisions, for any liabilities, arising from these matters.	Our audit procedures included, but were not limited to, the following: • Assessed the appropriateness of the Company's accounting policies relating to provisions and contingent liabilities with the applicable accounting standards; • Assessed the Company's process and the underlying controls for identification of the pending matters and completeness for financial reporting and also for monitoring of significant developments in relation to such pending matters;

Key audit matter	How our audit addressed the key audit matter
This judgement is dependent on a number of significant assumptions and evaluations which involves interpreting the various applicable rules, regulations, practices and considering precedents in the various jurisdictions including the opinions received from various legal counsels. This matter is considered as a key audit matter, in view of the uncertainty regarding the outcome of these matters, the significance of the amounts involved and the subjectivity involved in management's judgement as to whether any amount should be recognised as a provision or be disclosed or not as a contingent liability in the standalone financial statements.	• Assessed the management's assumptions and estimates in respect of matters, including the liabilities or provisions recognised or contingent liabilities disclosed in the standalone financial statements. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts based on the various legal counsels opinions received by the Company; • Recomputed the arithmetical accuracy of the underlying calculations supporting the provisions recorded from the supporting evidences including the correspondence with various authorities; • Assessed the management's conclusions through understanding relevant judicial precedents in similar cases and the applicable rules and regulations and through a discussion with Company's legal department and legal counsels appointed by the Company; • Obtained legal opinions and confirmation on completeness from the Company's external legal counsels, where appropriate; • Engaged auditor's experts to gain an understanding of the current status of matters and changes in the disputes, if any, through discussions with the management and by reading external advice received by the Company, where relevant, to validate management's conclusions; and • Assessed the appropriateness of the Company's description of the accounting policy, disclosures related to matters and whether these are adequately presented in the standalone financial statements.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Report on Corporate Governance and Director's Report, but does not include the standalone financial statements and our auditor's report thereon.

   Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the

Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. The standalone financial statements of the Company for the year ended 31 December 2022 were audited and reported jointly by then joint auditors Walker Chandiok & Co. LLP and O P Bagla & Co LLP who have expressed an unmodified opinion on those standalone financial statements vide their audit report dated 06 February 2023.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

17. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

18. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) The standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2023 from being appointed as a director in terms of section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 December 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and

    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in note 39 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 December 2023;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 December 2023.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 December 2023; and

        iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 55B(e) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind offunds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 55B(f) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The final dividend paid by the Company during the year ended 31 December 2023 in respect of the such declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. The interim dividend declared and paid by the Company during the year ended 31 December 2023 and until the date of this audit report is in accordance with section 123 of the Act.

As stated in note 57 to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 December 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year ended 31 December 2023.

For J. C. Bhalla & Co.
Chartered Accountants
Firm's Registration No. 001111N

Akhil Bhalla
Partner
Membership No: 505002
UDIN: 24505002BKBXPA4908

Place: Gurugram
Date: 05 February 2024

B-5, Sector-6, Noida
Uttar Pradesh 201301

For O P Bagla & Co LLP
Chartered Accountants
Firm's Registration No: 000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN: 24094155BKEOZD8423

Place: Gurugram
Date: 05 February 2024

B-225, 5th Floor, Okhla Industrial Area,
Phase 1, New Delhi 110020

Annexure I referred to in Paragraph 17 of the Independent Auditor's Report of even date to the members of Varun Beverages Limited on the standalone financial statements for the year ended 31 December 2023

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right of use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The property, plant and equipment (other than refrigerators (Visi coolers) and containers lying with third parties) and right of use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. The Company has a regular programme of physical verification of refrigerators (Visi coolers) under which such assets are verified in a phased manner over a period of three years and no material discrepancies were noticed on such verification. According to the information and explanations given to us, the existence of containers lying with third parties is considered on the basis of the confirmations obtained from such third parties. In our opinion, the frequency of physical verification programme adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 4A to the standalone financial statements are held in the name of the Company.

For properties where the Company is a lessee, the lease arrangement has been duly executed in favour of the Company except in following case:

Description of property	Gross carrying value (₹ million)	Net carrying value (₹ million)	Whether title deed holder is a Promoter, director or relative of promoter/ director or employee	Date since the property is held	Reasons
Land situated at Buxar, Bihar	327.30	327.30	No	21 December 2023	The Company has received the possession letter dated 21 December 2023 of land situated at Buxar, Bihar and is in the process of getting lease deed in its name.
Land situated at Sonarpur, Kolkata	1.50	1.42	No	01 October 2018	The Company has executed the lease agreement for Sonarpur, Kolkata land, which is yet to be registered.

We have directly obtained the confirmation from the trust for title deeds of immovable properties, which are in the nature of land, having gross carrying value of ₹ 12,971.44 million as at 31 December 2023. The title deeds of such immovable properties have been mortgaged as security for loans or borrowings taken by the Company.

(d) The Company has not revalued its Property, Plant and Equipment including Right of Use assets or intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory (except goods in transit) at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records.

(b) As disclosed in note 18 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of ₹ 50 million by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective quarters.

(iii) (a) The Company has made investments in and provided loans or guarantee, to Subsidiaries and Joint Venture during the year as per details given below:

Particulars	Guarantees (₹ million)	Security (₹ million)	Loans (₹ million)	Advances in nature of loans (₹ million)
Aggregate amount provided/granted during the year:				
- Subsidiaries	1246.75	-	1,983.40	-
- Joint Ventures	-	-	10.00	-
- Associates	-	-	-	-
- Others	-	-	-	-
Balance outstanding as at balance sheet date in respect of above cases:				
- Subsidiaries	1,246.75	-	1990.64*	-
- Joint Ventures	-	-	-	-
- Associates	-	-	-	-
- Others	-	-	-	-

* includes foreign exchange fluctuation

(b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided and terms and conditions of the grant of all loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company. Further the Company has not provided any advances in the nature of loans or given any security.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular.

(d) There is no overdue amount in respect of loans granted to such companies, firms, LLPs or other parties.

(e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan that existed as at the beginning of the year.

(f) The Company has not granted any loans or advances in the nature of loans, which are repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of loans and investments made and guarantees provided by it, as applicable. Further, the Company has not entered into any transaction covered under section 185 and section 186 of the Act in respect of security provided by it.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹ million)	Amount paid under protest (₹ million)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Central excise	11.89	0.89	April 2012 to December 2015	CESTAT, New Delhi
Central Excise Act, 1944	Central excise	11.39	-	March 2011 to March 2013	Honourable Rajasthan High Court, Jaipur
Central Excise Act, 1944	Central Excise	0.20	0.03	September 2014 to June 2015	Commissioner (Appeal), Meerut
Central Excise Act, 1944	Central excise	3.51	-	July 2014 to August 2014	CESTAT, Kolkata
Central Excise Act, 1944	Central excise	0.16	-	March 2015 to October 2015	Joint Commissioner, Panchkula
Central Excise Act, 1944	Central excise	0.58	-	March 2015 to January 2016	CESTAT, Chandigarh
Central Excise Act, 1944	Central excise	13.69	0.68	April 2014 to February 2015	Office of the Commissioner of Central Tax, Panchkula
Central Excise Act, 1944	Central excise	0.12	-	February 2016 to March 2017	Office of the Commissioner of Central Excise, Sonipat
Central Excise Act, 1944	Central excise	0.26	-	April 2017 to June 2018	Office of the Commissioner of Central Excise, Sonipat
The Custom Act, 1962	Custom Act	90.75	3.41	January 2017 to December 2018	CESTAT Mumbai
The Rajasthan Goods and Services Tax Act, 2017	GST	0.10	0.10	December 2020	Assistant Commissioner, Jaipur
The Rajasthan Goods and Services Tax Act, 2017	GST	18.02	0.87	July 2017 to March 2018	Joint Commissioner, Rajasthan
The Madhya Pradesh Goods & Services Tax Act, 2017	GST	0.10	0.10	2019-2020	Additional Commissioner, Indore
The Bihar Goods & Services Tax Act, 2017	GST	0.16	0.02	2022-2023	Additional Commissioner, Patna
The Bihar Goods & Services Tax Act, 2017	GST	0.31	0.31	2021-2022	Additional Commissioner, Patna
The Chhattisgarh Goods & Services Tax Act, 2017	GST	8.89	-	2017-2018	Assistant Commissioner of State Tax, Raipur
The Chhattisgarh Goods & Services Tax Act, 2017	GST	1.50	0.08	2018-2019	Additional Appeal Commissioner, Raipur

Name of the statute	Nature of dues	Gross Amount (₹ million)	Amount paid under protest (₹ million)	Period to which the amount relates	Forum where dispute is pending
The Delhi Goods and Services Tax Act, 2017	GST	0.40	0.40	March 2020	Additional Commissioner, Noida
The Delhi Goods and Services Tax Act, 2017	GST	10.63	-	2018-2019	Deputy Commissioner, Okhla, Delhi
The Uttar Pradesh Goods and Services Tax Act, 2017	GST	1.58	1.58	2017-2023	Additional Commissioner, Ghaziabad
The Gujarat Goods and Services Tax Act, 2017	GST	0.48	0.48	March 2020 to April 2021	Assistant Commissioner, Gujrat
The Jharkhand Goods & Services Tax Act, 2017	GST	0.11	0.11	2021-2022	Additional Commissioner, Ranchi
The Rajasthan Goods and Services Tax Act, 2017	GST	0.30	0.30	2019-2020	Appellate Authority-I Commercial Taxes Jaipur
The Kerala Goods and Services Tax Act, 2017	GST	0.38	0.38	2019-2022	Additional and Joint Commissioner, Palakkad
The Karnataka Goods & Services Tax Act, 2017	GST	0.11	0.11	2020-2021	Additional Commissioner, Bengaluru
The Haryana Goods and Services Tax Act, 2017	GST	0.20	0.20	2019-2020	Assistant Commissioner, GST Faridabad
The Haryana Goods and Services Tax Act, 2017	GST	0.21	0.21	2023-2024	Assistant Excise & Taxation Officer Sonipat
The Haryana Goods and Services Tax Act, 2017	GST	5.38	0.26	2017-2018	Deputy Commissioner- Palwal
The Odisha Goods and Services Tax Act, 2017	GST	0.18	0.18	March 2020	Assistant Commissioner, Odisha
The Haryana Goods and Services Tax Act, 2017	GST	0.64	0.64	September 2019 and June 2020	Additional Commissioner, Panchkula
The Punjab Goods and Services Tax Act, 2017	GST	0.04	0.04	November 2022	Assistant Commissioner, GST Jalandhar
The Uttar Pradesh Goods and Services Tax Act, 2017	GST	1.14	1.14	2022-2024	Assistant Commissioner
The Telangana Goods and Services Tax Act, 2017	GST	10.63	-	2020-2021 and 2021-2022	Commissioner of Central Tax, Madhapur, Hyderabad
The Telangana Goods and Services Tax Act, 2017	GST	0.04	0.04	December 2019	Assistant Commissioner, GST Sangareddy
The Tamil Nadu Goods and Services Tax Act, 2017	GST	5.29	0.93	2019-2023	Joint Commissioner and Additional Commissioner
The Assam Goods and Services Tax Act, 2017	GST	1.67	-	April 2018 to March 2019	Assistant commissioner
The Assam Goods and Services Tax Act, 2017	GST	10.89	-	April 2018 to March 2019	Assistant commissioner
The Odisha Goods and Services Tax. Act, 2017	GST	1.18	1.18	2023-2024	Additional Commissioner Kanpur
The Uttarakhand Goods & Service Tax Act 2017.	GST	0.22	0.22	June 2023 and December 2023	Additional Commissioner, Haldwani
Income-Tax Act, 1961	Income tax	43.32	-	AY 2008-2009	Honourable Supreme court of India
Income-Tax Act, 1961	Income tax	39.00	-	AY 2012-2013	Honourable High Court, New Delhi
Income-Tax Act, 1961	Income tax	1.03	0.21	AY 2020-2021	Commissioner Income Tax (Appeals), New Delhi
Income-Tax Act, 1961	Income tax	24.20	-	AY 2016-2017	Commissioner Income Tax (Appeals), New Delhi

Name of the statute	Nature of dues	Gross Amount (₹ million)	Amount paid under protest (₹ million)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Income tax	11.85	-	AY 2017-2018	Commissioner Income Tax (Appeals), New Delhi
Income-Tax Act, 1961	Income tax	24.97	-	AY 2018-2019	Commissioner Income Tax (Appeals), New Delhi
Goa Non-Biodegradable Garbage (Control) Act, 1996 (Act 5 of 1997)	Cess	105.75	-	April 2014 to December 2023	Honourable High Court of Bombay at Panaji, Goa
The Goa Tax on Entry of Goods Act, 2000	Entry Tax	2.39	-	2017-2018	Assistant Commissioner of Commercial Taxes, Margoa
The Punjab Tax on Entry of Goods into Local Areas Act, 2000	Entry Tax	28.77	-	2016-2017	Honourable high Court of Punjab and Haryana -Chandigarh.
The Uttarakhand Value Added Tax Act, 2005	Value added tax	0.14	0.23	April 2012	Commissioner (Appeals) Roorkee
The Uttarakhand Value Added Tax Act, 2005	Value added tax	3.86	0.50	2015-2016	Honourable High court of Uttarakhand
The Uttarakhand Value Added Tax Act, 2005	Value added tax	11.16	0.50	2016-2017	Honourable High court of Uttarakhand
The Uttarakhand Value Added Tax Act, 2005	Value added tax	5.75	-	2017-2018	Deputy Commissioner of Sale Tax, Roorkee
The Rajasthan Value Added Tax Act, 2003	Value added tax	582.46	16.75	2010-2015	Honourable Rajasthan High Court - Jaipur
The Rajasthan Value Added Tax Act, 2003	Value added tax	0.04	-	2009-2010, May 2015 and June 2016	Deputy Commissioner (Appeal), Jaipur
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	0.10	0.10	2010-2011	Joint Commissioner, Kanpur
The West Bengal Value Added Tax Act, 2003	Value added tax	0.96	0.47	April 2016 to September 2016	West Bengal, Tribunal
The West Bengal Value Added Tax Act, 2003	Value added tax	1.21	0.51	July 2012 and September 2013, January 2015 and September 2015	West Bengal, Tribunal
The Punjab Value Added Tax Act, 2005	Value added tax	0.36	-	2015-2016	The Deputy Excise and Taxation Commissioner (Appeals) cum Joint Director (Investigation), Mohali
The Punjab Value Added Tax Act, 2005	Value added tax	0.37	0.14	2016-2017	The Deputy Excise and Taxation Commissioner (Appeals) cum Joint Director (Investigation), HQ Bathinda
The Punjab Value Added Tax Act, 2005	Value added tax	0.25	0.03	2016-2017	The Deputy Excise and Taxation Commissioner (Appeals) cum Joint Director (Enforcement), Jalandhar
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	1.52	0.11	2001-2002	Additional Commissioner (Appeals), Ghaziabad
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	14.17	-	2007-2011	Additional Commissioner, Ghaziabad
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	4.48	4.48	2011-2012	Tribunal Bench-1, Ghaziabad
The Goa Value Added Tax Act 2005	Value added tax	5.61	-	2017-2018	Additional Commissioner of Commercial taxes, Margao

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint venture.

(f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint venture or associates companies.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no fraud on the Company has been noticed or reported during the period covered by our audit.

(b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi) (a),(b) and (c) of the Order are not applicable to the Company.

(d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) has only one Core Investment Company (CIC) as part of the Group.

(xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

For J. C. Bhalla & Co.
Chartered Accountants
Firm's Registration No. 001111N

Akhil Bhalla
Partner
Membership No: 505002
UDIN: 24505002BKBXPA4908

Place: Gurugram
Date: 05 February 2024

B-5, Sector-6, Noida
Uttar Pradesh 201301

For O P Bagla & Co LLP
Chartered Accountants
Firm's Registration No: 000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN: 24094155BKEOZD8423

Place: Gurugram
Date: 05 February 2024

B-225, 5th Floor, Okhla Industrial Area,
Phase 1, New Delhi 110020

Annexure II

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Varun Beverages Limited ('the Company') as at and for the year ended 31 December 2023, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 December 2023, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For J. C. Bhalla & Co.
Chartered Accountants
Firm's Registration No. 001111N

Akhil Bhalla
Partner
Membership No: 505002
UDIN: 24505002BKBXPA4908

Place: Gurugram
Date: 05 February 2024

B-5, Sector-6, Noida
Uttar Pradesh 201301

For O P Bagla & Co LLP
Chartered Accountants
Firm's Registration No: 000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN: 24094155BKEOZD8423

Place: Gurugram
Date: 05 February 2024

B-225, 5th Floor, Okhla Industrial Area,
Phase 1, New Delhi 110020

Standalone Balance Sheet

As at 31 December 2023

(₹ in million)

	Notes	As at 31 December 2023	As at 31 December 2022
Assets			
Non-current assets			
(a) Property, plant and equipment	4A	55,036.05	43,753.65
(b) Capital work-in-progress	4B	15,759.99	5,399.45
(c) Right of use assets	4C	8,875.89	8,267.06
(d) Goodwill	5A	19.40	19.40
(e) Other intangible assets	5B	5,450.74	5,478.55
(f) Financial assets			
(i) Investments	6	14,499.54	13,543.17
(ii) Loans	7	6,999.39	5,238.04
(iii) Other financial assets	8	564.85	442.45
(g) Other non-current assets	9	3,537.46	4,028.70
Total non-current assets		**110,743.31**	**86,170.47**
Current assets			
(a) Inventories	10	15,358.74	14,261.48
(b) Financial assets			
(i) Trade receivables	11	2,129.42	1,502.42
(ii) Cash and cash equivalents	12	494.80	473.89
(iii) Bank balances other than (ii) above	13	28.29	0.98
(iv) Other financial assets	14	7,695.02	4,757.52
(c) Other current assets	15	3,645.00	3,522.67
Total current assets		**29,351.27**	**24,518.96**
Total assets		**140,094.58**	**110,689.43**
Equity and liabilities			
Equity			
(a) Equity share capital	16	6,496.07	6,495.50
(b) Other equity	17	64,261.97	48,678.51
Total equity		**70,758.04**	**55,174.01**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18A	30,105.49	16,532.58
(ia) Lease liabilities	18C	1,043.65	1,117.39
(b) Provisions	19	2,056.26	1,976.61
(c) Deferred tax liabilities (Net)	20	3,133.33	3,199.84
(d) Other non-current liabilities	21	68.40	5.94
Total non-current liabilities		**36,407.13**	**22,832.36**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18B	17,495.56	18,185.92
(ia) Lease liabilities	18D	176.29	113.67
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	22	767.25	653.33
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	22	4,151.36	5,104.60
(iii) Other financial liabilities	23	6,678.70	4,943.36
(b) Other current liabilities	24	2,508.88	2,724.71
(c) Provisions	19	815.70	283.10
(d) Current tax liabilities (Net)	25	335.67	674.37
Total current liabilities		**32,929.41**	**32,683.06**
Total liabilities		**69,336.54**	**55,515.42**
Total equity and liabilities		**140,094.58**	**110,689.43**
Significant accounting policies	3		

The accompanying notes 1 to 58 are an integral part of the standalone financial statements.
As per our report of even date attached

For J. C. Bhalla & Co.
Chartered Accountants
Firm's Registration No.: 001111N

For O P Bagla & Co LLP
Chartered Accountants
Firm's Registration No.: 000018N/N500091

For and on behalf of the Board of Directors of Varun Beverages Limited

Akhil Bhalla
Partner
Membership No.: 505002

Neeraj Kumar Agarwal
Partner
Membership No.: 094155

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Lalit Malik
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F- 5746

Place : Gurugram
Dated : 05 February 2024

Standalone Statement of Profit and Loss

For the year ended 31 December 2023

(₹ in million)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Income			
Revenue from operations	26	126,328.26	105,958.25
Other income	27	1,461.42	1,437.57
Total income		**127,789.68**	**107,395.82**
Expenses			
Cost of materials consumed	28	59,027.80	54,593.04
Purchases of stock-in-trade	29	1,494.34	1,201.84
Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress	30	(618.15)	(3,023.46)
Employee benefits expense	31	10,367.96	9,204.68
Finance costs	32	2,410.95	1,542.57
Depreciation, amortisation and impairment expense	33	5,183.28	4,831.32
Other expenses	34	26,241.87	22,200.81
Total expenses		**104,108.05**	**90,550.80**
Profit before tax		**23,681.63**	**16,845.02**
Tax expense			
(a) Current tax	25	6,018.71	3,953.00
(b) Adjustment of tax relating to earlier years	25	(28.82)	(0.86)
(c) Deferred tax (credit)/charge	20	(59.52)	190.89
Total tax expense		**5,930.37**	**4,143.03**
Net profit for the year		**17,751.26**	**12,701.99**
Other comprehensive income	35		
(a) Items that will not to be reclassified to Profit or Loss:			
(i) Re-measurement (loss)/gain on defined benefit plans		(27.76)	107.70
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		6.99	(27.10)
Total other comprehensive income		**(20.77)**	**80.60**
Total comprehensive income for the year		**17,730.49**	**12,782.59**
Earnings per equity share of face value of ₹ 5 each			
Basic (₹)	37	13.66	9.78
Diluted (₹)	37	13.66	9.77
Significant accounting policies	3		

The accompanying notes 1 to 58 are an integral part of the standalone financial statements.
As per our report of even date attached

For J. C. Bhalla & Co.
Chartered Accountants
Firm's Registration No.: 001111N

Akhil Bhalla
Partner
Membership No.: 505002

For O P Bagla & Co LLP
Chartered Accountants
Firm's Registration No.: 000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No.: 094155

For and on behalf of the Board of Directors of
Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Lalit Malik
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F- 5746

Place : Gurugram
Dated : 05 February 2024

Standalone Statement of Cash Flow

For the year ended 31 December 2023

(Indirect Method) (₹ in million)

