



# VARUN BEVERAGES LIMITED



Corporate Off : Plot No.31, Institutional Area, Sec.-44, Gurgaon, Haryana-122002 (India)  
Ph.: +91-124-4643100-500 • Fax: +91-124-4643303/04 E-mail : info@rjcorp.in • Visit us at : www.varunpepsi.com  
CIN No. : L74899DL1995PLC069839

March 1, 2023

To

National Stock Exchange of India Ltd. Exchange Plaza, Block G,C/1, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Email: cmlist@nse.co.in Symbol: VBL	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Email: corp.relations@bseindia.com Security Code: 540180
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**Sub: Notice of 28<sup>th</sup> Annual General Meeting and Annual Report of the Company for the Financial Year ended December 31, 2022**

Dear Sir / Madam,

In continuation to our letter dated February 6, 2023, as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the following:

1. Notice of the 28<sup>th</sup> Annual General Meeting of the Company scheduled to be held on Monday, March 27, 2023 at 11:00 A.M. (IST) through Video Conferencing / Other Audio Visual Means facility; and
2. Annual Report of the Company for the Financial Year ended December 31, 2022.

Further, please note that the Company is following 1<sup>st</sup> January to 31<sup>st</sup> December as its financial year in terms of Section 2(41) of the Companies Act, 2013 as approved by the Company Law Board.

You are requested to take the above on record.

Yours faithfully,  
**For Varun Beverages Limited**

**Ravi Batra**  
Chief Risk Officer & Group Company Secretary



**Encl.:** As above



## Varun Beverages Limited

**Registered Office:** F-2/7, Okhla Industrial Area, Phase I, New Delhi-110 020; Tel: +91 11 41706720

**Corporate Office:** Plot No. 31, Institutional Area, Sector – 44, Gurugram-122 002

Tel: +91 124 4643100

**E-mail:** complianceofficer@rjcorp.in; **Website:** www.varunpepsi.com

**Corporate Identity Number:** L74899DL1995PLC069839

# NOTICE

Notice is hereby given that 28<sup>th</sup> (Twenty Eighth) Annual General Meeting ('AGM') of Varun Beverages Limited ('the Company') will be held on Monday, March 27, 2023 at 11:00 A.M. IST through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') facility, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company together with the report of Board of Directors and Auditors' thereon and the Audited Consolidated Financial Statements of the Company together with Auditors' Report thereon for the Financial Year ended December 31, 2022.
2. To declare final dividend of ₹ 1/- per equity share of face value of ₹ 10/- each for the Financial Year ended December 31, 2022.
3. To appoint Mr. Ravi Jaipuria (DIN: 00003668), who retires by rotation and being eligible, offers himself for re-appointment as a Director.
4. To appoint M/s. J C Bhalla & Co., Chartered Accountants, as Joint Statutory Auditors for a term of upto 5 (Five) consecutive years, fix their remuneration and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions of the Companies Act, 2013, if any and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. J C Bhalla & Co., Chartered Accountants (Firm Registration Number 001111N) be and are hereby appointed as Joint Statutory Auditors of the Company for a term of upto 5 (Five) consecutive years to hold office from the conclusion of this Annual General Meeting ('AGM') till the conclusion of 33<sup>rd</sup> (Thirty Third) AGM of the Company to be held in the Year 2028, at a remuneration to be fixed by the Board of Directors of the Company or any Committee of the Board of Directors ('the Board')."

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, things and to sign all such documents and writings as may be necessary to give effect to this resolution and for matters connected therewith or incidental thereto."

### SPECIAL BUSINESS:

5. To approve re-appointment of Ms. Sita Khosla (DIN: 01001803) as an Independent Director of the Company for a second term and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ('Act'), if any and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulations 16, 25 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations') (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the enabling provisions of Articles of Association of the Company and subject to such approvals, consents and permissions as may be necessary, Ms. Sita Khosla (DIN: 01001803) who holds office of an Independent Director upto February 15, 2023, eligible of being re-appointed as an Independent Director and has submitted a declaration that she meets the criteria of independence as provided under the Act and SEBI LODR Regulations and in respect of whom the Company has received a notice in writing from a Member proposing her candidature for the office of an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of upto 5 (Five) consecutive years with effect from February 16, 2023.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee of the Board of Directors, be and is hereby authorized to do all such acts, deeds, things and to sign all such documents and writings as may be necessary to give effect to this resolution and for matters connected therewith or incidental thereto."