		Year ended 31 December 2023	Year ended 31 December 2022
A.	**Operating activities**		
	Profit before tax	23,681.63	16,845.02
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and impairment on property, plant and equipment	5,007.16	4,625.45
	Amortisation of intangible assets and Right of use assets	176.12	205.88
	Interest expense at amortised cost	2,410.95	1,535.83
	Interest income at amortised cost	(512.24)	(238.26)
	Dividend income from non-current investment in subsidiary	(407.53)	(539.49)
	Loss on disposal/written off of property, plant and equipment (Net)	764.10	443.70
	Share based payments (Net)	63.35	29.06
	Bad debts and advances written off	2.13	3.87
	Excess provisions and liabilities written back	(291.84)	(0.95)
	Gain on sale of current investments	(3.51)	(3.67)
	Guarantee commission income	(28.87)	(17.24)
	Unrealised foreign exchange fluctuation	(111.87)	(333.58)
	Allowance for expected credit loss	-	34.60
	Operating profit before working capital changes	**30,749.58**	**22,590.22**
	Working capital adjustments:		
	Increase in inventories	(1,097.26)	(3,598.68)
	Increase in trade receivables	(625.21)	(220.15)
	Increase in current and non-current financial assets and other current and non-current assets	(3,165.89)	(2,630.38)
	(Decrease)/Increase in current financial liabilities and other current and non-current liabilities and provisions	(24.23)	2,775.34
	Total cash from operations	**25,836.99**	**18,916.35**
	Income tax paid	(6,308.22)	(3,328.49)
	Net cash flows from operating activities (A)	**19,528.77**	**15,587.86**
B.	**Investing activities**		
	Purchase of property, plant and equipment, right of use assets and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors)	(26,464.52)	(13,484.85)
	Proceeds from disposal of property, plant and equipment	563.20	139.75
	Loan given to subsidiaries and joint venture	(1,993.40)	(2,292.05)
	Investment made in subsidiaries, associates, joint venture and other	(930.61)	(20.78)
	Proceeds from sale of current investments (Net)	3.51	3.67
	Receipt of loan given to a subsidiary	250.07	181.93
	Change in other bank balances	(28.39)	(1.24)
	Guarantee commission received	25.72	-
	Interest received	366.23	92.14
	Dividend income from non-current investment in subsidiary	512.52	288.29
	Net cash used in investing activities (B)	**(27,695.67)**	**(15,093.14)**

Standalone Statement of Cash Flow

For the year ended 31 December 2023

(Indirect Method) (₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
C. Financing activities		
Proceeds from long term borrowings	22,689.10	14,670.82
Repayment of long term borrowings	(12,377.86)	(11,346.88)
Proceeds/(Repayments) of short-term borrowings (Net)	2,582.05	(432.29)
Repayments of lease liabilities	(98.25)	(88.30)
Interest paid (inclusive of interest paid on lease liabilities ₹ 106.23 (31 December 2022: ₹ 10.03))	(2,381.67)	(1,441.78)
Proceeds from issue of share capital (including share premium thereon)	44.41	-
Proceeds from share application money pending allotment	3.51	-
Dividend paid	(2,273.48)	(1,623.87)
Net cash generated from/(used in) financing activities (C)	**8,187.81**	**(262.30)**
Net change in cash and cash equivalents (D=A+B+C)	**20.91**	**232.42**
Cash and cash equivalents at the beginning of year (E)	473.89	241.47
Cash and cash equivalents at the end of year (D+E) (Refer note 12)	**494.80**	**473.89**

Notes:

(a) Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes pursuant to Ind AS 7:

(₹ in million)

	Non-current borrowings*	Current borrowings	Lease Liabilities (Non-current and current)
Balance as at 01 January 2023	29,545.55	5,172.95	1,231.06
Cash flows (Net)	10,311.24	2,582.05	(98.25)
Non-cash changes:			
Recognition of lease liabilities	-	-	87.13
Impact of fair value changes	(10.74)	-	-
Balance as at 31 December 2023	**39,846.05**	**7,755.00**	**1,219.94**

(₹ in million)

	Non-current borrowings*	Current borrowings	Lease Liabilities (Non-current and current)
Balance as at 01 January 2022	26,088.09	5,605.24	162.46
Cash flows (Net)	3,323.94	(432.29)	(88.30)
Non-cash changes:			
Recognition of lease liabilities	-	-	1,156.90
Impact of fair value changes	74.18	-	-
Impact of exchange fluctuation	59.34	-	-
Balance as at 31 December 2022	**29,545.55**	**5,172.95**	**1,231.06**

*includes current maturities of long-term debts amounting to ₹9,740.56 million (31 December 2022: ₹ 13,012.97 million). (Refer note 18A and 18B)

Refer Note 46 for amount spent during the financial year 31 December 2023 and 31 December 2022 relating to Corporate Social Responsibilities activities

The accompanying notes 1 to 58 are an integral part of the standalone financial statements.
As per our report of even date attached

For J. C. Bhalla & Co.
Chartered Accountants
Firm's Registration No.: 001111N

For O P Bagla & Co LLP
Chartered Accountants
Firm's Registration No.: 000018N/N500091

For and on behalf of the Board of Directors of
Varun Beverages Limited

Akhil Bhalla
Partner
Membership No.: 505002

Neeraj Kumar Agarwal
Partner
Membership No.: 094155

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Lalit Malik
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F- 5746

Place : Gurugram
Dated : 05 February 2024

Standalone Statement of Changes in Equity
For the year ended 31 December 2023

A. Equity share capital

(₹ in million)

Particulars	Notes	Number of shares	Amount
Balance as at 01 January 2022		433,033,080	4,330.33
Changes in equity share capital during the year 2022		216,516,540	2,165.17
Balance as at 31 December 2022	16	**649,549,620**	**6,495.50**
Changes in equity share capital during the year 2023		649,665,356	0.57
Balance as at 31 December 2023	16	**1,299,214,976**	**6,496.07**

B. Other Equity

(₹ in million)

Particulars	Notes	Reserve and surplus					Share application money pending allotment	Total
		Capital reserve	Share option outstanding account	Securities premium	General reserve	Retained earnings		
Balance as at 01 January 2022		**533.93**	**-**	**24,734.73**	**444.26**	**13,942.96**	**-**	**39,655.88**
Profit for the year		-	-	-	-	12,701.99	-	**12,701.99**
Other comprehensive income for the year								
Re-measurement gain on defined benefit plans (Net of taxes)#		-	-	-	-	80.60	-	**80.60**
Dividend paid* (Refer note 38)		-	-	-	-	(1,623.87)	-	**(1,623.87)**
Recognition of share based payment expenses (Refer note 31)		-	29.08	-	-	-	-	**29.08**
Amount utilised for bonus issue		-	-	(2,165.17)	-	-	-	**(2,165.17)**
Balance as at 31 December 2022	**17**	**533.93**	**29.08**	**22,569.56**	**444.26**	**25,101.68**	**-**	**48,678.51**

Standalone Statement of Changes in Equity

For the year ended 31 December 2023

(₹ in million)

Particulars	Notes	Reserve and surplus					Share application money pending allotment	Total
		Capital reserve	Share option outstanding account	Securities premium	General reserve	Retained earnings		
Profit for the year		-	-	-	-	17,751.26	-	**17,751.26**
Other comprehensive income for the year								
Re-measurement loss on defined benefit plans (Net of taxes)#		-	-	-	-	(20.77)	-	**(20.77)**
Dividend paid* (Refer note 38)		-	-	-	-	(2,273.48)	-	**(2,273.48)**
Share application money pending allotment							3.51	**3.51**
Recognition of share based payment expenses (Refer note 31)		-	79.10	-	-	-	-	**79.10**
Pursuant to exercise of employee stock options		-	(23.19)	67.03	-	-	-	**43.84**
Balance as at 31 December 2023	**17**	**533.93**	**84.99**	**22,636.59**	**444.26**	**40,558.69**	**3.51**	**64,261.97**

The disaggregation of changes in OCI by each type of reserves in equity is disclosed in Note 35.

*Transaction with owners in their capacity as owners.

The accompanying notes 1 to 58 are an integral part of the standalone financial statements.
As per our report of even date attached

For J. C. Bhalla & Co.
Chartered Accountants
Firm's Registration No.: 001111N

Akhil Bhalla
Partner
Membership No.: 505002

For O P Bagla & Co LLP
Chartered Accountants
Firm's Registration No.: 000018N/N500091

Neeraj Kumar Agarwal
Partner
Membership No.: 094155

For and on behalf of the Board of Directors of
Varun Beverages Limited

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Lalit Malik
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F- 5746

Place : Gurugram
Dated : 05 February 2024

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

1 Corporate information

Varun Beverages Limited (the "Company") is a public limited Company domiciled in India. Its registered office is at F-2/7, Okhla Industrial Area, Phase-I, New Delhi- 110 020. The Company's equity shares are listed on Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India ("NSE"). The Company was incorporated on 16 June 1995 with Corporate Identification Number L74899DL1995PLC069839 under the provision of the Companies Act, 1956. The Company is primarily engaged in manufacturing, selling, bottling and distribution of beverages of PepsiCo's brand in geographically pre-defined territories as per franchisee agreement with PepsiCo India Holdings Private Limited.

2 Basis for preparation

These standalone financial statements ("financial statements") of the Company have been prepared in accordance with Indian Accounting Standard ("Ind AS") and comply with requirements of Ind AS notified under section 133 of the Companies Act, 2013 ("the Act"), read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended, and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI) from time to time, stipulation contained in Schedule III (Revised) and other pronouncements/ provisions of applicable laws. These financial statements are authorised for issue on 05 February 2024 in accordance with a resolution of the Board of Directors. The Board of Directors can permit the revision to the standalone financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

These standalone financial statements have been prepared using the significant accounting policies and measurement basis summarised below. These accounting policies have been used consistently throughout all periods presented in these standalone financial statements except as mentioned in note 3.2 below.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

i. Derivative financial instruments;

ii. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

iii. Defined benefit plans- plan assets measured at fair value; and

iv. Share based payments.

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current if it satisfies any of the following conditions:

i. Expected to be realised or intended to sold or consumed in normal operating cycle;

ii. Held primarily for the purpose of trading;

iii. Expected to be realised within twelve months after the reporting period; or

iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current if it satisfies any of the following conditions:

i. It is expected to be settled in normal operating cycle;

ii. It is held primarily for the purpose of trading;

iii. It is due to be settled within twelve months after the reporting period; or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and its realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

The Company follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

The financial statements of the Company are presented in Indian Rupees (₹), which is also its functional currency and all amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III to the Act, unless otherwise stated.

3 Significant accounting policies

3.1 Fair value measurements

The Company measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the balance sheet at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.2 Revenue recognition

Revenue is recognized upon transfer of control of promised goods or services to customers at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable considerations) allocated to that performance obligation as per contractually agreed terms with the customers. The transaction price of goods sold and services rendered is net of variable considerations on account of various discounts and schemes offered by the Company as part of the contract. Revenue is recorded provided the recovery of consideration is probable and determinable. Revenue from sale of goods and services transferred to distributors/intermediaries are recognised at a point in time.

a) ***Sale of goods:***

Revenue from the sale of manufactured and traded goods products is recognised upon transfer of control of products to the customers which coincides with their delivery to customer and is measured at fair value of consideration received/receivable, net of discounts, amount collected on behalf of third parties and applicable taxes.

b) ***Interest:***

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial assets. Interest income is included in other income in the Statement of Profit and Loss.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

c) *Dividends:*

Dividend is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

d) *Commission:*

Commission income is recognised rateably over the contract period as per the agreed contractual terms.

e) *Services rendered:*

Revenue from service related activities including management and technical know-how service, job work are recognised as and when services are rendered and on the basis of contractual terms with the parties.

3.3 Inventories

Inventories are valued as follows:

a) **Raw materials, components, stores and spares:** At lower of cost and net realisable value. Cost of inventory comprises all costs of purchases, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition and is determined on a moving weighted average cost basis.

However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

b) **Work-in-progress:** At lower of cost and net realisable value. Cost for this purpose includes material, labour and appropriate allocation of overheads including depreciation. Cost is determined on a weighted average basis.

c) **Intermediate goods/ Finished goods:**

i. **Self manufactured -** At lower of cost and net realisable value. Cost for this purpose includes material, labour and appropriate allocation of overheads. Cost is determined on a weighted average basis.

ii. **Traded -** At lower of cost and net realisable value. Cost of inventory comprises all costs of purchases, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition and is determined on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Provision for obsolescence is determined based on management's assessment and is charged to the Statement of Profit and Loss.

3.4 Property, plant and equipment

Measurement at recognition:

Property, plant and equipment and capital work-in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost comprises the purchase price, borrowing costs if capitalisation criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

a) it is probable that future economic benefits associated with the item will flow to the entity; and

b) the cost of the item can be measured reliably.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increased the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred. Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as a part of indirect construction cost to the extent the expenditure is related to construction or is incidental thereto.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

Other indirect costs incurred during the construction periods which are not related to construction activity nor are incidental thereto are charged to the Statement of Profit and Loss.

Value for individual assets acquired for a consolidated price, the cost is apportioned to the various assets on their relative fair values basis as determined by competent valuers.

Depreciation:

The management has estimated, supported by technical assessment, the useful lives of property, plant and equipment. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Description	Useful lives (upto)
Leasehold land	Over lease period
Buildings-factory	30 years
Buildings-others	60 years
Plant and equipment	20 years
Furniture and fixtures	10 years
Delivery vehicles	10 years
Vehicles (other than delivery vehicles)	7 years
Office equipment	4 years
Computer equipment	4 years
Containers	6 years
Post-mix vending machines and refrigerators (Visi - Cooler)	8 years
Power generating assets	22 years

Freehold land is not depreciated.

Depreciation on property, plant and equipment is provided over the useful lives of assets as specified in Schedule II to the Act except where the management, based on independent technical assessment, depreciates certain assets are over estimated useful lives which are different from the useful lives prescribed in the Schedule II to the Act. The Company has used the remaining useful lives to compute depreciation on its property, plant and equipment, acquired under the business transfer agreement based on external technical evaluation.

Depreciation on property, plant and equipment which are added/disposed off during the year is provided on pro-rata basis with reference to the month of addition/deletion.

The Company has technically evaluated all the property, plant and equipment for determining the separate identifiable assets having different useful lives under the component approach. On technical evaluation of all separate identifiable components, the management is of the opinion that they do not have any different useful life from that of the principal asset.

In case of revaluation of leasehold land, the resulting amortisation of the total revalued amount is expensed off to the Statement of Profit and Loss.

Derecognition:

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds or amount of security deposit adjusted and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is de-recognised.

Breakages of containers are adjusted on ‘first bought first broken’ basis, since it is not feasible to specifically identify the broken containers in the fixed assets records.

3.5 Intangible assets

Intangible assets are initially recognised at:

a) In case the assets are acquired separately, then at cost,

b) In case the assets are acquired in a business combination or under any asset purchase agreement, at fair value.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss. Intangible assets with finite useful life are assessed for impairment whenever there is an indication that the intangible assets may be impaired. Amortisation of intangible assets such as softwares and distribution network is computed on a straight-line basis, at the rates representing estimated useful life of 4 years and 8 years respectively.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

The franchise rights and trademarks acquired as part of business combinations normally have a remaining legal life of not exceeding twenty years but is renewable every twenty years and is well established. The Company intends to renew these rights continuously and evidence supports its ability to do so. An analysis of product life cycle studies, market and competitive trends provides evidence that the product will generate net cash inflows for the Company for an indefinite period. Therefore, these rights have been carried at cost without amortisation, but is tested for impairment annually, at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.6 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed to the Statement of Profit and Loss in the period in which they occur.

3.7 Leases

The Company as a lessee

The Company enters into an arrangement for lease of buildings and equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with Ind AS 116 – Leases, at inception of the contract, the Company assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

a) The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

b) The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

c) The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfills the requirements of Ind AS 40 - Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use asset are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

a) Fixed payments, including in-substance fixed payments;

b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c) Amounts expected to be payable under a residual value guarantee; and

d) The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item in the standalone financial statements of the Company.

The Company has elected not to apply the requirements of Ind AS 116 - Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Company as a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116 - Leases. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

3.8 Employee benefits

Contribution to provident and other funds

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Company recognises termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring cost

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Compensated absences

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit which are computed based on the actuarial valuation using the projected unit credit method at the period end. Actuarial gains/ losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the balance is presented as a non-current liability.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

All other employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

3.9 Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments which are classified as equity-settled transactions.

The cost of equity-settled transactions is determined by the fair value at the date of grant using an appropriate valuation model. That cost is recognised as an employee benefit expense with a corresponding increase in 'Share option outstanding account' in other equity, over the period in which the service conditions are fulfilled in relation to options granted to employees of the Company. Further, in relation to options granted to employees of subsidiaries, the amount is disclosed under non-current investments with a corresponding increase in 'Share option outstanding account' and disclosed as equity contribution in subsidiaries.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions.

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the Company or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3.10 Foreign currency transactions and translations

Transactions in foreign currencies are initially recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or before 31 December 2016: Exchange differences arising on conversion of long term foreign currency monetary items used for acquisition of depreciable fixed assets are added to the cost of fixed assets and is depreciated over the remaining life of the respective fixed asset and in other cases, is recorded under the head 'Foreign Currency Monetary Item Translation Difference Account' and is amortised over the period of maturity of underlying long term foreign currency monetary items, in accordance with the option available under Ind AS 101.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or after 01 January 2017: Exchange differences arising on restatement of long term foreign currency monetary items obtained or given is recorded in the Statement of Profit and Loss.

3.11 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits' respectively.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments' ('Ind AS 109'), is measured at fair value with changes in fair value recognised in the Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in the Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

3.12 Government grants

Grants from the Government are recognised when there is reasonable assurance that all underlying conditions will be complied with and that the grant will be received.

Grants related to income are recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate and are presented as 'other operating revenues' Further, where loans or similar assistance are provided by Government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. That grant is recognised in the Statement of Profit and Loss under 'other operating revenue'. The loan is subsequently measured in the year of disbursement as per the accounting policy applicable to financial liabilities.

Government grants related to assets are presented in the balance sheet by deducting the grant from the carrying value of the asset and non-monetary grant is recognised at a nominal value.

3.13 Income taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 and rules thereunder. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity).

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate including amount expected to be paid/ recovered for uncertain tax position.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their book bases. Deferred tax liabilities are recognised for all temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the relevant members of the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting period end and the adjusted based on circumstances then prevailing.

Deferred tax on business combination

When a liability assumed is recognized at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base. In both cases, the resulting deferred tax asset affects goodwill.

3.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The business activities of the Company predominantly fall within a single operating segment, i.e., manufacturing and sale of beverages within India.

3.15 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded Company's or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.16 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss ("FVTPL"), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

For purposes of subsequent measurement, financial assets are classified as follows:

a) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost where the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and contractual terms of the asset give rise to cash flows on specified dates that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income from these financial assets is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

b) Debt instruments at fair value through other comprehensive income

Assets that are held for collection of contractual cashflows and for selling the financial assets, where the cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). The Company has not designated any debt instrument in this category.

c) Debt instruments at fair value through profit or loss

Fair Value Through Profit or Loss ("FVTPL") is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss. The Company has not designated any debt instrument in this category.

d) Equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 'Business Combinations' applies are Ind AS classified as at FVTPL. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair values. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition

A financial asset is de-recognised when the contractual rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive the contractual cash flows from the asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred.

Impairment of financial assets

The Company measures the Expected Credit Loss ("ECL") associated with its assets based on historical trends, industry practices and the general business environment in which it operates. The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss under the head 'other expenses'.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses are recognised in the Statement of Profit and Loss, except for those attributable to changes in own credit risk, which are recognised in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit and Loss.

b) Financial liabilities at amortised cost

After initial recognition, financial liabilities designated at amortised costs are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortisation is included as finance costs in the Statement of Profit and Loss.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date of executing a derivative contract and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the Statement of Profit and Loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

3.17 Investment in subsidiaries and associates

An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, an investor controls an investee if and only if the investor has all the following:

a) power over the investee;

b) exposure, or rights, to variable returns from its involvement with the investee; and

c) the ability to use its power over the investee to affect the amount of the investor's returns.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Company has elected to recognise its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

Investment carried at cost is tested for impairment as per Ind-AS 36.

3.18 Non-current assets classified as held for sale

Non-current assets classified as held for sale are presented separately in the Balance Sheet and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arises on remeasurement or sale is included in the Statement of Profit and Loss.

If an entity has classified an asset (or disposal group) as held for sale, but the held-for-sale criteria as specified in standard are no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale.The Company measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale; and

b) its recoverable amount at the date of the subsequent decision not to sell.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

3.19 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

3.20 Dividend distribution to equity holders

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.21 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.22 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration or is due from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract

3.23 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

3.24 Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, other than conversion of potential equity shares, that have changed the number of equity shares outstanding without a corresponding change in resources.

In case of a bonus issue and sub-divison/split, the number of ordinary shares outstanding is increased by number of shares issued as bonus shares and sub-divison/split respectively in current year and comparative period presented as if the event had occurred at the beginning of the earliest year presented.