6. To approve re-appointment of Dr. Ravi Gupta (DIN: 00023487) as an Independent Director of the Company for a second term and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ('Act'), if any and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulations 16, 25 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations') (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the enabling provisions of Articles of

Association of the Company and subject to such approvals, consents and permissions as may be necessary, Dr. Ravi Gupta (DIN: 00023487) who holds office of an Independent Director upto March 18, 2023, eligible of being re-appointed as an Independent Director and has submitted a declaration that he meets the criteria of independence as provided under the Act and SEBI LODR Regulations and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of upto 5 (Five) consecutive years with effect from March 19, 2023.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee of the Board of Directors, be and is hereby authorized to do all such acts, deeds, things and to sign all such documents and writings as may be necessary to give effect to this resolution and for matters connected therewith or incidental thereto."

7. To approve re-appointment of Ms. Rashmi Dhariwal (DIN: 00337814) as an Independent Director of the Company for a second term and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ('Act'), if any and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulations 16, 25 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations') (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the enabling provisions of Articles of Association of the Company and subject to such approvals, consents and permissions as may be necessary, Ms. Rashmi Dhariwal (DIN: 00337814) who holds office of an Independent Director upto March 18, 2023, eligible of being re-appointed as an Independent Director and has submitted a declaration that she meets the criteria of independence as provided under the Act and SEBI LODR Regulations and in respect of whom the Company has received a notice in writing from a Member proposing her candidature for the office of an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of upto 5 (Five) consecutive years with effect from March 19, 2023.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee of the Board of Directors, be and is hereby authorized to do all such acts, deeds, things and to sign all such documents and writings as may be necessary to give effect to this resolution and for matters connected therewith or incidental thereto."

By Order of the Board  
For **Varun Beverages Limited**

**Ravi Batra**  
Chief Risk Officer &  
Group Company Secretary  
Membership No. F-5746

Place: Gurugram Address: F-2/7, Okhla Industrial Area,  
Date: February 6, 2023 Phase - I, New Delhi - 110 020

#### NOTES:

1. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, March 20, 2023 to Monday, March 27, 2023 (both days inclusive) for the purpose of 28<sup>th</sup> Annual General Meeting ('AGM').
2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('the Act'), which sets out details relating to Special Business (being considered unavoidable by the Board of Directors) at the meeting, is attached with this Notice of AGM.
3. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 21/2021 and 10/2022 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 14, 2021 and December 28, 2022 respectively ('MCA Circulars'), permitted the holding of AGM through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') facility without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations') and MCA Circulars, 28<sup>th</sup> AGM of the Company is being held through VC/OAVM facility.

To comply with the provisions of Regulation 44 of SEBI LODR Regulations, Company is also providing live webcast of the proceedings of AGM which can be viewed on website of the Company at <https://varunpepsi.com/aggm/>

The Deemed Venue for the 28<sup>th</sup> AGM shall be the Registered office of the Company.

4. The AGM is being held pursuant to the MCA Circulars through VC / OAVM facility, therefore physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxy(ies) by the Members will not be available for the AGM and hence, the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.

However, Corporate Members intending to authorize their representatives to attend & vote at the AGM through VC / OAVM facility on its behalf are requested to send duly certified copy of the relevant Board resolution in the manner prescribed in Note No. 27.

5. Members attending the AGM through VC / OAVM facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. The Board of Directors have recommended final dividend of ₹ 1/- per equity share of face value of ₹ 10/- each for the Financial Year ended December 31, 2022 to the Members of the Company on a Record Date to be fixed after taking approval of the Members at the 28<sup>th</sup> AGM. The final dividend will be paid within the prescribed statutory period and as per the mandate registered with the Company or with their respective Depository Participant(s).

7. Pursuant to the provisions of the Income Tax Act, 1961 ("the IT Act"), dividend income is taxable in the hands of the members and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at rates prescribed in the IT Act. In general, to enable compliance with TDS requirements, Members are requested to complete and/or update their Residential Status, Permanent Account Number ('PAN'), Category as per the IT Act with their Depository Participant(s) in case shares are held in demat form and in case shares are held in physical form, with the Company by sending email at [complianceofficer@rjcorp.in](mailto:complianceofficer@rjcorp.in)
8. Members holding shares in physical form, who have not updated their mandate for receipt of dividend directly into their bank accounts through Electronic Clearing Service or any other means ("Electronic Bank Mandate"), can register their Electronic Bank Mandate to receive dividend directly into their bank account electronically or any other means, by sending scanned copy of the following details/ documents to the Company's RTA at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or to the Company at [complianceofficer@rjcorp.in](mailto:complianceofficer@rjcorp.in) before the date of AGM:
  - a. a signed request letter mentioning your name, folio number, complete address and following details relating to bank account in which the dividend is to be received:
    - i) Name & Branch address of Bank and Bank Account type;
    - ii) Bank Account Number allotted by your bank after implementation of Core Banking Solutions; and
    - iii) 11-digit IFSC.
  - b. self attested scanned copy of cancelled cheque bearing the name of the member or first holder, in case shares are held jointly;
  - c. self attested scanned copy of the PAN Card; and
  - d. self attested scanned copy of any document (such as Aadhar Card, Driving License, Election Identity Card, Passport) in support of the address of the member, as registered with the Company.

Members holding shares in demat mode are advised to update their Electronic Bank Mandate with their Depository Participant(s).
9. In the event the Company is unable to pay the dividend to any Member directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrant/ Bankers' cheque/ demand draft to such Member within the prescribed statutory period.
10. In terms of Section 152 of the Act, Mr. Ravi Jaipuria, Non-Executive Chairman, retires by rotation at the AGM and being eligible, offer himself for re-appointment. The Nomination and Remuneration Committee and the Board of Directors of the Company recommended his re-appointment.
11. Details of Directors seeking appointment/re-appointment in AGM pursuant to Secretarial Standard on General Meetings (SS-2) and Regulation 36(3) of the SEBI LODR Regulations are Annexed to this Notice of AGM.
12. All documents referred in the accompanying Notice and the Explanatory Statement are available on website of the Company for inspection by the Members up to the date of AGM and during the AGM.
13. During the AGM, Members may access the scanned copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of contracts or arrangements in which Directors are interested under Section 189 of the Act and Certificate from Secretarial Auditors of the Company certifying that Employees Stock Option Scheme 2016 of the Company is being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and in accordance with the resolution of the Members of the Company which will be available on website of the Company.
14. Pursuant to Sections 101 and 136 of the Act read with relevant Rules made thereunder and Regulation 36 of SEBI LODR Regulations, companies can serve Annual Report and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository Participants ('DP'). Members holding shares in physical form and who have not registered their e-mail address with the Company can now register the same by sending an email to Compliance Officer of the Company at [complianceofficer@rjcorp.in](mailto:complianceofficer@rjcorp.in) and/or by sending a request to KFin Technologies Limited, Registrar and Share Transfer Agent ('RTA') through email at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or contact at 1800-309-4001. Members holding shares in demat form are requested to register their e-mail address with their DP only. The registered e-mail address will be used for sending future communications.
15. In compliance with the aforesaid MCA Circulars and SEBI Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2022/62 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated May 12, 2020, May 13, 2022 and January 5, 2023 respectively, the Notice of AGM and Annual Report along with login details for joining the AGM through VC / OAVM facility including e-voting are being sent only through electronic mode to those Members whose e-mail address are registered with the Company or DP or RTA, unless the Members have registered their request for physical copy of the same. Members may note that this Notice of AGM and Annual Report will also be available on Company's website ([www.varunpepsi.com](http://www.varunpepsi.com)), Stock Exchange's website ([www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)) and National Securities Depository Limited ('NSDL') website ([www.evoting.nsdl.com](http://www.evoting.nsdl.com)).
16. The Notice of AGM and Annual Report will be sent to those Members / beneficial owners whose name appears in the Register of Members / list of beneficiaries received from the Depositories as on Friday, February 24, 2023.