For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.25 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

i) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

a) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

b) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of tangible/intangible assets

The Company reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

b) Defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c) Inventories

The Company estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

d) *Business combinations*

The Company uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

e) *Impairment of non-financial assets and goodwill*

In assessing impairment, Company estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

f) *Fair value measurement of financial instruments*

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

4A. Property, plant and equipment

(₹ in million)

	Land freehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount										
Balance as at 01 January 2023	6,758.49	12,761.74	35,030.44	207.37	1,157.84	321.54	253.20	4,121.81	9,523.92	70,136.35
Additions for the year	541.92	3,572.67	11,644.35	63.15	156.36	91.43	70.28	1,367.28	65.81	17,573.25
Disposals/adjustments for the year	(12.49)	(268.00)	(1,356.98)	(0.19)	(66.64)	(5.26)	(10.81)	(694.12)	(126.58)	(2,541.07)
Balance as at 31 December 2023	**7,287.92**	**16,066.41**	**45,317.81**	**270.33**	**1,247.56**	**407.71**	**312.67**	**4,794.97**	**9,463.15**	**85,168.53**
Accumulated depreciation										
Balance as at 01 January 2023	-	2,890.12	12,398.66	134.95	871.31	211.02	178.07	1,722.70	7,975.87	26,382.70
Depreciation charge for the year	-	516.94	2,959.45	17.19	71.37	44.32	33.41	679.08	685.40	5,007.16
Reversal on disposals/adjustments for the year	-	(51.80)	(506.69)	(0.18)	(62.90)	(4.55)	(10.17)	(547.70)	(73.39)	(1,257.38)
Balance as at 31 December 2023	**-**	**3,355.26**	**14,851.42**	**151.96**	**879.78**	**250.79**	**201.31**	**1,854.08**	**8,587.88**	**30,132.48**
Carrying amount as at 31 December 2023	**7,287.92**	**12,711.15**	**30,466.39**	**118.37**	**367.78**	**156.92**	**111.36**	**2,940.89**	**875.27**	**55,036.05**

(₹ in million)

	Land freehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount										
Balance as at 01 January 2022	5,998.42	11,164.96	30,325.55	191.78	1,178.53	252.88	207.71	2,940.75	9,571.53	61,832.11
Additions for the year	767.20	1,596.89	5,730.12	16.13	17.83	74.62	50.85	1,366.21	14.05	9,633.90
Disposals/adjustments for the year	(7.13)	(0.11)	(1,025.23)	(0.54)	(38.52)	(5.96)	(5.36)	(185.15)	(61.66)	(1,329.66)
Balance as at 31 December 2022	**6,758.49**	**12,761.74**	**35,030.44**	**207.37**	**1,157.84**	**321.54**	**253.20**	**4,121.81**	**9,523.92**	**70,136.35**
Accumulated depreciation and impairment										
Balance as at 01 January 2022	-	2,370.49	10,131.12	122.30	832.47	176.86	156.58	1,287.51	7,405.67	22,483.00
Depreciation charge for the year	-	435.47	2,384.35	12.85	65.40	38.53	26.30	563.31	624.99	4,151.20
Impairment loss for the year (Refer footnote iv)	-	84.24	386.38	-	-	-	-	-	-	470.62
Reversal on disposals/adjustments for the year	-	(0.08)	(503.19)	(0.20)	(26.56)	(4.37)	(4.81)	(128.12)	(54.79)	(722.12)
Balance as at 31 December 2022	**-**	**2,890.12**	**12,398.66**	**134.95**	**871.31**	**211.02**	**178.07**	**1,722.70**	**7,975.87**	**26,382.70**
Carrying amount as at 31 December 2022	**6,758.49**	**9,871.62**	**22,631.78**	**72.42**	**286.53**	**110.52**	**75.13**	**2,399.11**	**1,548.05**	**43,753.65**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

Property, plant and equipment [Cont'd]

Footnotes to Note 4A:

i. Refer Note 49 for information on property, plant and equipment pledged as security by the Company.

ii. Pre-operative expenses incurred and capitalised during the year are as under:

(₹ in million)

Net Book Value	31 December 2023	31 December 2022
Balance at the beginning of the year	212.43	129.78
Add: Incurred during the year		
Finance costs	619.36	171.76
Employee benefits expense and other expenses	320.99	274.37
Less: Capitalised during the year	(411.44)	(363.48)
Amount carried over included in CWIP	**741.34**	**212.43**

iii. The amount of contractual commitments for the acquisitions of property, plant and equipment are disclosed in Note 40.

iv. During the year ended on 31 December 2022, the Company has impaired some of the property, plant and equipment, primarily used in production of beverages, amounting to ₹ 470.62 million, based on the detailed evaluation of capacity utilisation during the peak season and considering the future usability.

v. All title deeds of immovable properties are held in the name of the Company.

4B. Capital work-in-progress (CWIP)

The changes in the carrying value of capital work-in-progress for the year ended 31 December 2023 and 31 December 2022 are as follows :

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2023	5,399.45
Additions for the year*	17,376.80
Transfer to property, plant and equipment	(7,016.26)
Balance as at 31 December 2023	**15,759.99**

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2022	4,779.54
Additions for the year*	6,503.64
Transfer to property, plant and equipment	(5,880.11)
Impairment loss for the year#	(3.62)
Balance as at 31 December 2022	**5,399.45**

*includes finance cost, employee benefits expense and other expenses amounting to ₹ 619.36 million (31 December 2022: ₹ 171.76 million) and ₹ 320.99 million (31 December 2022: ₹ 274.37 million) respectively.

During the year ended on 31 December 2022, the Company has impaired some of the plant and equipment amounting to ₹ 3.62 million which indicates the cost incurred on Capital work-in-progress related to plant impaired, based on the detailed evaluation of capacity utilisation during the peak season and considering the future usability.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

Footnotes to Note 4B:

(i) CWIP ageing schedule

(₹ in million)

Particular	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress					
As at 31 December 2023	15,112.82	642.55	1.15	3.47	**15,759.99**
As at 31 December 2022	5,392.55	3.43	3.25	0.22	**5,399.45**

There are no projects as on each reporting period where activity has been suspended. Also, there are no projects as on each reporting period which has exceeded cost as compared to its original plan or where completion is overdue.

4C. Right of use assets (ROU)

(₹ in million)

	Land leasehold	Leased buildings	Leased plant and equipment	Total
Gross carrying amount				
Balance as at 01 January 2023	8,653.46	295.55	13.60	8,962.61
Additions for the year	694.72	78.41	-	773.13
Rebate (Refer footnote i)	(16.61)	-	-	(16.61)
Balance as at 31 December 2023	**9,331.57**	**373.96**	**13.60**	**9,719.13**
Accumulated amortisation				
Balance as at 01 January 2023	460.33	229.16	6.06	695.55
Amortisation for the year	111.90	34.14	1.65	147.69
Balance as at 31 December 2023	572.23	263.30	7.71	843.24
Carrying amount as at 31 December 2023	**8,759.34**	**110.66**	**5.89**	**8,875.89**

(₹ in million)

	Land leasehold	Leased buildings	Leased plant and equipment	Total
Gross carrying amount				
Balance as at 01 January 2022	5,431.60	295.46	13.60	5,740.66
Addition during the year	3,300.45	0.09	-	3,300.54
Grant received (Refer footnote ii)	(68.24)	-	-	(68.24)
Refund received (Refer footnote iii)	(10.35)	-	-	(10.35)
Balance as at 31 December 2022	**8,653.46**	**295.55**	**13.60**	**8,962.61**
Accumulated amortisation				
Balance as at 01 January 2022	374.44	156.93	4.41	535.78
Amortisation for the year	85.89	72.23	1.65	159.77
Balance as at 31 December 2022	460.33	229.16	6.06	695.55
Carrying amount as at 31 December 2022	**8,193.13**	**66.39**	**7.54**	**8,267.06**

Footnotes to Note 4C:

(i) During the year ended on 31 December 2023, the Company has received rebate on leasehold land acquired in Gorakhpur amounting to ₹ 16.60 million on account of full premium payment as per prescribed timeline. The rebate received is adjusted against the carrying value of the respective asset.

(ii) During the year ended on 31 December 2022, the Company had received government grant related to leasehold land acquired in Bihar amounting to ₹ 68.24 million. The grant received is adjusted against the carrying value of the respective asset.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

Right of use assets (ROU) [Cont'd]

Footnotes to Note 4C:

(iii) During the year ended on 31 December 2022, the Company had received refund amounting to ₹ 10.35 million due to revision in rates of leasehold land acquired during the previous year at Kathua (Jammu and Kashmir). The refund received is adjusted against the carrying value of the respective asset.

(iv) All lease deeds of immovable properties are held in the name of the Company except as disclosed below:

(₹ in million)

Description of property	Gross carrying value	Net carrying value	Whether title deed holder is a Promoter, director or relative of promoter/ director or employee	Date since the property is held	Reason for not being held in name of Company
Land situated at Buxar, Bihar	327.30	327.30	No	21 December 2023	The Company has received the possession letter dated 21 December 2023 of land situated at Buxar, Bihar and is in the process of getting lease deed registered in its name.
Land situated at Sonarpur, Kolkata	1.50	1.42	No	01 October 2018	The Company has executed the lease agreement for Sonarpur (Kolkata) land, which is yet to be registered.

5A. Goodwill (Refer note i)

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2023	19.40
Acquired during the year	-
Balance as at 31 December 2023	**19.40**
Amortisation	
Balance as at 01 January 2023	-
Amortisation charge for the year	-
Balance as at 31 December 2023	-
Carrying amount as at 31 December 2023	**19.40**

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2022	19.40
Acquired during the year	-
Balance as at 31 December 2022	**19.40**
Amortisation	
Balance as at 01 January 2022	-
Amortisation charge for the year	-
Balance as at 31 December 2022	-
Carrying amount as at 31 December 2022	**19.40**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

5B. Other intangible assets

(₹ in million)

	Franchise rights/ trademarks (Refer note i)	Distribution network	Computer software	Total
Gross carrying amount				
Balance as at 01 January 2023	6,042.96	157.64	279.89	6,480.49
Additions for the year	-	-	0.62	0.62
Disposals for the year	-	-	-	-
Balance as at 31 December 2023	**6,042.96**	**157.64**	**280.51**	**6,481.11**
Amortisation				
Balance as at 01 January 2023	656.97	79.87	265.10	1,001.94
Amortisation charge for the year	-	19.71	8.72	28.43
Reversal on disposals for the year	-	-	-	-
Balance as at 31 December 2023	**656.97**	**99.58**	**273.82**	**1,030.37**
Carrying amount as at 31 December 2023	**5,385.99**	**58.06**	**6.69**	**5,450.74**

(₹ in million)

	Franchise rights/ trademarks (Refer note i)	Distribution network	Computer software	Total
Gross carrying amount				
Balance as at 01 January 2022	6,042.96	157.64	313.09	6,513.69
Additions for the year	-	-	1.48	1.48
Disposals for the year	-	-	(34.68)	(34.68)
Balance as at 31 December 2022	**6,042.96**	**157.64**	**279.89**	**6,480.49**
Amortisation				
Balance as at 01 January 2022	656.97	60.17	253.87	971.01
Amortisation charge for the year	-	19.70	26.41	46.11
Reversal on disposals for the year	-	-	(15.18)	(15.18)
Balance as at 31 December 2022	**656.97**	**79.87**	**265.10**	**1,001.94**
Carrying amount as at 31 December 2022	**5,385.99**	**77.77**	**14.79**	**5,478.55**

i. Goodwill and franchise rights with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

The Company has considered the related provisions of Ind AS 38 on 'Intangibles Assets' which permit certain intangible assets to have an indefinite life and accordingly the carrying value of franchisee rights have been considered to have an indefinite life. These franchisee rights meet the prescribed criteria of renewal at nominal cost, renewal with no specific conditions attached, are sustainable and the same is supported by evidences of being renewed. Management is of the opinion that, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the franchise rights are expected to generate net cash inflows for the Company.

The assumptions used in this impairment assessment are most sensitive to following:

a) Weighted average cost of capital ''WACC'' of 13.33% (Previous year - 13.52%) for the explicit period and 13.33% (Previous year - 13.52%) for the terminal year.

b) For arriving at the terminal value, approximate growth rate of 5% (Previous year - 5%) is considered.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

5B. Other intangible assets [Cont'd]

c) Number of years for which cash flows were considered are 5 years.

d) The approximate rate of growth in sales is estimated at 8%-10% (Previous year - 8%-10%) in the discrete period.

No impairment loss was identified on the above assessment.

ii. The amount of contractual commitments for the acquisitions of intangible assets are disclosed in Note 40.

iii. Refer Note 49 for information on other intangible assets pledged as security by the Company.

6. Investments

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Investment in equity shares of subsidiaries (at cost) (unquoted)		
17,392,760 (31 December 2022: 17,392,760) fully paid equity shares of MAD 50 each in Varun Beverages Morocco SA^	6,179.18	6,179.18
643,853,670 (31 December 2022: 643,853,670) fully paid equity shares of LKR 10 each in Varun Beverages Lanka (Private) Limited^	3,149.55	3,149.55
2,001,500 (31 December 2022: 1,080,000) fully paid equity shares of NPR 1,000 each in Varun Beverages (Nepal) Private Limited*	1,423.91	798.91
18,710,100 (31 December 2022: 18,710,100) fully paid equity shares of ZMW 10 each in Varun Beverages (Zambia) Limited^	3,231.01	3,231.01
935 (31 December 2022: 935) fully paid equity shares of USD 1 each in Varun Beverages (Zimbabwe) (Private) Limited	0.06	0.06
597,645 (31 December 2022: 547,645) fully paid equity shares of ₹ 10 each in Lunarmech Technologies Private Limited#	262.94	162.93
999 (31 December 2022: 999) fully paid equity shares of USD 10 each in Varun Beverages RDC SAS	0.74	0.74
1,000 (31 December 2022: 1,000) fully paid equity shares of AED 1,000 each in Varun Beverages International DMCC	20.68	20.68
1,000 (31 December 2022: Nil) fully paid equity shares of ZAR 10 each in Varun Beverages South Africa (PTY) Ltd.$	0.05	-
Deemed investment (Refer note 42B)	15.75	-
Investment in equity shares of associates (at cost) (unquoted)		
21,030 (31 December 2022: 2,600) fully paid equity shares of ₹ 10 each in Clean Max Tav Private Limited@	32.85	0.03
1,247,943 (31 December 2022: Nil) fully paid equity shares of ₹ 10 each in Huoban Energy 7 Private Limited^^	21.24	-
Investment in equity shares of joint ventures (at cost) (unquoted)		
13,007,000 (31 December 2022: 7,000) fully paid equity shares of ₹ 10 each in IDVB Recycling Operations Private Limited~	130.07	0.07
Investment in others in fully paid equity shares (FVTPL, unquoted)		
200 (31 December 2022: 200) shares of ₹ 50 each in The Margao Urban Co-operative Bank Limited	0.01	0.01
250 (31 December 2022: 250) shares of ₹ 10 each in The Goa Urban Co-operative Bank Limited**	0.00	0.00
3,150,000 (31 December 2022: Nil) fully paid equity shares of ₹ 10 each in Lone Cypress Ventures Private Limited@@	31.50	-
	14,499.54	**13,543.17**
Aggregate amount of unquoted investments	**14,499.54**	**13,543.17**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

6. Investments [Cont'd]

**Rounded off to Nil.

* The Company has subscribed 370,370 equity shares of Varun Beverages (Nepal) Private Limited amounting to ₹ 625.00 million on 18 May 2023 and Varun Beverages (Nepal) Private Limited on 24 December 2023 allotted 551,130 equity shares as bonus shares of NPR 1,000 each to its existing shareholder.

#The Company has acquired 50,000 equity shares of Lunarmech Technologies Private Limited amounting to ₹ 100.00 million on 16 October 2023.

$ The Company has made equity investment in Varun Beverages South Africa (PTY) Ltd. amounting to ₹ 0.05 million on 23 May 2023.

~ The Company has subscribed the equity investment of IDVB Recycling Operations Private Limited amounting to ₹ 120.00 million and loan given amounting to ₹ 10.00 million were converted into equity investment on 25 September 2023.

@ The Company has made investment in Clean Max Tav Private Limited amounting to ₹ 3.28 million and ₹ 29.54 million on 27 January 2023 and 13 March 2023 respectively.

^^ The Company has made equity investment in Huoban Energy 7 Private Limited amounting to ₹ 21.24 million on 09 May 2023.

@@ The Company has made equity investment in Lone Cypress Ventures Private Limited amounting to ₹ 31.50 million on 13 March 2023.

^ These investments were tested for impairment in accordance with Ind AS 36 "Impairment of Assets" concluding no impairment to the carrying values.

Refer note 50 for information required under Section 186 (4) of the Companies Act, 2013.

Information about investments along with proportion of ownership interest held and country of incorporation are as follows:

Name of the company/entity	Country of incorporation and principal place of business	Proportion of ownership interests held by the Company at year end	
		As at 31 December 2023	As at 31 December 2022
Varun Beverages (Nepal) Private Limited ('VBL Nepal')	Nepal	100.00%	100.00%
Varun Beverages Lanka (Private) Limited ('VBL Lanka')	Sri Lanka	100.00%	100.00%
Varun Beverages Morocco SA ('VBL Morocco')	Morocco	100.00%	100.00%
Ole Spring Bottlers (Private) Limited ('Ole')*	Sri Lanka	100.00%	100.00%
Varun Beverages (Zambia) Limited ('VBL Zambia')	Zambia	90.00%	90.00%
Varun Beverages (Zimbabwe) (Private) Limited ('VBL Zimbabwe')	Zimbabwe	85.00%	85.00%
Varun Beverages RDC SAS	Congo	99.90%	99.90%
Lunarmech Technologies Private Limited	India	60.07%	55.04%
Varun Beverages International DMCC**	Dubai	100.00%	100.00%
IDVB Recycling Operations Private Limited~	India	50.00%	50.00%
Clean Max Tav Private Limited^	India	26.00%	26.00%
Huoban Energy 7 Private Limited@	India	26.34%	-
Varun Beverages South Africa (PTY) Ltd.#	South Africa	100.00%	-
VBL Mozambique, SA^^	Mozambique	99.00%	-

*subsidiary of VBL Lanka

**w.e.f. 31 January 2022

~w.e.f. 01 July 2022

^w.e.f. 23 November 2022

@w.e.f. 09 May 2023

#w.e.f. 23 May 2023

^^Subsidiary incorporated on 21 November 2023, 99% share capital subscribed subsequent to year end 31 December 2023

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

7. Loans

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Loans carried at amortised cost		
Loans to related parties, considered good - Unsecured	6,999.39	5,238.04
	6,999.39	**5,238.04**
Loans to subsidiaries:-		
Varun Beverages (Zimbabwe) (Private) Limited	984.10	1,229.38
Varun Beverages (Zambia) Limited#	802.51	799.31
Varun Beverages Morocco SA#	1,077.74	1,073.47
Varun Beverages RDC SAS	2,123.62	215.24
Varun Beverages International DMCC	2,011.42	1,920.64

#The loans granted were tested for impairment in accordance with Ind AS 109 concluding no impairment to the carrying values.

Refer note 50 for information required under Section 186 (4) of the Companies Act, 2013.

There are no loans and advances in the nature of loans granted to promoters, directors, key managerial personnel and related parties (as defined under Companies Act, 2013) that are either repayable on demand or without specifying any terms or period of repayment.

8. Other non-current financial asset

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Financial asset at amortised cost		
Security deposits	519.83	433.18
Balance in deposit accounts with remaining maturity of more than 12 months#	10.49	9.27
Others	34.53	-
	564.85	**442.45**

#Includes deposits pledged as security with electricity department/banks.

9. Other non-current assets

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
(Unsecured, considered good)		
Capital advances	3,375.94	3,879.81
Advances other than capital advances		
- Income tax paid (includes amount paid under protest)	10.42	10.29
- Balance with statutory authorities (paid under protest)	117.21	111.69
- Prepaid expenses	33.89	26.91
	3,537.46	**4,028.70**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

10. Inventories

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
(Valued at lower of cost or net realisable value)		
Raw and packing material (including goods in transit of ₹ 231.47 (31 December 2022: ₹ 351.97)	5,905.76	5,799.87
Work in progress	24.55	55.50
Intermediate goods (including goods in transit of ₹ 232.21 (31 December 2022: ₹ 53.09))	4,153.40	3,361.97
Finished goods (including goods in transit of ₹ 0.92 (31 December 2022: ₹ 8.18))*	2,985.94	3,180.12
Stores and spares	2,289.09	1,864.02
	15,358.74	**14,261.48**

*The Company manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods and the value of stock in trade being insignificant, it is not separately ascertainable and disclosed.

The cost of inventories recognised as an expense during the year is disclosed in Note 28, Note 29, Note 30 and Note 34.

11. Trade receivables

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Trade receivables, considered good - Unsecured	2,106.55	1,484.52
Trade receivables, considered good - Secured	22.87	17.90
Trade receivables - Credit impaired	286.72	289.03
	2,416.14	**1,791.45**
Less : Allowance for expected credit loss (Refer note 51.2)	(286.72)	(289.03)
	2,129.42	**1,502.42**
Includes amounts due, in the ordinary course of business, from subsidiaries:		
Varun Beverages Morocco SA	-	1.42
Ole Springs Bottlers (Private) Limited	-	5.72
Varun Beverages (Zambia) Limited	51.21	62.75
Varun Beverages Zimbabwe (Private) Limited	567.08	99.70
Varun Beverages (Nepal) Private Limited	11.19	398.82
Lunarmech Technologies Private Limited	9.64	28.32
Varun Beverages Lanka (Private) Limited	50.79	12.94
Varun Beverages RDC SAS	60.34	-
Includes amounts due, in the ordinary course of business, from companies in which directors of the Company are also directors:		
Alisha Torrent Closures Private Limited	0.00*	5.41
Devyani Airport Services (Mumbai) Private Limited#	-	0.13

*Rounded off to Nil.

#Amalgamated with Devyani International Limited w.e.f. 01 April 2022 vide Hon'ble National Company Law Tribunal order dated 13 July 2023.

Trade receivables are non-interest bearing and credit period generally falls in the range of 0 to 120 days.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed above.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

Trade receivables ageing schedule

31 December 2023

(₹ in million)

Particulars	Outstanding from date of transactions					Total
	Less than 6 months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade Receivables – considered good	2,129.42	-	-	-	-	2,129.42
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivables – credit impaired	15.40	3.20	8.24	3.00	80.31	110.15
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	3.10	3.03	24.51	145.93	176.57
Total	**2,144.82**	**6.30**	**11.27**	**27.51**	**226.24**	**2,416.14**

31 December 2022

(₹ in million)

Particulars	Outstanding from date of transactions					Total
	Less than 6 months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade Receivables – considered good	1,490.23	12.19	-	-	-	1,502.42
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivables – credit impaired	-	25.99	4.35	52.99	27.48	110.81
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	0.59	2.82	30.42	144.39	178.22
Total	**1,490.23**	**38.77**	**7.17**	**83.41**	**171.87**	**1,791.45**

12. Cash and cash equivalents

(also for the purpose of Standalone Statement of Cash Flow)

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Balance with banks in current accounts*	472.76	455.57
Balance in deposits with original maturity of less than three months	19.68	16.28
Cash on hand	2.36	2.04
	494.80	**473.89**

* Includes inward remittance not yet cleared amounting to ₹ 3.80 million (31 December 2022: ₹ 163.11 million)

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

13. Bank balances other than cash and cash equivalents

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Deposits with original maturity more than 3 months but less than 12 months*	2.04	0.15
Unpaid dividend account**	0.97	0.83
Deposits with bank held as margin money	25.28	-
	28.29	**0.98**

*Includes deposits pledged as security with statutory authorities/banks

**These balances are not available for use by the Company and corresponding balance is disclosed as unclaimed dividend in note 23.