17. Members desiring any information/clarification on the accounts or any matter to be placed at the AGM are requested to write to the Company at [complianceofficer@rjcorp.in](mailto:complianceofficer@rjcorp.in) at least seven days before AGM from their registered email address mentioning their name, DPID Client ID / Folio no. and mobile number to enable the management to keep information ready at the AGM. Members desiring to seek information/clarification during the AGM on the accounts or any matter to be placed at the AGM may ask through the chat box facility provided by NSDL.
18. Members are requested to note that KFin Technologies Limited, Selenium Tower B, Plot Nos. 31 & 32 Financial District, Nanakramguda Serilingampally Mandal Hyderabad - 500 032 is the Registrar and Share Transfer Agent to manage the work related to shares held in physical and dematerialized form.
19. To prevent fraudulent transactions, Members are requested to exercise due diligence and immediately notify the RTA any change in their address and/or bank mandate in respect of shares held in physical form and to their DPs in respect of shares held in dematerialized form. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holding should be obtained from the concerned DP and holding should be verified. The Securities and Exchange Board of India ('SEBI') has mandated the submission of PAN by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ RTA.
20. SEBI vide its Circular No. SEBI/HO/MIRSD/DOPI/CIR/P/2018/73 dated April 20, 2018 has directed all the listed companies to update Bank Account details and PAN of the Members holding shares in physical form. It has been observed that many of the Members holding physical shares have not updated the said information. Therefore, such Members are requested to send the following documents to the Company's RTA:
  - i. Self-attested copy of PAN card including that of joint Members; and
  - ii. An original cancelled cheque of 1<sup>st</sup> Member (Name of 1<sup>st</sup> Member should be printed on cheque leaf). If name of 1<sup>st</sup> Member is not printed on cheque leaf, photocopy of passbook or bank statement duly attested by the banker along with cancelled cheque (Photocopy of cheque will not be accepted/entertained).
21. SEBI vide its notifications dated June 8, 2018, November 30, 2018 and January 24, 2022, mandated that securities of listed companies can be transferred only in dematerialized form. Accordingly, the Company has stopped accepting any fresh lodgment of transfer of shares in physical form including transmission and transposition requests. In view of the above and to avail various benefits of dematerialization, Members holding shares in physical form are requested to dematerialize the shares held by them in physical form.
22. SEBI has mandated furnishing of PAN, KYC details (i.e., Postal Address with PIN Code, email address, mobile number, bank account details) and nomination details by holders of securities in physical form. Any service request or complaint received from the Member will not be processed until the aforesaid details/documents are provided to RTA and on or after April 1, 2023, in case any of the above cited documents/details are not available in the Folio(s), RTA shall be constrained to freeze such Folio(s). Relevant details and prescribed forms in this regard are available on website of the Company at <https://varunpepsi.com/corporate-governance/>
23. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company by submitting Form No. SH-13 in terms of Section 72 of the Act read with rules made thereunder to the RTA. Members holding shares in electronic form may submit the same to their respective DP. The nomination form can be downloaded from the Company's website [www.varunpepsi.com](http://www.varunpepsi.com) under the investor relations section. Members who require communication in physical form in addition to e-communication or have any other queries, may write to the RTA or Company at its Registered Office address.
24. Non-Resident Indian Members are requested to inform RTA, immediately of:
  - a. Change in their residential status on return to India for permanent settlement.
  - b. Particulars of their bank account maintained in India with complete name, account number, account type and branch address of the Bank with PIN Code.
25. The Company has transferred the unpaid or unclaimed interim dividend to the "Unclaimed Dividend Account - Varun Beverages Limited" and uploaded the details of unpaid and unclaimed dividend amount lying in separate Bank Accounts (maintained with HDFC Bank Limited for the interim dividend declared in 2017, Yes Bank Limited for the interim dividend declared in 2018, IndusInd Bank Limited for the interim dividend declared in 2019, Axis Bank Limited for the interim dividend declared in 2020, IndusInd Bank Limited for the interim dividend declared in 2021 and ICICI Bank Limited for the interim dividend declared in 2022) on website of the Company at [www.varunpepsi.com](http://www.varunpepsi.com).  
  
Members willing to claim dividend that remain unclaimed are requested to correspond with the Registrar and Share Transfer Agent or to the Company at its registered office. Members are requested to note that dividend which remains unclaimed for a period of seven years from the date of transfer to the Company's unpaid dividend account and shares on which the dividend remains unclaimed for seven consecutive years will be transferred to the Investor Education and Protection Fund as per Section 124 of the Act and the applicable Rules.
26. To comply with the provisions of Section 108 of the Act and Rules framed thereunder, Regulation 44 of the SEBI LODR Regulations, Secretarial Standard - 2 issued by the Institute of Company Secretaries of India and MCA Circulars, the Members are provided with the facility to cast their vote electronically through remote e-voting (prior to AGM) and

e-voting (during the AGM) services provided by NSDL on all resolutions set forth in this Notice.

Only those Members who will be present in the AGM through VC / OAVM facility and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

The instructions for joining the AGM through VC / OAVM, remote e-voting and e-voting during the AGM are provided in the Notice of AGM under Note No. 27.

**27. INSTRUCTIONS FOR E-VOTING AND JOINING THE AGM ARE AS FOLLOWS:**

**A. INSTRUCTIONS FOR REMOTE E-VOTING PRIOR TO THE AGM**

- i. The remote e-voting period begins on Friday, March 24, 2023 at (9:00 a.m. IST) and ends on Sunday, March 26, 2023 at (5:00 p.m. IST). The remote e-voting module shall be disabled by NSDL for voting thereafter.
- ii. The Members, whose name appears in the Register of Members / Beneficial Owners as on Monday, March 20, 2023 (i.e. cut-off date), may cast their vote electronically.
- iii. The voting right of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date. A person who is

not a Member as on the cut-off date should treat this Notice for information purpose only.

- iv. The details of the process and manner for remote e-voting are explained herein below:

Step 1: Log-in to NSDL e-voting system at <https://www.evoting.nsdl.com/>





Step 2: Cast your vote electronically on NSDL e-voting system

**Details on Step 1 are mentioned below:**

**I. Login method for e-voting and joining AGM for individual shareholders holding securities in demat mode**

Pursuant to SEBI Circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 on 'e-voting facility provided by Listed Companies', e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts/websites of Depositories/ Depository Participants to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider ('ESP') thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-voting facility.

Login method for Individual shareholders holding securities in demat mode:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>1. Users already registered for <b>IDeAS</b> facility:               <ul style="list-style-type: none"> <li>(i) Visit e-services website of NSDL viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>(ii) Click on the 'Beneficial Owner' icon under 'Login' available under 'IDeAS' section.</li> <li>(iii) Enter User ID and Password. After successful authentication, click on 'Access to e-Voting' appearing on the left-hand side under e-voting services and you will be able to see e-voting page.</li> <li>(iv) Click on Company name or e-voting service provider i.e. NSDL. You will be re-directed to e-voting website of NSDL to cast your vote during the remote e-voting period or joining AGM &amp; vote during the AGM.</li> </ul> </li> <li>2. User not registered for IDeAS facility:               <ul style="list-style-type: none"> <li>(i) Click on link: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> and select 'Register Online for IDeAS Portal'</li> <li>OR</li> <li>Click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>(ii) Proceed with completing the required fields.</li> <li>(iii) Follow steps mentioned in point no. 1 above.</li> </ul> </li> <li>3. Alternatively, by directly accessing the e-voting website of NSDL:               <ul style="list-style-type: none"> <li>(i) Visit e-voting website of NSDL viz. <a href="https://www.evoting.nsdl.com">https://www.evoting.nsdl.com</a></li> <li>(ii) Click on the icon 'Login' available under 'Shareholder/Member' section.</li> <li>(iii) On the Login page, enter your User ID (i.e. your 16 characters demat account number held with NSDL), Password/ OTP and a verification code as shown on the screen.</li> <li>(iv) After successful authentication, you will be redirected to NSDL website wherein you can see e-voting page. Click on Company name or e-voting service provider i.e. NSDL. You will be re-directed to e-voting website of NSDL to cast your vote during the remote e-Voting period or joining AGM &amp; vote during the AGM.</li> </ul> </li> <li>4. Shareholders/Members can also download NSDL Mobile App "<b>NSDL Speede</b>" facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <div style="text-align: center;"> <p>NSDL Mobile App is available on</p>       </div>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>1. User already registered for <b>Easi/Easiest</b>: <ol style="list-style-type: none"> <li>(i) Visit URL: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> OR <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on 'Login' and select 'New System Myeasi'</li> <li>(ii) Enter your User ID and Password.</li> <li>(iii) After successful authentication, the user will be able to see the e-voting menu having link of e-voting service provider i.e. NSDL. Click on NSDL to cast your vote.</li> </ol> </li> <li>2. User not registered for Easi/Easiest: <ol style="list-style-type: none"> <li>(i) Click on link: <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>(ii) Proceed with completing the required fields.</li> <li>(iii) Follow steps mentioned in point no. 1 above.</li> </ol> </li> <li>3. Alternatively, by directly accessing the e-Voting website of CDSL: <ol style="list-style-type: none"> <li>(i) Visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and select 'E Voting'.</li> <li>(ii) Provide your demat account number and PAN.</li> <li>(iii) System will authenticate user by sending OTP on registered Mobile No. &amp; Email Id as recorded in the demat account.</li> <li>(iv) After successful authentication, user will be provided link for the e-voting service provider i.e. NSDL where the e-voting is in progress.</li> </ol> </li> </ol>
Individual Shareholders (holding securities in demat mode) login through their Depository Participant (DP)	<ol style="list-style-type: none"> <li>(i) You can login using the credentials of your demat account through the website of your DP registered with NSDL/CDSL, for remote e-Voting.</li> <li>(ii) Once logged-in, you will be able to see 'e-Voting' option. Once you click on 'e-Voting' option and after successful authentication, you will be re-directed to e-voting module of NSDL/CDSL wherein you can see e-Voting feature.</li> <li>(iii) Click on options available against Company name or e-voting service provider i.e. NSDL and you will be re-directed to e-voting website of NSDL to cast your vote during the remote e-voting period or join AGM &amp; vote during the AGM.</li> </ol>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at respective website.