14. Other current financial assets

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
(Unsecured, considered good)		
Interest accrued on:		
- Loan to subsidiaries*	500.00	352.40
- Term deposits	0.13	0.04
- Others	18.47	16.25
Security deposits	136.18	106.23
Dividend receivable**	387.15	512.52
Guarantee commission receivable#	20.58	17.34
Advances to employees~	106.25	56.50
Government grant receivable	6,002.38	3,018.19
Claims receivables	481.63	459.64
Other receivables^	42.25	218.41
	7,695.02	**4,757.52**
*Amounts due from subsidiaries		
Varun Beverages (Zambia) Limited	76.02	48.06
Varun Beverages (Zimbabwe) (Private) Limited	104.99	226.24
Varun Beverages Morocco SA	110.24	54.59
Varun Beverages RDC SAS	25.91	3.76
Varun Beverages International DMCC	182.84	19.75
	500.00	**352.40**
**Amount due from a subsidiary, namely, Varun Beverages (Nepal) Private Limited	387.15	512.52
#Amounts due from subsidiaries:		
Varun Beverages Morocco SA	0.04	0.04
Varun Beverages (Zimbabwe) (Private) Limited	12.36	8.95
Varun Beverages International DMCC	4.05	3.92
Varun Beverages RDC SAS	3.08	-
Varun Beverages Lanka (Private) Limited	0.52	-
Varun Beverages (Zambia) Limited	0.53	4.43
	20.58	**17.34**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
^Includes amounts due from subsidiaries:		
Varun Beverages Morocco SA	0.73	4.33
Varun Beverages (Zambia) Limited	1.06	8.17
Varun Beverages Lanka (Private) Limited	1.29	0.51
Varun Beverages (Zimbabwe) (Private) Limited	1.21	5.55
Varun Beverages (Nepal) Private Limited	0.79	177.42
Varun Beverages International DMCC	0.09	3.70
Varun Beverages RDC SAS	0.03	0.11
	5.20	**199.79**
~Amount given to key management personnel: (Refer Note 42A)	38.50	-
	38.50	**-**

15. Other current assets

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
(Unsecured, considered good)		
Security deposits	10.36	2.57
Advance to related party*	66.75	104.47
Other advances :		
- Contractors and suppliers	664.52	1,904.28
- Prepaid expenses	229.91	202.46
- Balance with statutory/government authorities	2,595.59	1,272.91
- Other advances	77.87	35.98
	3,645.00	**3,522.67**

*Amounts due, in the ordinary course of business, from related party:

SMV Beverages Private Limited	66.75	104.47

16. Equity share capital

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Authorised share capital:		
2000,000,000 equity shares of ₹ 5 each (31 December 2022: 1000,000,000 equity shares of ₹ 10 each)	10,000.00	10,000.00
	10,000.00	**10,000.00**
Issued, subscribed and fully paid up:		
1,299,214,976 equity shares of ₹ 5 each (31 December 2022: 649,549,620 equity shares of ₹ 10 each)	6,496.07	6,495.50
	6,496.07	**6,495.50**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

a) Reconciliation of share capital

(₹ in million)

Particular	No. of shares	Amount
Balance as at 01 January 2023	649,549,620	6,495.50
Add: Shares issued of ₹ 10 each pursuant to exercise of employee stock options	8,412	0.08
Add: Sub-division/split of 1 share of face value ₹ 10/- each into 2 share of face value ₹ 5/- each effective 15 June 2023 (Increase in shares on account of sub-division/split) (Refer note (h) below)	649,558,032	-
Add: Shares issued of ₹ 5 each pursuant to exercise of employee stock	98,912	0.49
Balance as at 31 December 2023	**1,299,214,976**	**6,496.07**

(₹ in million)

Particular	No. of shares	Amount
Balance as at 01 January 2022	433,033,080	4,330.33
Add: Bonus shares issued during the year (Refer note (d) below)	216,516,540	2,165.17
Balance as at 31 December 2022	**649,549,620**	**6,495.50**

b) Terms/rights attached to shares

The Company has only one class of equity shares having a par value of ₹ 5 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

c) List of shareholders holding more than 5% of the equity share capital of the Company at the beginning and at the end of the year:

Shareholders as at 31 December 2023	No. of shares (face value of ₹ 5 each)	% of shareholding
RJ Corp Limited	349,750,824	26.92%
Mr. Ravi Kant Jaipuria	229,104,059	17.63%
Mr. Varun Jaipuria	208,343,948	16.04%

Shareholders as at 31 December 2022	No. of shares (face value of ₹ 10 each)	% of shareholding
RJ Corp Limited	177,900,412	27.39%
Mr. Ravi Kant Jaipuria	116,734,060	17.97%
Mr. Varun Jaipuria	104,171,974	16.04%

As per records of the Company, including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

d) Aggregate number of equity shares issued as bonus during the period of five years immediately preceding the reporting date:

(i) During the year ended 31 December 2019, the Company has issued 91,327,613 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

(ii) During the year ended 31 December 2021, the Company has issued 144,344,360 equity shares of ₹10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

(iii) During the year ended 31 December 2022, the Company has issued 216,516,540 equity shares of ₹10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

For the period of five years of the date of the immediately preceding the reporting date, there was no share allotment made for consideration other than cash. Further, there has been no buy back of shares during the period of five years immediately preceding 31 December 2023 and 31 December 2022.

e) Shares held by holding and ultimate holding company

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
RJ Corp Limited, Parent company*	1,748.75	1,779.00
349,750,824 fully paid-up equity shares of ₹ 5 each (31 December 2022: 177,900,412 fully paid-up equity shares of ₹ 10 each)		
	1,748.75	**1,779.00**

*as defined under Ind AS 110 - Consolidated Financial Statements.

f) Details of shares held by promoters:

Shareholders as at 31 December 2023	No. of shares (face value of ₹ 5 each)	% of shareholding	% change during the year
RJ Corp Limited	349,750,824	26.92%	-0.47%
Mr. Ravi Kant Jaipuria	229,104,059	17.63%	-0.34%
Mr. Varun Jaipuria	208,343,948	16.04%	0.00%

Shareholders as at 31 December 2022	No. of shares (face value of ₹ 10 each)	% of shareholding	% change during the year
RJ Corp Limited	177,900,412	27.39%	-0.30%
Mr. Ravi Kant Jaipuria	116,734,060	17.97%	-0.69%
Mr. Varun Jaipuria	104,171,974	16.04%	0.00%

g) Conversion of authorised Preference share capital into authorised Equity share capital

On 07 April 2022, the Company had converted the authorised preference share capital of 50,000,000 preference shares of ₹ 100 each into authorised equity share capital of 500,000,000 equity shares of ₹ 10 each.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

16. Equity share capital [Cont'd]

h) Sub-division/split of equity shares

The Board of Directors of the Company in their meeting held on 02 May 2023 recommended the sub-division/split of existing Equity Shares of the Company from 1 (One) Equity Share having face value of ₹ 10/- (Rupees Ten only) each fully paid-up, into 2 (Two) Equity Shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up. The above sub-division/split has been approved by the equity shareholders of the Company dated 02 June 2023 through postal ballot. Pursuant to sub-division/split of shares effective 15 June 2023 ("Record Date"), the paid up equity share capital of the Company is ₹ 6,495.58 consisting of 1,299,116,064 equity shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up.

17. Other equity

Refer Standalone Statement of Changes in Equity for detailed movement in Other Equity balance.

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Capital reserve	533.93	533.93
General reserve	444.26	444.26
Securities premium	22,636.59	22,569.56
Retained earnings	40,558.69	25,101.68
Share option outstanding account	84.99	29.08
Share application money pending allotment	3.51	-
	64,261.97	**48,678.51**

Description of nature and purpose of each reserve:

Capital reserve - Created on merger of Varun Beverages (International) Limited with the Company pursuant to and in accordance with the Court approved scheme of amalgamation. Includes gain from bargain purchases.

General reserve - Created by way of transfer from debenture redemption reserve on redemption of debentures.

Securities premium - Created to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Retained earnings - Created from the profit of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

Share option outstanding account - Created to recognise the grant date fair value of options issued to employees under the employee stock option schemes and is adjusted on exercise / forfeiture of options.

Share application money pending allotment - Created to record the amount of money received for the purpose of allotment of equity share of the company pending at the reporting date. It will be utilised in accordance with the provisions of the Companies Act, 2013 upon issuance of equity shares.

18. Borrowings

A. Non-current borrowings:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Term loans (secured) (Refer note 18E)		
- Indian rupee loans from banks	29,658.63	15,952.17
- Indian rupee loan from others	446.86	580.41
	30,105.49	**16,532.58**

Loans and borrowing above are recognised at amortised cost/fair value taking into account any discount or premium on acquisition and fee or costs that are part of effective interest rate, accordingly the outstanding balances above may not necessarily reconcile with repayment amounts.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

B. Current borrowings:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Loans repayable on demand		
- Working capital facilities from banks (secured) (Refer footnote (a))	4,805.00	4,330.28
- Working capital facilities from banks (unsecured) (Refer footnote (b))	2,450.00	300.00
Working capital facility from banks (unsecured) (Refer footnote (c))	500.00	542.67
Current maturities of long-term debts	9,740.56	13,012.97
	17,495.56	**18,185.92**

(a) Working capital facilities from banks are secured by first charge on entire current assets of the Company ranking pari-passu amongst the banks and second charge on the movable and immovable assets of the Company pertaining to specific manufacturing units (wherever applicable). One short term loan facility from a bank were secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company and during the previous year two facilities were secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company. These facilities carry interest rates ranging between 7.45% to 7.76% (31 December 2022: 7.05% to 7.45%).

(b) Working capital facilities from banks carrying interest rates ranging between 7.70% to 7.72% per annum (31 December 2022: 7.10% per annum).

(c) Working capital facility from a bank carrying interest rate 7.76% per annum is repayable in three equal installments from the date of disbursement. During the previous year, buyers credit carrying interest rate ranging between 3.70% to 3.86% per annum was repaid during the year.

There are no defaults in repayment of principal borrowings or interest there on.

C. Other non-current financial liabilities:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Lease liabilities (Refer note 43)	1,043.65	1,117.39
	1,043.65	**1,117.39**

D. Current financial liabilities:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Lease liabilities (Refer note 43)	176.29	113.67
	176.29	**113.67**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

E. Terms and conditions/details of securities for loans:

(₹ in million)

Name of the bank/instrument	Loan outstanding			
	31 December 2023		31 December 2022	
	Non-current	Current	Non-current	Current
Term loans				
i) Indian rupee loan from banks (secured)				
Loans carrying weighted average rate of interest 8.01% (31 December 2022: 7.50%) depending upon tenure of the loans. For repayment terms refer note 18F.	29,283.63	8,068.46	14,233.50	9,973.11
These loans are secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory /franchisee rights acquired under the business acquisition except vehicles and lands for which no mortgages have been created till date.				
ii) Indian rupee loan from banks (secured)				
Loans carrying weighted average rate of interest 7.40% (31 December 2022: 7.34%) depending upon tenure of the loans. For repayment terms refer note 18F.	-	800.00	800.00	1,900.00
These loans are secured with subservient charge on movable fixed assets of the Company and one facility during the previous year was further secured with first pari passu charge on the inventories and receivables of the Company.				
iii) Indian rupee loan from banks (secured)				
Loans carrying rate of interest 7.95% (31 December 2022: 7.35%) depending upon tenure of the loans. For repayment terms refer note 18F.	375.00	541.67	916.67	541.67
These loans are secured on first pari-passu charge on the entire movable assets of the Company including the territory /franchisee rights acquired under the business acquisition except vehicles.				
iv) Vehicle rupee term loan (secured)				
Loans carrying rate of interest in range of Nil (31 December 2022: 8.02% to 9.25 %). These loans were repaid during the year.	-	-	2.00	37.92
	29,658.63	**9,410.13**	**15,952.17**	**12,452.70**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

E. Terms and conditions/details of securities for loans: [Cont'd]

(₹ in million)

Name of the bank/instrument	Loan outstanding			
	31 December 2023		31 December 2022	
	Non-current	Current	Non-current	Current
v) Indian rupee loan from others (secured)				
Interest free loans from The Pradeshiya Industrial & Investment Corporation of U.P. Limited are repayable in one instalment after expiry of seven years from the date of disbursement. Loans are secured against bank guarantee equivalent to 100% of loan amount valid up to the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.52%-9.72% (31 December 2022: 8.52%-9.72%) The repayment schedule is as under: **Date of repayment** — **Amount** 30 November 2024 — 177.83 01 November 2025 — 211.98 31 March 2030 — 65.90 07 July 2030 — 139.92	308.20	166.87	323.34	141.42
Interest free loan from The Director of Industries and Commerce, Haryana are repayable in one instalment after expiry of five years from the date of disbursement. Loans are secured against bank guarantee equivalent to 100% of loan amount valid up to the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.33% (31 December 2022: 8.33%) The repayment schedule is as under: **Date of repayment** — **Amount** 20 February 2024 — 91.36 27 May 2024 — 36.85 29 August 2024 — 39.10 17 February 2025 — 43.98 13 October 2025 — 23.96 21 February 2027 — 70.83 18 July 2028 — 33.30	138.66	163.56	257.07	418.85
	446.86	**330.43**	**580.41**	**560.27**
Total	**30,105.49**	**9,740.56**	**16,532.58**	**13,012.97**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

F. Repayment terms:

(₹ in million)

S.No	Description	31 December 2023		31 December 2022		Repayment terms
		Non-current	Current	Non-current	Current	
1	Term loan - 1	-	-	-	150.00	Loan was repaid during the year
2	Term loan - 2	-	-	-	250.00	Loan was repaid during the year
3	Term loan - 3	-	240.00	240.00	90.00	One instalment of ₹ 90.00 due in May 2024 and one instalment of ₹ 150.00 due in June 2024.
4	Term loan - 4	-	-	-	85.00	Loan was repaid during the year
5	Term loan - 5	-	-	-	241.60	Loan was repaid during the year
6	Term loan - 6	-	-	-	222.40	Loan was repaid during the year
7	Term loan - 7	291.49	291.80	583.18	291.60	Two instalments of ₹ 145.90 each due in June 2024 and July 2024 and two instalments of ₹ 145.90 each due in June 2025 and July 2025.
8	Term loan - 8	-	-	-	749.79	Loan was repaid during the year
9	Term loan - 9	499.32	500.00	998.51	500.00	Two instalments of ₹ 250.00 each due in May 2024 and June 2024 and two instalments of ₹ 250.00 each due in May 2025 and June 2025.
10	Term loan - 10	-	-	-	599.59	Loan was repaid during the year
11	Term loan - 11	200.00	200.00	400.00	150.00	Two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
12	Term loan - 12	199.73	200.00	398.56	200.00	Two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
13	Term loan - 13	-	-	-	500.00	Loan was repaid during the year
14	Term loan - 14	-	-	-	676.47	Loan was repaid during the year
15	Term loan - 15	-	-	-	1,300.00	Loan was repaid during the year
16	Term loan - 16	699.75	400.00	1,100.00	200.00	Two instalments of ₹ 200.00 each due in May 2024 and June 2024, two instalments of ₹ 200.00 each due in May 2025 and June 2025, one instalment of ₹ 200.00 due in May 2026 and one instalment of ₹ 100.00 due in June 2026.
17	Term loan - 17	-	-	-	2,000.00	Loan was repaid during the year
18	Term loan - 18	1,050.00	380.00	1,430.00	300.00	Two instalments of ₹ 190.00 each due in May 2024 and June 2024, two instalments of ₹ 190.00 each due in May 2025 and June 2025, two instalments of ₹ 185.00 each due in May 2026 and June 2026 and two instalments of ₹ 150.00 each due in May 2027 and June 2027.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

F. Repayment terms: [Cont'd]

(₹ in million)

S.No	Description	31 December 2023		31 December 2022		Repayment terms
		Non-current	Current	Non-current	Current	
19	Term loan - 19	-	800.00	800.00	600.00	Two instalments of ₹ 400.00 each due in May 2024 and June 2024.
20	Term loan - 20	1,600.00	500.00	2,100.00	200.00	Two instalments of ₹ 250.00 each due in May 2024 and June 2024, two instalments of ₹ 250.00 each due in May 2025 and June 2025, two instalments of ₹ 250.00 each due in May 2026 and June 2026 and two instalments of ₹ 300.00 each due in May 2027 and June 2027
21	Term loan - 21	1,350.00	300.00	1,650.00	100.00	Two instalments of ₹ 150.00 each due in May 2024 and June 2024, one instalment of ₹ 150.00 due in May 2025, one instalment of ₹ 180.00 due in June 2025, two instalments of ₹ 180.00 each due in May 2026 and June 2026 and three instalments of ₹ 220.00 each due in May 2027, June 2027 and July 2027.
22	Term loan - 22	1,333.34	666.66	1,333.26	666.66	Two instalments of ₹ 333.33 each due in May 2024 and June 2024, two instalments of ₹ 333.33 each due in May 2025 and June 2025 and two instalments of ₹ 333.34 each due in May 2026 and June 2026.
23	Term loan - 23	3,750.00	1,250.00	1,000.00	-	.Two instalments of ₹ 625.00 each due in May 2024 and June 2024, two instalments of ₹ 625.00 each due in May 2025 and June 2025, two instalments of ₹ 625.00 each due in May 2026 and June 2026 and two instalments of ₹ 625.00 each due in May 2027 and June 2027.
24	Term loan - 24	-	-	-	1,800.00	Loan was repaid during the year
25	Term loan - 25	375.00	375.00	750.00	375.00	Two instalments of ₹ 187.50 each due in May 2024 and June 2024 and two instalments of ₹ 187.50 each due in May 2025 and June 2025
26	Term loan - 26	-	166.67	166.67	166.67	Two instalments of ₹ 83.33 each due in May 2024 and June 2024
27	Term loan - 27	2,000.00	1,000.00	2,999.99	-	Two instalments of ₹ 500.00 each due in May 2024 and June 2024, two instalments of ₹ 500.00 each due in May 2025 and June 2025 and two instalments of ₹ 500.00 each due in May 2026 and June 2026.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

F. Repayment terms: [Cont'd]

(₹ in million)

S.No	Description	31 December 2023		31 December 2022		Repayment terms
		Non-current	Current	Non-current	Current	
28	Term loan - 28	2,350.00	100.00	-	-	Two instalments of ₹ 50.00 each due in May 2024 and June 2024, two instalments of ₹ 250.00 each due in May 2025 and June 2025, two instalments of ₹ 250.00 each due in May 2026 and June 2026, two instalments of ₹ 350.00 each due in May 2027 and June 2027,one instalment of ₹ 350.00 due in May 2028 and one instalment of ₹ 300.00 due in June 2028.
29	Term loan - 29	2,400.00	600.00	-	-	Two instalments of ₹ 300.00 each due in May 2024 and June 2024, two instalments of ₹ 300.00 each due in May 2025 and June 2025, two instalments of ₹ 300.00 each due in May 2026 and June 2026, two instalments of ₹ 300.00 each due in May 2027 and June 2027 and two instalments of ₹ 300.00 each due in May 2028 and June 2028.
30	Term loan - 30	1,900.00	100.00	-	-	Two instalments of ₹ 50.00 each due in May 2024 and June 2024, two instalments of ₹ 200.00 each due in May 2025 and June 2025, two instalments of ₹ 250.00 each due in May 2026 and June 2026, two instalments of ₹ 250.00 each due in May 2027 and June 2027 and two instalments of ₹ 250.00 each due in May 2028 and June 2028.
31	Term loan - 31	750.00	250.00			Two instalments of ₹ 125.00 each due in May 2024 and June 2024, two instalments of ₹ 125.00 each due in May 2025 and June 2025, two instalments of ₹ 125.00 each due in May 2026 and June 2026 and two instalments of ₹ 125.00 each due in May 2027 and June 2027.
32	Term loan - 32	3,150.00	350.00	-	-	Two instalments of ₹ 175.00 each due in May 2024 and June 2024, two instalments of ₹ 525.00 each due in May 2025 and June 2025, two instalments of ₹ 525.00 each due in May 2026 and June 2026 and two instalments of ₹ 525.00 each due in May 2027 and June 2027.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

F. Repayment terms: [Cont'd]

(₹ in million)

S.No	Description	31 December 2023		31 December 2022		Repayment terms
		Non-current	Current	Non-current	Current	
33	Term loan - 33	2,760.00	240.00	-	-	Two instalments of ₹ 120.00 each due in May 2024 and June 2024, two instalments of ₹ 240.00 each due in May 2025 and June 2025, two instalments of ₹ 360.00 each due in May 2026 and June 2026, two instalments of ₹ 360.00 each due in May 2027 and June 2027and two instalments of ₹ 420.00 each due in May 2028 and June 2028
34	Term loan - 34	1,500.00	-	-	-	Two instalments of ₹ 75.00 each due in May 2025 and June 2025, two instalments of ₹ 131.25 each due in May 2026 and June 2026, two instalments of ₹ 168.75 each due in May 2027 and June 2027, two instalments of ₹ 187.50 each due in May 2028 and June 2028 and two instalments of ₹ 187.50 each due in May 2029 and June 2029
35	Term loan - 35	1,500.00	500.00	-	-	Two instalments of ₹ 250.00 each due in May 2024 and June 2024, two instalments of ₹ 250.00 each due in May 2025 and June 2025, two instalments of ₹ 250.00 each due in May 2026 and June 2026 and two instalments of ₹ 250.00 each due in May 2027 and June 2027.
		29,658.63	**9,410.13**	**15,950.17**	**12,414.78**	

19. Provisions

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Non-current		
Provision for employee benefits (Refer note 36)		
Defined benefit liability (net)	1,417.19	1,382.99
Other long term employee obligations	639.07	593.62
	2,056.26	**1,976.61**
Current		
Provision for employee benefits (Refer note 36)		
Other short term employee obligations	311.98	283.10
Others (Refer note 55)	503.72	-
	815.70	**283.10**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

20. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

(₹ in million)

Deferred tax liabilities/(assets)	As at 01 January 2023	Recognised in other comprehensive income**	Recognised in Statement of Profit and Loss	As at 31 December 2023
Accelerated depreciation for tax purposes	3,701.97	-	142.84	3,844.81
Allowance for doubtful debts	(72.74)	-	0.58	(72.16)
Accrued bonus	(47.50)	-	2.99	(44.51)
Fair valuation of financial instruments	(15.22)	-	(10.65)	(25.87)
Provision for retirement benefits	(474.70)	(6.99)	(20.27)	(501.96)
Borrowings	(1.00)	-	0.35	(0.65)
Benefit accrued on government grants	96.59	-	(22.14)	74.45
Others	12.44	-	(153.22)	(140.78)
	3,199.84	**(6.99)**	**(59.52)**	**3,133.33**

(₹ in million)

Deferred tax liabilities/(assets)	As at 01 January 2022	Recognised in other comprehensive income**	Recognised in Statement of Profit and Loss	As at 31 December 2022
Accelerated depreciation for tax purposes	3,699.23	-	2.74	3,701.97
Minimum alternate tax (MAT) credit*	(168.12)	-	168.12	-
Allowance for doubtful debts	(64.04)	-	(8.70)	(72.74)
Accrued bonus	(19.73)	-	(27.77)	(47.50)
Fair valuation of financial instruments	(35.50)	-	20.28	(15.22)
Provision for retirement benefits	(531.14)	27.10	29.34	(474.70)
Borrowings	(1.24)	-	0.24	(1.00)
Benefit accrued on government grants	136.58	-	(39.99)	96.59
Others	(34.22)	-	46.63	12.44
	2,981.82	**27.10**	**190.89**	**3,199.84**

*MAT credit: (₹ in million)

	Recognised in profit and loss	Utilised from profit and loss
31 December 2023	-	-
31 December 2022	-	(168.12)

**The amounts recognised in other comprehensive income relate to the re-measurement of net defined retirement benefit liability. Refer note 35 for the amount of the income tax relating to these components of other comprehensive income.

All significant deferred tax assets have been recognised in the balance sheet.

21. Other non-current liabilities

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Deferred revenue on government grant	5.16	5.94
Deferred income	63.24	-
	68.40	**5.94**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

22. Trade payables

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Total outstanding dues of-		
Micro enterprises and small enterprises (Refer note 45)	767.25	653.33
Creditors other than micro enterprises and small enterprises	4,151.36	5,104.60
	4,918.61	**5,757.93**

Trade payables ageing schedule

31 December 2023

(₹ in million)

Particulars	Outstanding from date of transactions					Total
	Unbilled	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed trade payable						
Micro enterprises and small enterprises	68.73	692.13	5.34	0.36	0.50	767.06
Others	1,519.74	2,470.47	65.62	10.19	6.00	4,072.02
Disputed trade payable						
Micro enterprises and small enterprises	-	0.19	-			0.19
Others	-	52.46	13.18	6.95	6.75	79.34
Total	**1,588.47**	**3,215.25**	**84.14**	**17.50**	**13.25**	**4,918.61**

31 December 2022

(₹ in million)

Particulars	Outstanding from date of transactions					Total
	Unbilled	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed trade payable						
Micro enterprises and small enterprises	-	652.02	0.28	0.37	0.50	653.17
Others	1,303.39	3,652.12	23.05	30.99	11.85	5,021.40
Disputed trade payable						
Micro enterprises and small enterprises	-	-	0.01	0.15	-	0.16
Others	-	48.49	11.48	11.97	11.26	83.20
Total	**1,303.39**	**4,352.63**	**34.82**	**43.48**	**23.61**	**5,757.93**

23. Other current financial liabilities

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Interest accrued but not due on borrowings	80.40	62.90
Interest payable	27.21	13.71
Payable for capital expenditure	4,064.96	2,376.97
Employee related payables	705.62	666.48
Unclaimed dividends#	0.97	0.83
Security deposits	1,799.54	1,822.47
	6,678.70	**4,943.36**

#Not due for deposit to the Investor Education and Protection Fund.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

24. Other current liabilities

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Advance from customers	1,725.58	1,933.09
Statutory dues payable	743.39	789.35
Deferred income	39.91	2.27
	2,508.88	**2,724.71**

25. Current tax liabilities (Net)

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Provision for tax	335.67	674.37
	335.67	**674.37**

The key components of income tax expense for the year ended 31 December 2023 and 31 December 2022 are:

A. Statement of Profit and Loss:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
(i) Profit and Loss section		
(a) Current tax	6,018.71	3,953.00
(b) Adjustment of tax relating to earlier years	(28.82)	(0.86)
(c) Deferred tax (credit)/charge	(59.52)	190.89
Income tax expense reported in the Statement of Profit and Loss	**5,930.37**	**4,143.03**
(ii) OCI section		
Deferred tax related to items recognised in OCI during the year:		
(a) Net gain on remeasurements of defined benefit plans	6.99	(27.10)
Income tax charged to OCI	**6.99**	**(27.10)**

B. Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Accounting profit before tax	**23,681.63**	**16,845.02**
Tax expense at statutory income tax rate of 25.167% (31 December 2022: 25.167%)	5,959.96	4,239.39
Adjustments in respect of current income tax of previous years	(28.82)	(0.86)
Non deductible expenses	73.73	29.78
Deduction claimed u/s Chapter-VI A of Income-tax Act, 1961	(109.46)	(271.45)
Impact due to change in tax rate*	-	110.48
Others	34.96	35.69
Income tax expense at effective tax rate reported in the Statement of Profit and Loss	**5,930.37**	**4,143.03**

*The Company had made an assessment of the impact of Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax (MAT) credit and expiry of other tax benefits/holidays available. The Company had decided to opt for the new tax regime u/s 115BAA of the Income Tax Act,1961 w.e.f. Assessment year 2023-24 after utilisation of all unutilised Minimum Alternate Tax credit and other tax benefits/holidays available and hence the tax provision has been done accordingly.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

26. Revenue from operations

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Sale of products	122,098.90	103,023.22
Rendering of services	67.21	449.25
Other operating revenue	4,162.15	2,485.78
	126,328.26	**105,958.25**

Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers:

A. Reconciliation of revenue recognised with the contracted price:

(₹ in million)

Particulars	Year ended 31 December 2023	Year ended 31 December 2022
Gross revenue/Contracted price	123,554.82	106,141.13
Less: Discounts and rebates	(1,388.71)	(2,668.66)
Revenue from contracts with customers	**122,166.11**	**103,472.47**

B. Disaggregation of revenue

a) Information about geographical area

(₹ in million)

Particulars	Year ended 31 December 2023	Year ended 31 December 2022
i. Sale of products and rendering of services		
(i) Within India	121,606.68	102,360.71
(ii) Outside India	559.43	1,111.76
Total sale of products and rendering of services	**122,166.11**	**103,472.47**

b) Revenue from sale of goods and services are recognised at a point in time. There are no disaggregation of revenue with respect to this information.

c) No single external customer amounts to 10% or more of the Company's revenue from operations.

d) The Company manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods and the value of stock in trade being insignificant, it is not separately ascertainable and disclosed.

C. Contract balances:

The following table provides information about trade receivables and contract liabilities from contract with customers:

Receivables

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Trade receivables	2,416.14	1,791.45
Less: Allowances for expected credit loss	(286.72)	(289.03)
Net receivables	**2,129.42**	**1,502.42**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

Contract liabilities

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Advance from customers (Refer note 24)	1,725.58	1,933.09
	1,725.58	**1,933.09**

D. Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liabilities are on account of the advance payment received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 120 days from the completion of performance obligation. There is no significant financing component in any transaction with the customers.

E. Government grant recognised under the head 'Other operating revenue' amounts to ₹ 3,462.98 million (31 December 2022: ₹ 1,853.06 million) under different industrial promotion tax exemption schemes.

F. Changes in the contract liabilities balances during the year are as follows:

(₹ in million)

Particulars	Year ended 31 December 2023	Year ended 31 December 2022
Balance at the beginning of the year	1,933.09	613.86
Addition during the year	1,725.58	1,933.09
Revenue recognised during the year	(1,933.09)	(613.86)
Balance at the closing of the year	**1,725.58**	**1,933.09**

27. Other income

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Interest income on items at amortised cost:		
- term deposits	11.12	7.71
- loan to subsidiaries (Refer note 42B)	483.49	215.56
- others	17.63	14.99
Net gain on foreign currency transactions and translations	76.38	463.36
Gain on sale of current investments	3.51	3.67
Excess provisions and liabilities written back	291.84	0.95
Guarantee commission income from subsidiaries (Refer note 42B)	28.87	17.24
Dividend income from non-current investment in subsidiary (Refer note 42B)	407.53	539.49
Miscellaneous income	141.05	174.60
	1,461.42	**1,437.57**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

28. Cost of materials consumed

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Raw material and packing material consumed		
Inventories at beginning of the year	5,799.79	5,581.90
Purchases during the year (net)	61,045.06	61,156.63
	66,844.85	**66,738.53**
Less: Sold during the year	1,911.29	6,345.70
Less: Inventories at end of the year	5,905.76	5,799.79
	59,027.80	**54,593.04**

29. Purchases of stock-in-trade

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Beverages	960.33	982.42
Others	534.01	219.42
	1,494.34	**1,201.84**

30. Changes in inventories of finished goods, intermediate goods, stock-in-trade and work -in-progress

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
As at the beginning of the year		
- Finished goods	3,180.12	1,798.97
- Intermediate goods	3,361.97	1,784.11
- Work in progress	55.50	63.57
	6,597.59	**3,646.65**
As at the closing of the year		
- Finished goods	2,985.94	3,180.12
- Intermediate goods	4,153.40	3,361.97
- Work in progress	24.55	55.50
	7,163.89	**6,597.59**
Finished goods used as property, plant and equipment*	(51.85)	(72.52)
	(618.15)	**(3,023.46)**

*The Company manufactures plastic shells at one of its manufacturing facilities at Alwar. The shells manufactured are used for beverages operations of the Company as property, plant and equipment (under the head “Containers”). These containers are also sold to third parties. The cost of manufacturing of plastic shells is being shown here separately with a corresponding debit to property, plant and equipment.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

31. Employee benefits expense

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Salaries, wages and bonus*	9,423.00	8,423.71
Contribution to provident fund and other funds*	498.45	397.98
Staff welfare expenses*	383.16	353.91
Share based payments (Net)** (Refer note 47)	63.35	29.08
	10,367.96	**9,204.68**

*Refer note 4A for capitalisation of employee benefits expense in setting-up of new manufacturing facilities.

**Net of share based payments in relation to employees of subsidiaries amounting to ₹ 15.75 (31 December 2022: Nil)

32. Finance costs

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Interest on items at amortised cost:		
- Term loans*	2,022.66	1,226.40
- Working capital facilities*	57.92	167.42
- Financial liabilities (inclusive of interest on lease liabilities ₹ 115.23 (31 December 2022: ₹ 10.03))	201.82	102.92
- Others (inclusive of interest on income tax ₹ 82.28 (31 December 2022: ₹ 10.51))	118.65	25.79
Exchange differences regarded as an adjustment to borrowings	-	6.73
Other ancillary borrowing costs	9.90	13.31
	2,410.95	**1,542.57**

*Refer note 4A for capitalisation of finance costs in setting-up of new manufacturing facilities.

33. Depreciation, amortisation and impairment expense

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Depreciation on property, plant and equipment	5,007.16	4,151.20
Amortisation of intangible assets	28.43	46.11
Amortisation of ROU	147.69	159.77
Impairment of property, plant and equipment and others (Refer Note 4A and 4B)	-	474.24
	5,183.28	**4,831.32**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

34. Other expenses*

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Power and fuel	4,369.42	3,889.70
Repairs to plant and equipment	2,107.72	2,009.42
Repairs to buildings	124.39	95.51
Other repairs	841.81	739.76
Consumption of stores and spares	1,058.54	1,036.08
Rent (Refer note 43)	517.90	372.24
Rates and taxes	717.54	87.87
Insurance	115.17	114.48
Printing and stationery	56.79	44.14
Communication	62.55	56.79
Travelling and conveyance	881.40	861.62
Sitting fees/commission paid to non-executive directors (Refer note 42A)	5.10	185.55
Payment to auditors**	15.66	17.19
Vehicle running and maintenance	128.67	101.57
Lease and hire (Refer note 43)	193.61	197.66
Security and service charges	444.23	360.77
Legal, professional and consultancy	357.75	253.59
Bank charges	33.59	18.66
Advertisement and sales promotion	1,003.41	725.46
Meetings and conferences	63.94	35.57
Royalty	165.93	159.68
Freight, octroi and insurance paid (net)	8,369.15	6,832.26
Delivery vehicle running and maintenance	508.58	557.50
Distribution expenses	2,061.83	1,986.53
Loading and unloading charges	698.03	569.56
Donations	0.80	0.52
Loss on disposal of property, plant and equipment (net)	764.10	443.70
Bad debts and advances written off	2.13	3.87
Allowance for expected credit loss	-	34.59
Corporate social responsibility expenditure (Refer note 46)	158.50	85.04
General office and other miscellaneous	413.63	323.93
	26,241.87	**22,200.81**

*Refer note 4B for capitalisation of other expenses in setting-up of new manufacturing facilities.

****Payment to auditors**

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Services rendered for:		
- Audit and reviews	11.46	13.33
- taxation matters	2.11	2.30
- other matters#	1.86	0.64
- reimbursement of expenses	0.23	0.92
	15.66	**17.19**

#Excludes expense of ₹ 0.23 (31 December 2022: ₹ nil) towards fee related to other matters, which has been capitalised in new projects.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

35. Other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserves in equity is shown below:

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Retained earnings		
Re-measurement (loss)/gain on defined benefit plans	(27.76)	107.70
Tax impact on re-measurement gains on defined benefit plans (Refer note 20)	6.99	(27.10)
	(20.77)	**80.60**

36. Gratuity and other post-employment benefit plans

Gratuity:

The Company has a defined benefit gratuity plan governed by the Payments of Gratuity Act, 1972. Every employee who has completed five years or more of services is eligible for gratuity on separation at 15 days salary (last drawn salary) for each completed year of service. The Company has formed a Gratuity Trust to which contribution is made and an insurance policy is taken by the trust, which is a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity outflow during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (particularly, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset. The Company makes a provision of unfunded liability based on actuarial valuation in the Balance Sheet as part of employee cost.

Compensated absences:

The Company recognises the compensated absences expenses in the Statement of Profit and Loss based on actuarial valuation.

The following tables summaries the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet:

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Changes in present value are as follows:				
Balance at the beginning of the year	1,801.42	1,739.26	876.72	810.31
Current service cost	208.99	182.57	163.15	137.53
Interest cost	133.22	116.03	63.89	55.92
Benefits settled	(78.80)	(128.41)	(53.45)	(72.13)
Actuarial loss/(gain)	25.25	(108.03)	(99.26)	(54.91)
Balance at the end of the year	**2,090.08**	**1,801.42**	**951.05**	**876.72**

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Change in fair value of plan assets are as follows:				
Plan assets at the beginning of the year, at fair value	418.43	65.61	-	-
Expected income on plan assets	36.31	13.75	-	-
Actuarial loss	(2.51)	(0.34)	-	-
Contributions by employer	250.00	350.00	-	-
Benefits settled	(29.34)	(10.59)	-	-
Plan assets at the end of the year, at fair value	**672.89**	**418.43**	**-**	**-**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

The Company has taken an insurance policy against its liability towards gratuity, the same has been disclosed as plan assets above.

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Reconciliation of present value of the obligation and the fair value of the plan assets:				
Present value of obligation	2,090.08	1,801.42	951.05	876.72
Fair value of plan assets	(672.89)	(418.43)	-	-
Net liability recognised in the Balance Sheet	**1,417.19**	**1,382.99**	**951.05**	**876.72**

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Amount recognised in Statement of Profit and Loss:				
Current service cost	208.99	182.57	163.15	137.53
Interest expense	133.22	116.03	63.89	55.92
Expected return on plan assets	(36.31)	(13.75)	-	-
Actuarial gain	-	-	(99.26)	(54.91)
Net cost recognised	**305.90**	**284.85**	**127.78**	**138.54**

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Amount recognised in Other Comprehensive Income:				
Actuarial changes arising from changes in financial assumptions	21.27	(114.75)	-	-
Experience adjustments	3.98	6.71	-	-
Return on plan assets	2.51	0.34	-	-
Amount recognised	**27.76**	**(107.70)**	**-**	**-**

	Gratuity		Compensated Absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Assumptions used:				
Mortality	IALM 2012-2014	IALM 2012-2014	IALM 2012-2014	IALM 2012-2014
Discount rate	7.23%	7.40%	7.23%	7.40%
Withdrawal rate	12.00%	12.00%	12.00%	12.00%
Salary increase	12.00%	12.00%	12.00%	12.00%
Rate of leave availment	-	-	20.00%	20.00%
Retirement age (Years)	58-70	58-70	58-70	58-70
Rate of return on plan assets	6.79-7.65%	6.69-7.40%	-	-

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

A quantitative sensitivity analysis for significant assumption is shown below:

(₹ in million)

	Sensitivity level		Gratuity		Compensated Absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Discount rate	+1%	+1%	(126.51)	(110.80)	(28.55)	(26.56)
	-1%	-1%	142.05	124.50	30.36	28.26
Salary increase	+1%	+1%	134.38	117.97	28.76	26.81
	-1%	-1%	(122.44)	(107.40)	(27.61)	(25.73)
Withdrawal rate	+1%	+1%	(30.63)	(26.25)	(9.60)	(9.00)
	-1%	-1%	33.85	29.02	10.10	9.47

The sensitivity analysis above has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Risk associated:	
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit.
Interest risk (discount rate risk)	A decrease in the bond interest rate (discount rate) will increase the plan liability.
Mortality risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2012-2014) (31 December 2022: (2012-14)). A change in mortality rate will have a bearing on the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Effect of the defined benefit plan on the Company's future cash flows:

Funding arrangements and funding policy:

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

Expected contribution during the next annual reporting period:

The Company's best estimate of contribution during the next financial year approximates to ₹1,637.97 million (31 December 2022: ₹ 1,566.9 million).

The following are maturity profile of Defined Benefit Obligations in future years (before adjusting fair value of plan assets):

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
i) Weighted average duration of the defined benefit obligation	6 years	7 years	3 years	3 years
ii) Expected cash flows over the years (valued on undiscounted basis):				
Duration (years)				
1	324.25	263.61	311.98	283.10
2 to 5	953.48	835.00	616.72	574.59
Above 5	2,406.44	2,158.95	292.42	278.93
	3,684.17	**3,257.56**	**1,221.12**	**1,136.62**

Defined contribution plan:

Contribution to defined contribution plans, recognised as expense for the year is as under:

Employer's contribution to provident and other funds ₹498.45 million (31 December 2022 ₹ 397.98 million) (Refer note 31)

37. Earnings per share (EPS)

(₹ in million, unless otherwise stated)

	31 December 2023	31 December 2022
Profit attributable to the equity shareholders	17,751.26	12,701.99
Weighted average number of equity shares outstanding during the year for calculating basic earning per share (nos.)*	1,299,140,257	1,299,099,240
Add: Weighted average number of potential equity shares on account of employee stock options*	5,59,133	3,42,466
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (nos.)*	1,299,699,390	1,299,441,706
Nominal value per equity shares (₹)*	5.00	5.00
Basic earnings per share (₹)	13.66	9.78
Diluted earnings per share (₹)	13.66	9.77

*Previous year numbers are adjusted for shares splits during the current year. (Refer note 16h)

38. Dividend

(₹ in million)

	31 December 2023	31 December 2022
Dividend on equity shares declared and paid during the year:		
Final dividend of ₹ 0.50 per share for financial year ended 31 December 2022*	649.55	-
Interim dividend ₹ 1.25 per share (31 December 2022: ₹ 1.25 per share)*	1,623.93	1,623.87

*During the year ended 31 December 2023, the Company on 15 June 2023 ("Record Date"), sub-divided/split of existing Equity Shares of the Company from 1 (One) Equity Share having face value of ₹ 10/- (Rupees Ten only) each fully paid-up, into 2 (Two) Equity Shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up. Accordingly, final dividend per share of current year and interim dividend per share of previous year presented has been recalculated based on number of shares outstanding in respective periods, as increased by sub-divided/split of shares.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

39. Contingent liabilities

(₹ in million)

	31 December 2023	31 December 2022
Claims against the Company not acknowledged as debts (being contested):-		
(i) Goods and service tax	140.90	26.70
(ii) For excise and service tax	41.79	67.47
(iii) For customs	90.75	90.75
(iv) For sales tax / entry tax	663.59	629.06
(v) For income tax	144.36	144.36
(vi) For mandi tax and others*	388.60	400.04

*excludes pending matters where amount of liability is not ascertainable.

40. Commitments

(₹ in million)

	31 December 2023	31 December 2022
a. Guarantees issued on behalf of subsidiaries for business purposes	3,595.76	3,221.21
b. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 3,375.94 (31 December 2022: ₹ 3,879.81))*	27,554.41	15,932.53

*Inclusive of commitment as mentioned in note 56."

41. Pursuant to transfer pricing legislations under the Income-tax Act, 1961, the Company is required to use specified methods for computing arm's length price in relation to specified international and domestic transactions with its associated enterprises. Further, the Company is required to maintain prescribed information and documents in relation to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of updating its transfer pricing documentation for the current financial year. Based on the preliminary assessment, the management is of the view that the update would not have a material impact on the tax expense recorded in these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.