**Helpdesk details for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Please contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 or 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Please contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 1800 22 55 33

**II. Login Method for e-voting and joining AGM for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

1. Visit the e-Voting website of NSDL. Open web browser by clicking the URL: <https://www.evoting.nsdl.com/> either on a personal computer or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, Password/OTP and a verification code as shown on the screen.
4. Alternatively, if you are registered for NSDL eservices i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL eservices after using your log-in credentials,

click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.

5. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

6. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password'

which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

- c) How to retrieve your 'initial password'?
- (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
- (ii) If your email ID is not registered, please follow steps mentioned below in 'Process for those Shareholders whose email address are not registered'.
7. If you are unable to retrieve or have not received the "initial password" or have forgotten your password:
- a) Click on 'Forgot User Details/Password?' (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) Click on 'Physical User Reset Password?' (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, PAN, name and registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
8. After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.
9. Now, you will have to click on "Login" button.
10. After you click on the "Login" button, Home page of e-voting will open.

## Step 2: Cast your vote electronically and join AGM on NSDL e-Voting system

1. After successful login at Step 1, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select 'EVEN' of the Company to cast your vote during the remote e-voting period or to cast your vote during the AGM. For joining AGM, you need to click on 'VC/OAVM' link placed under 'Join General Meeting'.

3. Now you are ready for e-voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.
5. Upon confirmation, the message 'Vote cast successfully' will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

## General Guidelines for Shareholders

1. Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail at [sanjaygrover7@gmail.com](mailto:sanjaygrover7@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution/ Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any query, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Pallavi Mhatre, Senior Manager, NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or at 4<sup>th</sup> Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013.

## Process for those shareholders whose email address are not registered with the Depositories for procuring user id and password and registration of email address for e-voting on the resolutions set out in this Notice

1. **Physical Holding:** Send a request to KFin Technologies Limited, Registrar and Share Transfer Agent at [inward.ris@kfintech.com](mailto:ris@kfintech.com) providing your name, folio no., scanned copy of the share certificate (front and back), self-attested scanned copy of PAN card and self-attested scanned copy of Aadhar Card, for registering e-mail address.
2. **Demat Holding:** Please contact your DP and register your e-mail address in your demat account, as per the process advised by your DP.