42. Related party disclosures (as per Ind AS-24)

Following are the related parties and transactions entered with related parties for the relevant reporting period as at 31 December 2023

(i) List of related parties and relationships:-

I. Key managerial personnel (KMPs)

Mr. Ravi Kant Jaipuria	Non-executive chairman
Mr. Varun Jaipuria	Executive vice-chairman (w.e.f. 03 March 2022) and Whole time Director
Mr. Raj Pal Gandhi	Whole Time Director
Mr. Rajinder Jeet Singh Bagga	Whole Time Director
Mr. Kapil Agarwal	Chief Executive Officer (till 03 March 2022) and Whole Time Director (till 01 November 2022)
Mr. Pradeep Khushalchand Sardana	Non-Executive Independent Director (till 27 March 2023)
Dr. Naresh Kumar Trehan	Non-Executive Independent Director (till 30 November 2023)
Mrs. Sita Khosla	Non-Executive Independent Director

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

Dr. Ravi Gupta	Non-Executive Independent Director
Mrs. Rashmi Dhariwal	Non-Executive Independent Director
Mr. Abhiram Seth	Non-Executive Independent Director (appointed w.e.f. 02 May 2023)
Mr. Anil Kumar Sondhi	Non-Executive Independent Director (appointed w.e.f. 02 May 2023)
Mr. Ravi Batra	Company Secretary
Mr. Rajesh Chawla	Chief Financial Officer (till 03 August 2023)
Mr. Mahavir Prasad Garg	Company Secretary of the parent, namely RJ Corp Limited
Mr. Lalit Malik	Chief Financial Officer (appointed w.e.f. 04 August 2023)

II. Parent and ultimate parent

RJ Corp Limited	Parent

III. Subsidiaries/step down subsidiaries

Varun Beverages Morocco SA	Subsidiary
Varun Beverages (Nepal) Private Limited	Subsidiary
Varun Beverages Lanka (Private) Limited	Subsidiary
Varun Beverages (Zambia) Limited	Subsidiary
Varun Beverages (Zimbabwe) (Private) Limited	Subsidiary
Lunarmech Technologies Private Limited	Subsidiary
Ole Spring Bottlers (Private) Limited	Step down Subsidiary
Varun Beverages RDC SAS	Subsidiary
Varun Beverages International DMCC	Subsidiary (w.e.f. 31 January 2022)
VBL Mozambique, SA	Subsidiary (w.e.f. 21 November 2023)
Varun Beverages South Africa (PTY) Limited	Subsidiary (w.e.f. 23 May 2023)

IV. Fellow subsidiaries and entities controlled by parent/ultimate parent*

Devyani International Limited
Devyani Food Industries Limited
Devyani Food Industries (Kenya) Limited
SVS India Private Limited
Devyani Airport Services (Mumbai) Private Limited#
Cryoviva Biotech Private Limited

V. Joint Venture/Associates (or an associate of any member of the company)

IDVB Recycling Operations Private Limited	Joint Venture (w.e.f. 01 July 2022)
Clean Max Tav Private Limited	Associate (w.e.f 23 November 2022)
Huoban Energy 7 Private Limited	Associate (w.e.f. 09 May 2023)

VI. Relatives of KMPs*

Mrs. Dhara Jaipuria
Mrs. Devyani Jaipuria
Mr. Ravindra Dhariwal
Mrs. Aastha Agarwal (till 01 November 2022)
Mr. Kaustubh Agarwal (till 01 November 2022)

VII. Entities in which a director or his/her relative is a member/director/Trustee*

SMV Beverages Private Limited
Alisha Torrent Closures (India) Private Limited
Jai Beverages Private Limited
Lineage Healthcare Limited
Diagno Labs Private Limited (till 29th March 2022)
RJ Foundation
Global Health Limited

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

VIII. Entities which are post employment benefits plans

VBL Employees Gratuity Trust

*With whom the Company had transactions during the current year and previous year.

#Amalgamated with Devyani International Limited w.e.f. 01 April 2022 vide Hon'ble National Company Law Tribunal order dated 13 July 2023.

(ii) Terms and conditions of transactions with related parties

The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(iii) Transactions with KMPs (Refer note 42A)

(iv) Transactions with related parties (Refer note 42B)

42A. Transactions with KMPs

(₹ in million)

		For year ended 2023	For year ended 2022
I.	**Remuneration paid**		
	Mr. Varun Jaipuria	54.02	54.69
	Mr. Raj Pal Gandhi	62.45	56.60
	Mr. Kapil Agarwal	-	237.21
	Mr. Rajesh Chawla	6.35	9.61
	Mr. Ravi Batra	14.85	13.30
	Mr. Rajinder Jeet Singh Bagga	57.66	52.45
	Mr. Mahavir Prasad Garg	2.99	2.74
	Mr. Lalit Malik	20.63	-
II.	**Director sitting fees paid**		
	Mr. Pradeep Khushalchand Sardana	0.10	0.60
	Mrs. Sita Khosla	1.00	1.00
	Dr. Ravi Gupta	1.40	1.70
	Mrs. Rashmi Dhariwal	1.80	1.80
	Mr. Abhiram Seth	0.40	-
	Mr. Anil Kumar Sondhi	0.40	-
III.	**Dividend paid**		
	Mr. Varun Jaipuria	364.60	260.43
	Mr. Raj Pal Gandhi	4.66	3.36
	Mr. Kapil Agarwal	-	2.12
	Mr. Ravi kant Jaipuria	403.11	291.84
	Mr. Rajinder Jeet Singh Bagga	1.02	0.73
	Mr. Pradeep Khushalchand Sardana	0.00*	0.01
IV.	**Commission paid to non-executive director**		
	Mr. Ravi Kant Jaipuria	-	180.45

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

(₹ in million)

		For year ended 2023	For year ended 2022
V.	**Defined benefit obligation for KMP**		
i.	**Gratuity**		
	Mr. Varun Jaipuria	56.52	52.21
	Mr. Raj Pal Gandhi	53.21	48.83
	Mr. Ravi Batra	3.41	2.64
	Mr. Mahavir Prasad Garg	0.97	0.76
	Mr. Rajinder Jeet Singh Bagga	45.13	39.50
	Mr. Rajesh Chawla	-	0.42
	Mr. Lalit Malik	0.01	-
ii.	**Compensated absences**		
	Mr. Varun Jaipuria	21.01	20.89
	Mr. Raj Pal Gandhi	15.19	14.48
	Mr. Ravi Batra	2.29	2.07
	Mr. Mahavir Prasad Garg	0.68	0.68
	Mr. Rajinder Jeet Singh Bagga	12.93	11.74
	Mr. Rajesh Chawla	-	0.88
	Mr. Lalit Malik	0.79	-
VI.	**Bonus Share issued**		
	Mr. Varun Jaipuria	-	347.24
	Mr. Raj Pal Gandhi	-	4.58
	Mr. Kapil Agarwal	-	2.83
	Mr. Ravi kant Jaipuria	-	389.11
	Mr. Pradeep Khushalchand Sardana	-	0.01
	Mr. Rajinder Jeet Singh Bagga	-	0.97
VII.	**Advance given**		
	Mr. Lalit Malik	38.50	-
VIII.	**Balances (payable)/receivable outstanding at the end of the year, net**		
	Mr. Varun Jaipuria	(2.78)	(2.60)
	Mr. Raj Pal Gandhi	(1.96)	(1.75)
	Mr. Rajinder Jeet Singh Bagga	(2.22)	0.36
	Mr. Ravi Batra	(0.73)	(0.72)
	Mr. Mahavir Prasad Garg	0.46	0.11
	Mr. Rajesh Chawla	(0.49)	(0.45)
	Mr. Lalit Malik	37.02	-
	Dr. Ravi Gupta	(0.09)	-
	Mrs. Rashmi Dhariwal	(0.09)	-
	Mr. Abhiram Seth	(0.09)	-
	Mr. Anil Kumar Sondhi	(0.09)	-
	Mrs. Sita Khosla	(0.09)	-

*Rounded off to Nil.

Note:

(i) Stock options have been granted to KMPs of the Company. The number of stock options granted to such KMPs outstanding as at 31 December 2023: 58,000 (31 December 2022: 28,000). However, as the liability has not been determined for individual employees, the charge thereof for the individual employees is not disclosed above.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

42B. Transactions with related parties

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiary		Fellow subsidiaries and entities controlled by parent		Joint Venture and Associates (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sale of goods																
- Varun Beverages (Nepal) Private Limited	-	-	90.78	98.58	-	-	-	-	-	-	-	-	-	-	**90.78**	**98.58**
- Ole Spring Bottlers (Private) Limited	-	-	6.34	19.25	-	-	-	-	-	-	-	-	-	-	**6.34**	**19.25**
- Varun Beverages Morocco SA	-	-	2.99	16.41	-	-	-	-	-	-	-	-	-	-	**2.99**	**16.41**
- Varun Beverages Lanka (Private) Limited	-	-	12.83	0.00	-	-	-	-	-	-	-	-	-	-	**12.83**	**0.00**
- Varun Beverages (Zambia) Limited	-	-	40.28	76.64	-	-	-	-	-	-	-	-	-	-	**40.28**	**76.64**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	448.14	252.60	-	-	-	-	-	-	-	-	-	-	**448.14**	**252.60**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	105.41	148.32	-	-	**105.41**	**148.32**
- Lunarmech Technologies Private Limited	-	-	60.93	126.88	-	-	-	-	-	-	-	-	-	-	**60.93**	**126.88**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	11.35	21.28	-	-	**11.35**	**21.28**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	170.49	197.12	-	-	**170.49**	**197.12**
- Devyani International Limited	-	-	-	-	59.15	89.37	-	-	-	-	-	-	-	-	**59.15**	**89.37**
- Devyani Food Industries Limited	-	-	-	-	30.19	45.23	-	-	-	-	-	-	-	-	**30.19**	**45.23**
- Devyani Airport Services (Mumbai) Private Limited	-	-	-	-	2.02	2.36	-	-	-	-	-	-	-	-	**2.02**	**2.36**
- Lineage Healthcare Limited	-	-	-	-	-	-	-	-	-	-	0.11	0.11	-	-	**0.11**	**0.11**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	20.82	18.97	-	-	-	-	-	-	-	-	**20.82**	**18.97**
Sale of raw materials and stores																
- Varun Beverages (Nepal) Private Limited	-	-	17.54	126.06	-	-	-	-	-	-	-	-	-	-	**17.54**	**126.06**
- Ole Spring Bottlers (Private) Limited	-	-	85.02	24.07	-	-	-	-	-	-	-	-	-	-	**85.02**	**24.07**
- Varun Beverages Lanka (Private) Limited	-	-	101.08	288.27	-	-	-	-	-	-	-	-	-	-	**101.08**	**288.27**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	24.09	296.89	-	-	-	-	-	-	-	-	-	-	**24.09**	**296.89**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiary		Fellow subsidiaries and entities controlled by parent		Joint Venture and Associates (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
- Varun Beverages (Zambia) Limited	-	-	2.98	42.79	-	-	-	-	-	-	-	-	-	-	**2.98**	**42.79**
- Varun Beverages Morocco SA	-	-	0.00*	2.01	-	-	-	-	-	-	-	-	-	-	**0.00**	**2.01**
- Lunarmech Technologies Private Limited	-	-	0.00*	0.53	-	-	-	-	-	-	-	-	-	-	**0.00**	**0.53**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	2.17	-	-	**-**	**2.17**
- Devyani Food Industries Limited	-	-	-	-	45.91	36.26	-	-	-	-	-	-	-	-	**45.91**	**36.26**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	172.40	219.28	-	-	**172.40**	**219.28**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	8.50	-	-	-	-	-	-	-	-	-	**8.50**	**-**
Purchase of goods																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	575.53	525.89	-	-	**575.53**	**525.89**
- Devyani Food Industries Limited	-	-	-	-	384.89	464.64	-	-	-	-	-	-	-	-	**384.89**	**464.64**
Purchase of raw materials and stores																
- Lunarmech Technologies Private Limited	-	-	1,743.36	1,651.06	-	-	-	-	-	-	-	-	-	-	**1,743.36**	**1,651.06**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	16.65	14.37	-	-	**16.65**	**14.37**
- Devyani Food Industries Limited	-	-	-	-	60.45	79.13	-	-	-	-	-	-	-	-	**60.45**	**79.13**
- Varun Beverages (Nepal) Private Limited	-	-	43.30	84.14	-	-	-	-	-	-	-	-	-	-	**43.30**	**84.14**
Loan given																
- Varun Beverages RDC SAS	-	-	1,900.11	202.79	-	-	-	-	-	-	-	-	-	-	**1,900.11**	**202.79**
- Varun Beverages International DMCC	-	-	83.29	1,907.33	-	-	-	-	-	-	-	-	-	-	**83.29**	**1,907.33**
- 'IDVB Recycling Operations Private Limited	-	-	-	-	-	-	10.00	-	-	-	-	-	-	-	**10.00**	**-**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiary		Fellow subsidiaries and entities controlled by parent		Joint Venture and Associates (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Interest received/(paid)																
- Varun Beverages Morocco SA	-	-	83.99	58.40	-	-	-	-	-	-	-	-	-	-	**83.99**	**58.40**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	98.59	90.28	-	-	-	-	-	-	-	-	-	-	**98.59**	**90.28**
- Varun Beverages (Zambia) Limited	-	-	58.72	37.57	-	-	-	-	-	-	-	-	-	-	**58.72**	**37.57**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	(7.00)	(2.00)	-	-	**(7.00)**	**(2.00)**
- Varun Beverages RDC SAS	-	-	80.36	9.87	-	-	-	-	-	-	-	-	-	-	**80.36**	**9.87**
- Varun Beverages International DMCC	-	-	161.82	19.45	-	-	-	-	-	-	-	-	-	-	**161.82**	**19.45**
- IDVB Recycling Operations Private Limited	-	-	-	-	-	-	0.68	-	-	-	-	-	-	-	**0.68**	**-**
Contribution to corporate social responsibility activities																
- RJ Foundation	-	-	-	-	-	-	-	-	-	-	158.50	85.04	-	-	**158.50**	**85.04**
Guarantee commission income																
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	3.36	8.60	-	-	-	-	-	-	-	-	-	-	**3.36**	**8.60**
- Varun Beverages (Zambia) Limited	-	-	1.29	4.77	-	-	-	-	-	-	-	-	-	-	**1.29**	**4.77**
- Varun Beverages International DMCC	-	-	14.58	3.86	-	-	-	-	-	-	-	-	-	-	**14.58**	**3.86**
- Varun Beverages Lanka (Private) Limited	-	-	1.76	-	-	-	-	-	-	-	-	-	-	-	**1.76**	**-**
- Varun Beverages RDC SAS	-	-	7.87	-	-	-	-	-	-	-	-	-	-	-	**7.87**	**-**
Dividend income																
- Varun Beverages (Nepal) Private Limited	-	-	407.53	539.49	-	-	-	-	-	-	-	-	-	-	**407.53**	**539.49**
Equity investment																
- Varun Beverages International DMCC	-	-	-	20.68	-	-	-	-	-	-	-	-	-	-	**-**	**20.68**
- IDVB Recycling Operations Private Limited	-	-	-	-	-	-	120.00	0.07	-	-	-	-	-	-	**120.00**	**0.07**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiary		Fellow subsidiaries and entities controlled by parent		Joint Venture and Associates (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
- Clean Max Tav Private Limited	-	-	-	-	-	-	32.82	0.03	-	-	-	-	-	-	**32.82**	**0.03**
- Varun Beverages (Nepal) Private Limited	-	-	625.00	-	-	-	-	-	-	-	-	-	-	-	**625.00**	**-**
- Varun Beverages South Africa (PTY) Limited	-	-	0.05	-	-	-	-	-	-	-	-	-	-	-	**0.05**	**-**
- Huoban Energy 7 Private Limited	-	-	-	-	-	-	21.24	-	-	-	-	-	-	-	**21.24**	**-**
- Lunarmech Technologies Private Limited	-	-	100.00	-	-	-	-	-	-	-	-	-	-	-	**100.00**	**-**
Conversion of loan into investment																
- IDVB Recycling Operations Private Limited	-	-	-	-	-	-	10.00	-	-	-	-	-	-	-	**10.00**	**-**
Professional charges paid																
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	-	-	1.25	4.88	-	-	-	-	**1.25**	**4.88**
Service rendered: management fees																
- Varun Beverages (Nepal) Private Limited	-	-	-	199.32	-	-	-	-	-	-	-	-	-	-	**-**	**199.32**
Travelling expenses paid																
- Wellness Holdings Limited	-	-	-	-	-	146.40	-	-	-	-	-	-	-	-	**-**	**146.40**
Licence Fee Paid																
- Devyani Food Industries Ltd	-	-	-	-	0.90	1.27	-	-	-	-	-	-	-	-	**0.90**	**1.27**
Dividend paid																
- RJ Corp Limited	615.09	444.75	-	-	-	-	-	-	-	-	-	-	-	-	**615.09**	**444.75**
- Mrs. Aastha Agarwal	-	-	-	-	-	-	-	-	-	0.75	-	-	-	-	**-**	**0.75**
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	-	-	-	0.56	-	-	-	-	**-**	**0.56**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	0.02	0.02	-	-	-	-	**0.02**	**0.02**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	-	-	55.15	39.39	-	-	-	-	**55.15**	**39.39**
Service rendered: Technical know-how fees																
- Varun Beverages (Nepal) Private Limited	-	-	-	249.15	-	-	-	-	-	-	-	-	-	-	**-**	**249.15**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiary		Fellow subsidiaries and entities controlled by parent		Joint Venture and Associates (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
(Recovery of Expenses incurred by the Company on behalf of others)/expenses incurred by others on behalf of the Company																
- Devyani International Limited	-	-	-	-	3.37	0.79	-	-	-	-	-	-	-	-	**3.37**	**0.79**
- Lunarmech Technologies Private Limited	-	-	0.12	-	-	-	-	-	-	-	-	-	-	-	**0.12**	**-**
- RJ Corp Limited	(2.43)	(1.81)	-	-	-	-	-	-	-	-	-	-	-	-	**(2.43)**	**(1.81)**
- Devyani Food Industries Limited	-	-	-	-	(21.36)	(19.70)	-	-	-	-	-	-	-	-	**(21.36)**	**(19.70)**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	(0.13)	(1.34)	-	-	-	-	-	-	-	-	**(0.13)**	**(1.34)**
- SMV Beverages Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	**0.00**	**-**
- Varun Beverages International DMCC	-	-	-	3.70	-	-	-	-	-	-	-	-	-	-	**-**	**3.70**
Rent/ lease charges paid/ (received)																
- RJ Corp Limited	112.80	112.80	-	-	-	-	-	-	-	-	-	-	-	-	**112.80**	**112.80**
- SVS India Private Limited	-	-	-	-	2.97	2.73	-	-	-	-	-	-	-	-	**2.97**	**2.73**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	27.00	27.00	-	-	**27.00**	**27.00**
- Devyani Food Industries Limited	-	-	-	-	(8.82)	(8.82)	-	-	-	-	-	-	-	-	**(8.82)**	**(8.82)**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	-	(1.23)	-	-	**-**	**(1.23)**
Medical expenditure																
Global Health Limited	-	-	-	-	-	-	-	-	-	-	0.11	-	-	-	**0.11**	**-**
Financial guarantees given																
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	-	372.54	-	-	-	-	-	-	-	-	-	-	**-**	**372.54**
- Varun Beverages (Zambia) Limited	-	-	-	331.14	-	-	-	-	-	-	-	-	-	-	**-**	**331.14**
- Varun Beverages International DMCC	-	-	-	1,241.79	-	-	-	-	-	-	-	-	-	-	**-**	**1,241.79**
- Varun Beverages Lanka (Private) Limited	-	-	-	100.65	-	-	-	-	-	-	-	-	-	-	**-**	**100.65**
- Varun Beverages RDC SAS	-	-	1,246.75	-	-	-	-	-	-	-	-	-	-	-	**1,246.75**	**-**

*Rounded off to Nil.

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiary		Fellow subsidiaries and entities controlled by parent		Joint Venture and Associates (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Financial guarantees closed																
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	897.66	-	-	-	-	-	-	-	-	-	-	-	**897.66**	-
Purchase of property, plant and equipment																
- Cryoviva Biotech Private Limited	-	-	-	-	-	3.62	-	-	-	-	-	-	-	-	-	3.62
Sale of property, plant and equipment																
- Varun Beverages (Nepal) Private Limited	-	-	12.33	-	-	-	-	-	-	-	-	-	-	-	**12.33**	-
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	342.62	279.43	-	-	-	-	-	-	-	-	-	-	**342.62**	279.43
- Varun Beverages (Zambia) Limited	-	-	21.93	6.64	-	-	-	-	-	-	-	-	-	-	**21.93**	6.64
- Varun Beverages Lanka (Private) Limited	-	-	50.28	4.59	-	-	-	-	-	-	-	-	-	-	**50.28**	4.59
- Lunarmech Technologies Private Limited	-	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	0.01
- Varun Beverages RDC SAS	-	-	75.07	-	-	-	-	-	-	-	-	-	-	-	**75.07**	-
Contribution to gratuity trust																
- VBL Employees Gratuity Trust	-	-	-	-	-	-	-	-	-	-	-	-	250.00	350.00	**250.00**	350.00
IT infrastructure support fee received																
- Varun Beverages (Nepal) Private Limited	-	-	2.73	2.21	-	-	-	-	-	-	-	-	-	-	**2.73**	2.21
- Varun Beverages Lanka (Private) Limited	-	-	4.96	4.57	-	-	-	-	-	-	-	-	-	-	**4.96**	4.57
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	5.49	8.07	-	-	-	-	-	-	-	-	-	-	**5.49**	8.07
- Devyani International Limited	-	-	-	-	4.41	1.53	-	-	-	-	-	-	-	-	**4.41**	1.53
- Varun Beverages (Zambia) Limited	-	-	4.95	7.64	-	-	-	-	-	-	-	-	-	-	**4.95**	7.64

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiary		Fellow subsidiaries and entities controlled by parent		Joint Venture and Associates (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
- Varun Beverages Morocco SA	-	-	4.99	4.64	-	-	-	-	-	-	-	-	-	-	**4.99**	**4.64**
- Rj Corp Limited	0.84	1.03	-	-	-	-	-	-	-	-	-	-	-	-	**0.84**	**1.03**
- Diagno Labs Private Limited	-	-	-	-	-	-	-	-	-	-	-	0.03	-	-	**-**	**0.03**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	2.06	1.77	-	-	-	-	-	-	-	-	**2.06**	**1.77**
- Varun Beverages RDC SAS	-	-	0.30	0.18	-	-	-	-	-	-	-	-	-	-	**0.30**	**0.18**
- Devyani Food Industries Limited	-	-	-	-	11.96	8.86	-	-	-	-	-	-	-	-	**11.96**	**8.86**
- Cryoviva Biotech Private Limited	-	-	-	-	3.16	0.89	-	-	-	-	-	-	-	-	**3.16**	**0.89**
- Lineage Healthcare Limited	-	-	-	-	-	-	-	-	-	-	0.57	-	-	-	**0.57**	**-**
Varun Beverages International DMCC	-	-	0.09	-	-	-	-	-	-	-	-	-	-	-	**0.09**	**-**
Capital commitments																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	201.60	201.60	-	-	**201.60**	**201.60**
Bonus share issued																
- RJ Corp Limited	-	593.00	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**593.00**
- Mrs. Aastha Agarwal	-	-	-	-	-	-	-	-	-	1.00	-	-	-	-	**-**	**1.00**
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	-	-	-	0.75	-	-	-	-	**-**	**0.75**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	**-**	**0.02**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	-	-	-	52.52	-	-	-	-	**-**	**52.52**
Deemed investment (Cross charge of share based payments)																
- Varun Beverages (Zambia) Limited	-	-	0.12	-	-	-	-	-	-	-	-	-	-	-	**0.12**	**-**
- Varun Beverages RDC SAS	-	-	0.20	-	-	-	-	-	-	-	-	-	-	-	**0.20**	**-**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	2.93	-	-	-	-	-	-	-	-	-	-	-	**2.93**	**-**
- Varun Beverages Morocco SA	-	-	6.53	-	-	-	-	-	-	-	-	-	-	-	**6.53**	**-**
- Varun Beverages International DMCC	-	-	2.45	-	-	-	-	-	-	-	-	-	-	-	**2.45**	**-**
- Varun Beverages (Nepal) Private Limited	-	-	1.24	-	-	-	-	-	-	-	-	-	-	-	**1.24**	**-**
- Varun Beverages Lanka (Private) Limited	-	-	2.28	-	-	-	-	-	-	-	-	-	-	-	**2.28**	**-**

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiary		Fellow subsidiaries and entities controlled by parent		Joint Venture and Associates (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Utilility charges																
- Clean Max Tav Private Limited	-	-	-	-	-	-	28.24	-	-	-	-	-	-	-	**28.24**	**-**
- Lunarmech Technologies Private Limited	-	-	26.53	-	-	-	-	-	-	-	-	-	-	-	**26.53**	**-**
- Huoban Energy 7 Private Limited	-	-	-	-	-	-	13.34	-	-	-	-	-	-	-	**13.34**	**-**
Balances outstanding at the end of the year, net including loan outstanding																
A. Receivable/(payable),net																
- Varun Beverages Morocco SA	-	-	1,188.75	1,133.84	-	-	-	-	-	-	-	-	-	-	**1,188.75**	**1,133.84**
- Varun Beverages (Nepal) Private Limited	-	-	399.13	1,078.53	-	-	-	-	-	-	-	-	-	-	**399.13**	**1,078.53**
- Ole Spring Bottlers (Private) Limited	-	-	(0.00)	5.72	-	-	-	-	-	-	-	-	-	-	**(0.00)**	**5.72**
- Varun Beverages Lanka (Private) Limited	-	-	52.61	13.45	-	-	-	-	-	-	-	-	-	-	**52.61**	**13.45**
- Varun Beverages (Zambia) Limited	-	-	931.32	922.72	-	-	-	-	-	-	-	-	-	-	**931.32**	**922.72**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	1,669.74	1,569.81	-	-	-	-	-	-	-	-	-	-	**1,669.74**	**1,569.81**
- Devyani International Limited	-	-	-	-	11.90	3.75	-	-	-	-	-	-	-	-	**11.90**	**3.75**
- RJ Corp Limited	36.24	35.60	-	-	-	-	-	-	-	-	-	-	-	-	**36.24**	**35.60**
- Wellness Holdings Limited	-	-	-	-	-	0.02	-	-	-	-	-	-	-	-	**-**	**0.02**
- Lunarmech Technologies Private Limited	-	-	(78.19)	(302.61)	-	-	-	-	-	-	-	-	-	-	**(78.19)**	**(302.61)**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	100.23	161.91	-	-	**100.23**	**161.91**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	0.00	5.41	-	-	**0.00**	**5.41**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	1.05	0.70	-	-	**1.05**	**0.70**
- Devyani Airport Services (Mumbai) Private Limited	-	-	-	-	-	0.13	-	-	-	-	-	-	-	-	**-**	**0.13**
- Devyani Food Industries Limited	-	-	-	-	4.95	(56.21)	-	-	-	-	-	-	-	-	**4.95**	**(56.21)**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiary		Fellow subsidiaries and entities controlled by parent		Joint Venture and Associates (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/ director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
- Lineage Healthcare Limited	-	-	-	-	-	-	-	-	-	-	0.39	(0.00)	-	-	**0.39**	**(0.00)**
- Devyani Food Industries (Kenya) Ltd	-	-	-	-	15.27	21.97	-	-	-	-	-	-	-	-	**15.27**	**21.97**
- Diagno Labs Private Limited	-	-	-	-	-	-	-	-	-	-	-	0.12	-	-	**-**	**0.12**
- Varun Beverages RDC SAS	-	-	2,212.98	219.12	-	-	-	-	-	-	-	-	-	-	**2,212.98**	**219.12**
- Varun Beverages International DMCC	-	-	2,198.40	1,948.02	-	-	-	-	-	-	-	-	-	-	**2,198.40**	**1,948.02**
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	-	-	-	(0.40)	-	-	-	-	**-**	**(0.40)**
- SVS India Private Limited	-	-	-	-	(0.58)	(1.17)	-	-	-	-	-	-	-	-	**(0.58)**	**(1.17)**
- Cryoviva Biotech Private Limited	-	-	-	-	4.78	1.05	-	-	-	-	-	-	-	-	**4.78**	**1.05**
- IDVB Recycling Operations Private Limited	-	-	-	-	-	-	(0.00)*	-	-	-	-	-	-	-	**(0.00)**	**-**
- Clean Max Tav Private Limited	-	-	-	-	-	-	(1.88)	-	-	-	-	-	-	-	**(1.88)**	**-**
- Huoban Energy 7 Private Limited	-	-	-	-	-	-	(1.70)	-	-	-	-	-	-	-	**(1.70)**	**-**
B. Financial guarantees																
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	374.02	1,266.63	-	-	-	-	-	-	-	-	-	-	**374.02**	1,266.63
- Varun Beverages (Nepal) Private Limited	-	-	280.98	280.98	-	-	-	-	-	-	-	-	-	-	**280.98**	280.98
- Varun Beverages (Zambia) Limited	-	-	332.47	331.14	-	-	-	-	-	-	-	-	-	-	**332.47**	331.14
- Varun Beverages International DMCC	-	-	1,246.75	1,241.79	-	-	-	-	-	-	-	-	-	-	**1,246.75**	1,241.79
- Varun Beverages Lanka (Private) Limited	-	-	114.79	100.65	-	-	-	-	-	-	-	-	-	-	**114.79**	100.65
- Varun Beverages RDC SAS	-	-	1,246.75	-	-	-	-	-	-	-	-	-	-	-	**1,246.75**	-

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

43. Disclosure on lease transactions pursuant to Ind AS 116 - Leases

The Company's lease asset class primarily consists of leases for land, buildings and plant and equipment. With the exception of short-term leases, leases of low-value and cancellable long-term leases underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liability.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the weighted average borrowing rate ranging 5.44-8.22% (31 December 2022: 5.44-8.22%).

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right of use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets otherthan leasehold lands as security against the Company's other debts and liabilities.

i. Lease liabilities are presented in the balance sheet is as follows-

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Current maturities of lease liabilities (Refer note 18D)	176.29	113.67
Non-current lease liabilities (Refer note 18C)	1,043.65	1,117.39
Total	**1,219.94**	**1,231.06**

ii. The recognised right of use assets relate to land, buildings and plant and equipments as at 31 December 2023 and 31 December 2022:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Right of use assets - land, buildings and plant and equipments		
Balance at the beginning of the year	8,267.06	5,204.88
Additions for the year	773.13	3,300.54
Rebate/grant related to asset received	(16.61)	(68.24)
Refund received for the year	-	(10.35)
Amortisation charge for the year	(147.69)	(159.77)
Balance at the end of the year	**8,875.89**	**8,267.06**

iii. The following are amounts recognised in Standalone Statement of Profit and Loss:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Amortisation charge on right of use assets	147.69	159.77
Interest expense on lease liabilities	115.23	10.03
Total	**262.92**	**169.80**

*During the previous year ended on 31 December 2022, interest expense on leasehold lands acquired were capitalised as pre-operative expense amounting to ₹ 24.70 million.

iv. Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less), cancellable long-term leases and for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 711.51 million (31 December 2022 ₹ 569.90 millon).

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

v. Refer Standalone Cash Flow Statement for total cash outflow for leases.

vi. Maturity of lease liabilities

Future minimum lease payments were as follows for 31 December 2023:

(₹ in million)

	Lease payments	Interest expense	Net Present value
Not later than 1 year	282.21	105.92	176.29
Later than 1 year not later than 5 years	1,026.78	235.34	791.44
Later than 5 years	829.45	577.24	252.21
Total	**2,138.44**	**918.50**	**1,219.94**

Future minimum lease payments were as follows for 31 December 2022:

(₹ in million)

	Lease payments	Interest expense	Net Present value
Not later than 1 year	216.89	103.22	113.67
Later than 1 year not later than 5 years	950.26	271.77	678.49
Later than 5 years	997.69	558.79	438.90
Total	**2,164.84**	**933.78**	**1,231.06**

44. The business activities of the Company predominantly fall within a single reportable business segment, i.e., manufacturing and sale of beverages within India. There are no separately reportable business or geographical segments that meet the criteria prescribed in Ind AS 108 on Operating Segments. The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Company is seasonal.

45. Dues to Micro and Small Enterprises

The dues to Micro and Small Enterprises as required under the Micro, Small and Medium Enterprises Development ("MSMED") Act, 2006 to the extent information available with the Company is given below:

(₹ in million)

Particulars	31 December 2023	31 December 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	767.25	653.33
Interest due on above	4.83	1.07
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year*	522.67	116.95
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	8.67	2.91
The amount of interest accrued and remaining unpaid at the end of each accounting year	27.21	13.71
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	27.21	13.71

*includes principal amounting to ₹ 522.67 million (31 December 2022: ₹ 116.95 million).

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

46. Details of Corporate Social Responsibility (CSR) expenditure

In accordance with the provisions of section 135 of the Companies Act, 2013, the Board of Directors of the Company had constituted CSR Committee. The detail for CSR activities is as follows.

(₹ in million)

Particulars		For the year ended 31 December 2023	For the year ended 31 December 2022
a)	Gross amount required to be spent by the Company during the year	158.50	85.04
b)	Amount approved by Board to be spent during the year	158.50	85.04
c)	Amount spent during the year on the following		
	1. Construction / Acquisition of any asset	14.59	13.00
	2. On purpose other than 1 above	143.91	72.04
d)	Excess amount spent on CSR as per Section 135(5) of Companies Act, 2013:		
	1. Opening balance	-	-
	2. Amount required to be spent during the year	158.50	85.04
	3. Amount spent during the year	158.50	85.04
	4. Closing balance	-	-
e)	Total of previous year shortfall	-	-
f)	Reason for shortfall	Not Applicable	Not Applicable
g)	Nature of CSR activities	Promoting Healthcare, Education, environmental sustainability, gender equality, animal welfare etc.	Promoting Healthcare, Education, environmental sustainability, rural development, animal welfare etc.

1. Refer note 42B for amounts paid to RJ Foundation (CSR implementing agency registered with Ministry of Corporate Affairs, Office of the Registrar of Companies, New Delhi) having objects to carry on CSR activities as per requirements laid down under Section 135 of the Companies Act, 2013.
2. The Company does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

47. Share-based payments

a. Description of share based payment arrangements

i) Share Options Schemes (equity settled)

Employees Stock Option Scheme 2016 ("ESOS 2016 or scheme")

The ESOS 2016 was approved by the Board of Directors and the shareholders on 27 April 2016 and further ratified and amended by the shareholders in their meetings held on 17 April 2017 and 07 April 2022 respectively. Further, National Stock Exchange of India Limited and BSE Limited have accorded their in principle approvals for issue and allotment of upto 16,695,152 equity shares ("Ceiling Limit"). The scheme was formulated with the objective to enable the Company to grant Options for equity shares of the Company to certain eligible employees as defined in the Scheme at a pre-determined price.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

The Options were granted on the dates as mentioned in the table below:

31 December 2023

Scheme	Grant Date	Number of Options Granted	Exercise Price	Vesting Conditions	Vesting Period	Contractual period
ESOS 2016	06-Feb-23	54,000	628	Graded vesting over 4 years	06 Feb 2023 to 01 Jan 2027	0-3.92 Years
ESOS 2016	02-May-23	12,000	643	Graded vesting over 4 years	02 May 2023 to 01 Jan 2027	0-3.67 Years
ESOS 2016	03-Aug-23	50,000	801	Graded vesting over 4 years	03 Aug 2023 to 01 Jan 2027	0-3.42 Years
ESOS 2016	06-Nov-23	26,000	899	Graded vesting over 4 years	06 Nov 2023 to 01 Jan 2027	0-3.17 Years
ESOS 2016	23-Nov-23	30,000	899	Graded vesting over 4 years	23 Nov 2023 to 01 Jan 2027	0-3.09 Years

31 December 2022

Scheme	Grant Date	Number of Options Granted	Exercise Price	Vesting Conditions	Vesting Period	Contractual period
ESOS 2016	04-Jan-22	280,950	303	Graded vesting over 4 years	04 Jan 2023 to 01 Jan 2026	0-4 Years
ESOS 2016	03-Feb-22	9,000	299	Graded vesting over 4 years	03 Feb 2023 to 01 Jan 2026	0-3.92 Years
ESOS 2016	03-Mar-22	18,000	298	Graded vesting over 4 years	03 Mar 2023 to 01 Jan 2026	0-3.83 Years
ESOS 2016	13-Apr-22	9,000	303	Graded vesting over 4 years	13 Apr 2023 to 01 Jan 2026	0-3.75 Years
ESOS 2016	28-Apr-22	18,000	306	Graded vesting over 4 years	28 Apr 2023 to 01 Jan 2026	0-3.75 Years
ESOS 2016	24-Sep-22	902,000	435	Graded vesting over 4 years	24 Sep 2023 to 01 Jan 2026	0-3.33 Years

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

b. Measurement of fair values

The fair values are measured based on the Black-Scholes-Merton model. The fair value of the options and inputs used in the measurement of the grant date fair values of the equity-settled share based payments are as follows:

31 December 2023

Particulars	Options granted on 06 February 2023	Options granted on 02 May 2023	Options granted on 03 August 2023	Options granted on 06 November 2023	Options granted on 23 November 2023
Fair value per Option at grant date (in ₹)	172.00	263.87	243.57	290.42	347.52
Share price at grant date (in ₹)	577.45	722.60	808.10	951.85	1,031.35
Exercise price (in ₹)	627.50	643.00	801.00	899.00	899.00
Expected volatility	38.03%-40.07%	37.33%-39.95%	36.65%-39.12%	35.77%-37.09%	35.71%-36.46%
Expected life (in years)	1.6-4.5	1.6-4.2	1.6-4.0	1.57-3.72	1.57-3.68
Expected dividends	0.22%	0.24%	0.43%	0.37%	0.34%
Risk-free interest rate	6.57%-6.91%	6.60%-6.69%	6.67%-6.80%	6.82%-6.96%	6.75%-6.89%

31 December 2022

Particulars	Options granted on 04 January 2022	Options granted on 03 February 2022	Options granted on 03 March 2022	Options granted on 13 April 2022	Options granted on 28 April 2022	Options granted on 24 September 2022
Fair value per Option at grant date (in ₹)	130.82	154.17	166.75	167.58	184.29	244.41
Share price at grant date (in ₹)	439.90	470.33	487.93	491.95	518.23	579.48
Exercise price (in ₹)	453.50	448.50	447.00	453.50	459.00	435.00
Expected volatility	37.45%-39.59%	37.59%-39.90%	37.56%-39.94%	37.83%-40.09%	37.64%-40.26%	37.45%-40.70%
Expected life (in years)	1.6-4.6	1.6-4.5	1.6-4.4	1.6-4.3	1.6-4.3	1.6-3.8
Expected dividends	0.28%	0.27%	0.26%	0.25%	0.24%	0.22%
Risk-free interest rate	4.28%-5.59%	4.41%-5.83%	4.52%-5.79%	4.82%-6.27%	4.9%-6.22%	6.44%-6.92%

The risk-free interest rate (continuous compounding) being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the options on the date of grant of options based on the zero-coupon yield curve for Government Securities available as on Valuation date taken from www.ccilindia.com.

The measure of volatility used in the Option-Pricing Model is the annualised standard deviation of the continuous rates of return on the stock over a period of time.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

c. Effect of employee stock option schemes on the standalone statement of profit and loss

(₹ in million, unless otherwise stated)

Particulars	31 December 2023	31 December 2022
Share based payment to employees*	63.35	29.08

*included in employee benefits expense (net of Share based payments in relation to employees of subsidiaries amounting to ₹ 15.75 (31 December 2022 ₹ Nil) (Refer note 31)

d. Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the schemes is as follows:

	As at 31 December 2023		As at 31 December 2022	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Number of options granted, exercised and forfeited				
Options outstanding as at the beginning of the year	1,221,950	399.55	-	-
Add: Options granted during the year	172,000	767.41	1,236,950	399.55
Less: Options exercised during the year	115,736	399.55	-	-
Less: Options forfeited/lapsed during the year	45,000	399.55	15,000	399.55
Options outstanding as at the end of the year	1,233,214	450.86	1,221,950	399.55
Options exercisable at the end of the year	180,750	399.55	-	-

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Weighted average remaining life of options outstanding at the end of year (in years)	2.70	3.56

Also refer note 16(h) on sub-division/split of equity shares of the Company during the year. The outstanding stock options (whether vested or unvested as on the Record Date) and exercise prices as above has been adjusted to ensure fair and reasonable adjustment to the entitlement of the Eligible Employees under the Schemes due to the sub-division/split of equity shares.

48. Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity shareholders of the Company. The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, non-current and current borrowings,current maturity of long-term debts and lease liabilities, less cash and cash equivalents, excluding discontinued operations, if any.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

The amounts managed as capital by the Company for the reporting periods are summarised as follows:

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Non-current borrowings (Refer note 18A)	30,105.49	16,532.58
Current borrowings (Refer note 18B)	17,495.56	18,185.92
Lease liabilities (Refer note 18C)	1,043.65	1,117.39
Current portion of lease liabilities (Refer note 18D)	176.29	113.67
	48,820.99	**35,949.56**
Less: Cash and cash equivalents (Refer note 12)	(494.80)	(473.89)
Net debt (A)	**48,326.19**	**35,475.67**
Equity share capital (Refer note 16)	6,496.07	6,495.50
Other equity (Refer note 17)	64,261.97	48,678.51
Total capital (B)	**70,758.04**	**55,174.01**
Capital and net debt (C=A+B)	**119,084.23**	**90,649.68**
Gearing ratio (A/C)	**40.58%**	**39.13%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 31 December 2022.

There's no breaches in the financial covenants of the borrowing that would permit the banks to immediately call loans and borrowings in the reporting periods.

49. Assets pledged as security

The carrying amount of assets pledged as security are:

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Inventories and trade receivable (Refer note 10 and 11)	17,488.16	15,763.90
Other bank deposits (Refer note 13)	28.29	0.98
Other current financial assets (Refer note 14)	7,695.02	4,757.52
Other current assets (Refer note 15)	3,645.00	3,522.67
Other intangible assets (Refer note 5B)	5,450.74	5,478.55
Property, plant and equipment (Refer note 4A)*	53,955.78	43,215.30
Capital work-in-progress (Refer note 4B)	15,759.99	5,399.45
Right of use assets (Refer note 4C)*	6,223.14	6,324.29

*Exclusive of land for which no mortgages has been created.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

50. Information under Section 186 (4) of the Companies Act, 2013 and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements), 2015

(₹ in million)

(i)

Name of the Loanee	Rate of Interest	Secured/ Unsecured	Maximum balance outstanding during the year 2023	As at 31 December 2023	Maximum balance outstanding during the year 2022	As at 31 December 2022
Varun Beverages Morocco SA	2% +3 month SOFR (31 December 2022: 3.50% + Libor)*	Unsecured	1,077.74	1,077.74	1,073.46	1,073.46
Varun Beverages (Zambia) Limited	2% +3 month SOFR (31 December 2022: 2.25% + Libor)*	Unsecured	802.51	802.51	799.32	799.32
Varun Beverages (Zimbabwe) (Private) Limited	2% +3 month SOFR (31 December 2022: 4% + Libor)*	Unsecured	1,229.38	984.10	1,229.38	1,229.38
Varun Beverages RDC SAS	2% +3 month SOFR (31 December 2022: 4% + Libor)*	Unsecured	2,124.71	2,123.62	215.24	215.24
Varun Beverages International DMCC	2% +3 month SOFR (31 December 2022: 4% + Libor)*	Unsecured	2,011.42	2,011.42	2,099.32	1,920.64
IDVB Recycling Operations Private Limited	10% (31 December 2022: Nil)	Unsecured	10.00	-	-	-

*Rate of interest revised w.e.f. 01 July 2023

The above loans are given for business purposes.

(₹ in million)

(ii)

Name of the Investee	As at 31 December 2023 #	As at 31 December 2022
Varun Beverages Morocco SA	6,179.18	6,179.18
Varun Beverages (Nepal) Private Limited	1,423.91	798.91
Varun Beverages Lanka (Private) Limited	3,149.55	3,149.55
Varun Beverages (Zambia) Limited	3,231.01	3,231.01
Varun Beverages (Zimbabwe) (Private) Limited	0.06	0.06
Lunarmech Technologies Private Limited	262.94	162.93
Varun Beverages RDC SAS	0.74	0.74
Varun Beverages International DMCC	20.68	20.68
Varun Beverages South Africa (PTY) Ltd.	0.05	-
Clean Max Tav Private Limited	32.85	0.03
Huoban Energy 7 Private Limited	21.24	-
IDVB Recycling Operations Private Limited	130.07	0.07
Lone Cypress Ventures Private Limited	31.50	-
The Margao Urban Co-operative Bank Limited	0.01	0.01
The Goa Urban Co-operative Bank Limited*	0.00	0.00

*Rounded off to nil

#Exclusive of deemed investment

The above investments are made for business purposes.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

(₹ in million)

(iii)

Guarantees outstanding, given on behalf of	As at 31 December 2023	As at 31 December 2022
Varun Beverages (Nepal) Private Limited	280.98	280.99
Varun Beverages (Zimbabwe) (Private) Limited	374.02	1,266.63
Varun Beverages (Zambia) Limited	332.47	331.14
Varun Beverages International DMCC	1,246.75	1,241.79
Varun Beverages RDC SAS	1,246.75	-
Varun Beverages Lanka (Private) Limited	114.79	100.65

The above financial guarantees are given on behalf of subsidiaries for business purposes and are in ordinary course of business.

51. Financial instruments risk

Financials risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of financial risks are market risk, credit risk and liquidity risk.

The management of the Company monitors and manages the financial risks relating to the operations of the Company on a continuous basis. The Company's risk management is coordinated at its head office, in close cooperation with the management, and focuses on actively securing the Company's short to medium-term cash flows and simultaneously minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

51.1 Market risk analysis

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and commodity price risk which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The functional currency of the Company is Indian Rupees ('INR' or '₹'). Most of the Company's transactions are carried out in Indian Rupees. Exposures to currency exchange rates mainly arise from the Company's overseas sales and purchases, lending to overseas subsidiary companies, external commercial borrowings etc. which are primarily denominated in US Dollars ('USD'), Australian Dollars (AUD), Euro ('EUR') and Emirati Dirham ('AED').

The Company has limited exposure to foreign currency risk and thereby it mainly relies on natural hedge. To further mitigate the Company's exposure to foreign currency risk, non-INR cash flows are continuously monitored and derivative contracts are entered into wherever considered necessary.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

The carrying amounts of the Company's foreign currency denominated monetary items are restated at the end of each reporting period. Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are as follows:

(Amount in million)

31 December 2023	USD	AUD	EUR	AED
Financial assets				
(i) Loans (non-current and current)				
(a) Loans to related parties	84.21	-	-	-
(ii) Trade receivables (current)	9.04	-	-	-
(iii) Other financial assets (current)				
(a) Interest accrued on loan to related parties	6.02	-	-	-
(b) Guarantee commission receivable	0.25	-	-	-
(c) Other receivables	0.06	-	-	-
Total financial assets	**99.58**	**-**	**-**	**-**
Financial liabilities				
(i) Trade payables	5.57	-	0.00*	0.00*
(ii) Other current financial liabilities				
(a) Payable for capital expenditure	3.46	-	9.63	-
Total financial liabilities	**9.03**	**-**	**9.63**	**0.00***

*Rounded off to Nil

31 December 2022	USD	AUD	EUR	AED
Financial assets				
(i) Loans (non-current and current)				
(a) Loans to related parties	63.27	-	-	-
(ii) Trade receivables (current)	3.50	-	-	-
(iii) Other financial assets (current)				
(a) Interest accrued on loan to related parties	4.26	-	-	-
(b) Guarantee commission receivable	0.21	-	-	-
(c) Other receivables	0.29	-	-	-
Total financial assets	**71.53**	-	-	-
Financial liabilities				
(i) Trade payables	8.26	0.03	0.06	0.02
(ii) Other current financial liabilities				
(a) Current maturity of long-term debts	-	-	-	-
(b) Interest accrued but not due on borrowings	-	-	-	-
(c) Payable for capital expenditure	3.15	-	6.32	-
Total financial liabilities	**11.41**	**0.03**	**6.38**	**0.02**

*Rounded off to Nil

The following table illustrates the foreign currency sensitivity of profit and equity with regards to the Company's financial assets and financial liabilities considering 'all other things being equal' and ignoring the impact of taxation. It assumes a +/- 1% change of the INR/USD, INR/AUD, INR/EUR and INR/AED exchange rate for the year ended at 31 December 2023 (31 December 2022: 1%). These are the sensitivity rates used when reporting foreign currency exposures internally to the key management personnel and represents management's assessment of the reasonably possible changes in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at end of each period reported upon. A positive number indicates an increase in profit or equity and vice-versa.

If the INR had strengthened against the USD by 1% (31 December 2022: 1%), AUD by 1% (31 December 2022: 1%), EUR by 1% (31 December 2022: 1%) and AED by 1% (31 December 2022: 1%), the following would have been the impact:

(₹ in million)

Particulars	Profit/(Loss) for the year		Equity	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
USD	(75.26)	(49.77)	(75.26)	(49.77)
EUR	8.86	5.62	8.86	5.62
AED	-	0.00*	-	0.00*
AUD	-	0.02	-	0.02

*Rounded off to Nil

If the INR had weakened against the USD by 1% (31 December 2022 1%), AUD by 1% (31 December 2022: 1%), EUR by 1% (31 December 2022: 1%) and AED by 1% (31 December 2022: 1%), the following would have been the impact:

(₹ in million)

Particulars	Profit/(Loss) for the year		Equity	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
USD	75.26	49.77	75.26	49.77
EUR	(8.86)	(5.62)	(8.86)	(5.62)
AED	-	0.00*	-	0.00*
AUD	-	(0.02)	-	(0.02)

*Rounded off to Nil

Exposures to foreign exchange rates vary during the year depending on the volume of the overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Company is exposed to changes in market interest rates as some of the bank and other borrowings are at variable interest rates and also loans have been advanced to subsidiary companies at variable interest rates. All the Company's term deposits are at fixed interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (31 December 2022: +/- 1%). These changes are considered to be reasonably possible based on management's assessment. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(₹ in million)

Particulars	Profit/(Loss) for the year		Equity	
	+1%	-1%	+1%	-1%
31 December 2023	(320.71)	320.71	(320.71)	320.71
31 December 2022	(231.31)	231.31	(231.31)	231.31

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of pet chips and sugar and therefore require a continuous supply. In view of volatility of pet chips and sugar prices, the Company also executes into various advance purchase contracts.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

Commodity price sensitivity

The following tables shows the effect of price change in sugar and pet chips

(₹ in million)

Particulars	Change in yearly average price		Effect on profit before tax		Effect on equity	
31 December 2023						
Sugar	+1%	-1%	(127.44)	127.44	(127.44)	127.44
Pet chips	+1%	-1%	(112.53)	112.53	(112.53)	112.53

(₹ in million)

Particulars	Change in yearly average price		Effect on profit before tax		Effect on equity	
31 December 2022						
Sugar	+1%	-1%	(113.84)	113.84	(113.84)	113.84
Pet chips	+1%	-1%	(90.01)	90.01	(90.01)	90.01

Other price sensitivity

The Company is not exposed to any listed equity or listed debt price risk as it does not hold any investments in listed entities.

51.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is operating through a network of distributors and other distribution partners based at different locations. The Company is exposed to this risk for various financial instruments, for example loans granted, receivables from customers, deposits placed etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at end of each reporting period, as summarised below:

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Classes of financial assets-carrying amounts:		
Investments (non-current)	14,499.54	13,543.17
Loans (current and non-current)	6,999.39	5,238.04
Trade receivables	2,129.42	1,502.42
Cash and cash equivalents	494.80	473.89
Bank balances other than mention above	28.29	0.98
Other financial assets (current and non-current)	8,259.87	5,199.97
	32,411.31	**25,958.47**

The Company continuously monitors receivables and defaults of customers and other counterparties, and incorporates this information into its credit risk controls. Appropriate security deposits are kept against the supplies to customers and balances are reconciled at regular intervals. The Company's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty. Trade receivables consist of a large number of customers of various scales and in different geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables. In case the receivables are not recovered even after regular follow up, measures are taken to stop further supplies to the concerned customer. The expected credit loss is based on the five years historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Movement in expected credit loss allowance on trade receivables

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Balance at the beginning of the year	289.03	254.44
(Reversal)/Loss allowance measured at lifetime expected credit loss	(2.31)	34.59
Balance at the end of the year	**286.72**	**289.03**

The credit risk for cash and cash equivalents, bank deposits including interest accrued thereon and Government grant receivables is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and State Government bodies. The credit risk for loans advanced to subsidiary companies including interest accrued thereon is also considered negligible since operations of these entities are regularly monitored by the Company and these companies have shown considerable growth.

In respect of financial guarantees provided by the Company, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of each reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

51.3 Liquidity risk analysis

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and considering the maturity profiles of financial assets and other financial liabilities as well as forecast of operational cash inflows and outflows. Liquidity needs are monitored in various time bands, on a day-to-day basis, a week-to-week basis and a month-to-month basis. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the Company's ability to avail further credit facilities subject to creation of requisite charge on its assets. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

As at 31 December 2023, the Company's non-derivative financial liabilities have contractual undiscounted maturities as summarised below:

(₹ in million)

31 December 2023	Carrying value	1 to 12 months	1 to 5 years	Later than 5 years	Total contractual cash flow
Borrowings (current and non-current)	47,601.05	17,510.27	29,669.00	580.82	47,760.09
Lease liabilities (current and non-current)	1,219.94	282.21	1,026.78	829.45	2,138.44
Trade payables	4,918.61	4,918.61	-	-	4,918.61
Other financial liabilities (current)	6,678.70	6,678.70	-	-	6,678.70
Total	**60,418.30**	**29,389.79**	**30,695.78**	**1,410.27**	**61,495.84**

(₹ in million)

31 December 2022	Carrying value	1 to 12 months	1 to 5 years	Later than 5 years	Total contractual cash flow
Borrowings (current and non-current)	34,718.50	18,214.84	16,651.22		34,866.06
Lease liabilities (current and non-current)	1,231.06	216.89	950.26	997.69	2,164.84
Trade payables	5,757.93	5,757.93	-	-	5,757.93
Other financial liabilities (current)	4,943.36	4,943.36	-	-	4,943.36
Total	**46,650.85**	**29,133.02**	**17,601.48**	**997.69**	**47,732.19**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

52. Fair value measurements

Financial instruments by categories

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

Particulars	Notes	31 December 2023		31 December 2022	
		FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets					
(i) Non-current financial assets					
(a) Investment (non-current)	6	31.51	14,468.03	0.01	13,543.17
(b) Loans	7	-	6,999.39	-	5,238.04
(c) Other financial assets	8	-	564.85	-	442.45
(ii) Current financial assets					
(a) Trade receivables	11	-	2,129.42	-	1,502.42
(b) Cash and cash equivalents	12	-	494.80	-	473.89
(c) Bank balances other than (b) above	13	-	28.29	-	0.98
(d) Other financial assets	14	-	7,695.02	-	4,757.52
Total		**31.51**	**32,379.80**	**0.01**	**25,958.47**
Financial liabilities					
(i) Non-current borrowings (excluding those disclosed under FVTPL category above)	18A	-	30,105.49	-	16,532.58
(ii) Non-current lease liabilities	18C	-	1,043.65	-	1,117.39
(iii) Current financial liabilities				-	
(a) Borrowings	18B	-	17,495.56	-	18,185.92
(b) Lease liabilities	18D	-	176.29	-	113.67
(c) Trade payables	22	-	4,918.61	-	5,757.93
(d) Other	23	-	6,678.70	-	4,943.36
Total		**-**	**60,418.30**	**-**	**46,650.85**

Valuation technique to determine fair value

Cash and cash equivalents, other bank balances, trade receivables, loans, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:”

- The fair values of the long term borrowings, loans and other deferred payments are determined by using discounted cash flow method using the appropriate discount rate. The discount rate is determined using other similar instruments incorporating the risk associated.
- The Company executed derivative financial instruments such as cross currency interest rate swap being valued using valuation techniques, which employs use of market observable inputs. The Company uses mark to market valuation provided by bank for its valuation.

Fair value hierarchy

The financial assets measured at fair value are grouped into the fair value hierarchy as on 31 December 2023 and 31 December 2022 as follows: (also refer note 3.1)

(₹ in million)

31 December 2023	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2023	31.51	-	-	31.51

There have been no transfers of financial assets and financial liabilities between the levels during the year 2022

(₹ in million)

31 December 2022	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2022	0.01	-	-	0.01

53. Details of unhedged exposure in foreign currency denominated monetary items

Exposure in foreign currency - unhedged

Outstanding foreign currency exposure not being hedged against adverse currency fluctuation:

Particulars	Period	Foreign currency		Local currency	
Trade receivable	31 December 2023	USD	9.04	INR	751.19
	31 December 2022	USD	3.50	INR	290.07
Loan given	31 December 2023	USD	84.21	INR	6,999.39
	31 December 2022	USD	63.27	INR	5,238.04
Other receivables	31 December 2023	USD	6.32	INR	525.45
	31 December 2022	USD	4.76	INR	393.75
Trade payables	31 December 2023	USD	5.57	INR	462.62
	31 December 2022	USD	8.26	INR	683.91
	31 December 2023	EUR	0.00*	INR	0.12
	31 December 2022	EUR	0.06	INR	5.41
	31 December 2023	AUD	0.00*	INR	0.16
	31 December 2022	AUD	0.03	INR	1.66
	31 December 2023	AED	-	INR	-
	31 December 2022	AED	0.02	INR	0.46
Payable for capital expenditure	31 December 2023	USD	3.46	INR	288.67
	31 December 2022	USD	3.15	INR	260.38
	31 December 2023	EUR	9.63	INR	886.46
	31 December 2022	EUR	6.32	INR	556.95

*Rounded off nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

54. Financial ratios

(₹ in million)

Ratio	Measurement unit	Numerator	Denominator	As at 31 December 2023	As at 31 December 2022	Change	Reason for variance if more than 25%
				Ratio	Ratio		
Current ratio	Times	Current assets	Current liabilities (inclusive of current maturities of long-term debts)	0.89	0.75	18.81%	Not applicable
Debt-equity ratio	Times	Total debt [Non-current borrowings + Current borrowings+Lease liabilities]	Total equity	0.69	0.65	5.89%	Not applicable
Debt service coverage ratio	Times	Earnings available for debt service [Profit/(loss) after tax + Depreciation and amortisation + impairment + finance cost + profit on sale of property, plant and equipment, investment + other non cash adjustments]	Debt service (interest and lease payments + principal repayments)	1.28	0.97	32.14%	Refer note below i
Return on equity ratio	Percentage	Net profit after tax	Average shareholder's equity [(opening shareholder's equity + closing shareholder's equity)/2]	28.19%	25.62%	10.04%	Not applicable
Inventory turnover ratio	Times	Costs of materials consumed + Purchases of stock-in-trade + Changes in inventories of traded goods	Average inventories [(opening inventories + closing inventories) /2]	4.70	4.88	-3.54%	Not applicable
Trade receivables turnover ratio	Times	Revenue from operations	Average trade receivables [(opening trade receivables +closing trade receivables)/2]	69.57	75.06	-7.32%	Not applicable
Trade payables turnover ratio	Times	Net purchases	Average trade payables [(opening trade payables + closing trade payables)/2]	11.72	12.00	-2.38%	Not applicable

(₹ in million)

Ratio	Measurement unit	Numerator	Denominator	As at 31 December 2023	As at 31 December 2022	Change	Reason for variance if more than 25%
				Ratio	Ratio		
Net capital turnover ratio	Times	Revenue from operations	Working capital [current assets - current liabilities inclusive of current maturities of long-term debts]	(35.31)	(12.98)	172.03%	Refer note below ii and iii
Net profit ratio	Percentage	Net profit after tax	Revenue from operations	14.05%	11.99%	17.22%	Not applicable
Return on capital employed	Percentage	Earnings before interest and taxes	Capital employed = Tangible net worth* + total debt** + deferred tax liabilities	21.26%	19.49%	9.07%	Not applicable
Return on investment (ROI)	Percentage	Earnings before interest and tax	Total assets	18.62%	16.61%	12.12%	Not applicable

Note:

i. Increased in earnings during the current year compared to previous year due to growth in revenue.

ii. Increased in revenue from operations during the current year compared to previous year due to growth in revenue.

iii. Decreased primarily due to increase in inventory, trade receivables and other assets.

*Tangible net worth- equity share capital + other equity

**Total debt- non-current and current borrowings + non-current and current lease liabilities

55A. Disclosure relating to provision:

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Opening balance	-	-
Addition	503.72	-
Utilisation	-	-
Closing balance	**503.72**	**-**

The Company has made GST provision towards tax rate difference based on the demand order amounting to ₹ 120.08 million issued by Central GST Commissionerate, Jalandhar for the period 01 July 2017 to 30 September 2021 in the State of Punjab. Considering the demand order, Company has conservatively provided for GST liability on entrire sales of a product for the said period. The Company has not recovered the additional GST liability from its customers.

Notes:

i. This provision represent estimates made mainly for probable claim arising out of dispute pending with authority. The probability and the timing of the outflow with regard to the matter depend on the final outcome of the dispute. Hence, the Company is not able to reasonably ascertain the timing of the outflow.

ii. Discounting obligation has not been considered as the dispute relates to Government Authority.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

55.B Additional regulatory information not disclosed elsewhere in the financial information

a) The Company does not have any Benami property and no proceedings have been initiated or pending against the Company for holding any Benami property, under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the rules made thereunder.

b) The Company does not have any transactions with struck off companies under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956, except for the parties mentioned below:

Name of the struck off company	Nature of transactions with struck off company	Balance outstanding as at 31 December 2023	Relationship with the struck off company	Balance outstanding as at 31 December 2022	Relationship with the struck off company
Ace Polypet Private Limited	Sale of goods	(0.00)*	No relationship	(0.00)*	No relationship
C A Trade Links Private Limited	Security deposit received	(0.09)	No relationship	(0.09)	No relationship
Ngen Auto Private Limited	Purchases	0.00*	No relationship	0.00*	No relationship
J K Cement Private Limited	Purchases	-	No relationship	0.00*	No relationship
Nts Engineering Private Limited	Purchases	-	No relationship	-	No relationship

*Rounded off to Nil

c) The Company does not have any charges which is yet to be registered with ROC beyond the statutory period. The Company had obtained loans from banks in earlier years which have been fully repaid. However pending NOCs from banks, the satisfaction of charges is yet to be registered with ROC in some of the cases.

d) The Company has not traded or invested in Crypto currency or Virtual Currency during the current and previous financial year.

e) The Company has not advanced or provided loan to or invested funds in any entity(ies) including foreign entities (Intermediaries) or to any other person(s), with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

f) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

g) The Company has not undertaken any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

h) The Company has not been declared a 'Wilful Defaulter' by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

i) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2023

j) The borrowings obtained by the company from banks have been applied for the purposes for which such loans were taken.

k) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

l) The Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.

56. On 19 December 2023, the Company has entered into a binding agreement to acquire 100% stake in the business conducted by The Beverage Company (Proprietary) Limited, South Africa along with its wholly owned subsidiaries (hereinafter referred as “Bevco”) with an option to accept minority co-investment from large equity fund, subject to approvals from PepsiCo Inc., Competition Commissions and other regulatory approvals (if any) for a proposed purchase consideration amounting to ZAR 3 Billion (₹ 13.2 Billion; 1 ZAR= ₹4.4). The indicative time period for completion of the acquisition is on or before 31 July 2024. Bevco is engaged in the business of manufacturing and distribution of licensed (PepsiCo Inc.) and own-branded non-alcholic beverages in South Africa. Bevco has franchise bottling rights from PepsiCo Inc. for South Africa, Lesotho and Eswatini and distribution rights for Namibia and Botswana.

57. Subsequent events occurred after the balance sheet date:

i) On 25 January 2024, the Company has started commercial production of products of the Company including backward integeration at its new greenfiled production facilitiy at Supa, Maharashtra.

ii) On 02 January 2024, the Company has subscribed its 99% share capital for a consideration of ₹ 1.32 million in newly incorporated subsidiary company i.e. VBL Mozambique, SA in Mozambique for selling and distribution of beverages.

iii) The Board of Directors in their meeting held on 05 February 2024 have approved a payment of final dividend of ₹ 1.25 (Rupees one and paise twenty five only) per equity share of the face value of ₹ 5 each, subject to the approval of equity shareholders in ensuing annual general meeting of the Company. With this, total dividend declared for year ended 31 December 2023 stands at ₹ 2.50 (Rupees two and paise fifty only) per equity share of the face value of ₹ 5 each.

58. The amounts of previous reported period have been regrouped/reclassified wherever considered necessary in order to comply with financial reporting requirements.

The accompanying notes 1 to 58 are an integral part of the standalone financial statements.
As per our report of even date attached

For J. C. Bhalla & Co.
Chartered Accountants
Firm’s Registration No.: 001111N

For O P Bagla & Co LLP
Chartered Accountants
Firm’s Registration No.: 000018N/N500091

For and on behalf of the Board of Directors of
Varun Beverages Limited

Akhil Bhalla
Partner
Membership No.: 505002

Neeraj Kumar Agarwal
Partner
Membership No.: 094155

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Lalit Malik
Chief Financial Officer

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F- 5746

Place : Gurugram
Dated : 05 February 2024

VARUN BEVERAGES

www.varunbeverages.com

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