If you are an individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at Step 1 i.e. Login method for e-voting and joining AGM for Individual shareholders holding securities in demat mode.

3. Alternatively shareholders may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on 'e-voting facility provided by Listed Companies', Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

#### **B. INSTRUCTIONS FOR E-VOTING DURING THE AGM**

1. The procedure for e-voting during the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/Shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
3. Members who have voted through remote e-voting will be eligible to attend the AGM, however, they will not be eligible to vote during the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-voting during the AGM shall be the same as mentioned for remote e-voting.

#### **C. INSTRUCTIONS FOR ATTENDING THE AGM THROUGH VC/OAVM**

1. Members will be able to attend the AGM through VC/OAVM facility provided by NSDL at <https://www.evoting.nsdl.com> by following the steps mentioned above at Step 1. After successful login, click on the link of 'VC/OAVM' placed under 'Join General meeting' menu against Company name available in Shareholder/Member login where EVEN of Company will be displayed.

Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice.

2. Facility of joining the AGM through VC / OAVM shall be available 30 minutes before and after the scheduled time of the commencement of AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through

VC/OAVM will be made available for 3,000 Members on first come first served basis (except Shareholders holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of the Audit, Risk Management and Ethics Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. whose presence is mandatorily required under the provisions of the Act & SEBI LODR Regulations, who are allowed to attend the AGM without restriction on account of first come first served basis).

3. Members joining through Laptops / Mobile devices are recommended to use stable Wi-Fi or LAN connection for better experience.
4. Members who need assistance for attending or voting during the AGM, can contact NSDL at 1800 1020 990 / 1800 224 430 or contact Ms. Pallavi Mhatre, Senior Manager, NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
5. Any person who acquire shares and become Member of the Company after the date of dispatch of this Notice and holding shares as on the cut-off date, may obtain the login ID and password by following the instructions as mentioned in the Notice or sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

#### **Other Instructions**

1. The Board of Directors appointed Mr. Kapil Dev Taneja (CP No. 22944), Partner or failing him, Mr. Neeraj Arora (CP No. 16186), Partner of M/s. Sanjay Grover & Associates, Company Secretaries, New Delhi as the Scrutinizer to scrutinize the e-voting during the AGM and remote e-voting process in a fair and transparent manner.
2. The Scrutinizer shall, immediately after the conclusion of e-voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 2 working days from the conclusion of AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
3. The results of voting will be declared within 2 working days from the conclusion of AGM and the result declared alongwith the Scrutinizer's Report shall be placed on the Company's website i.e. [www.varunpepsi.com](http://www.varunpepsi.com) and on the website of NSDL <https://www.evoting.nsdl.com> immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.
4. The resolutions, if passed by requisite majority, shall be deemed to have been passed on the date of the AGM i.e. March 27, 2023.

## **Explanatory Statement pursuant to Section 102 of the Companies Act, 2013**

### **ITEM NO. 4**

Due to retirement of existing Joint Statutory Auditors viz. M/s. Walker Chandiook & Co. LLP (Firm Registration Number 001076N/N500013), Chartered Accountants at the conclusion of ensuing AGM upon completion of their 2 (Two) consecutive term of 5 (Five) years each and pursuant to the provisions of Sections 139 of the Companies Act, 2013 ('Act') and the Companies (Audit and Auditors) Rules, 2014, the Audit, Risk Management and Ethics Committee and the Board of Directors have recommended the 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 this AGM till the conclusion of 33<sup>rd</sup> (Thirty Third) AGM of the Company to be held in the Year 2028 on following terms and conditions:

- a. Term of appointment: Upto 5 (Five) consecutive years from the conclusion of this AGM till the conclusion of 33<sup>rd</sup> AGM.
- b. Proposed Fees: Upto ₹ 91 Lacs (Rupees Ninety One Lacs only) plus applicable taxes and other out-of-pocket expenses as mutually agreed and incurred in connection with the statutory audit for Financial Year ending December 31, 2023.

The proposed fees is based on knowledge, expertise, industry experience, time and efforts required to be put in by them, which is in line with the industry benchmark. The fees for services in the nature of limited review, statutory certifications and other professional work will be in addition to the audit fee as above and will be determined by the Board in consultation with the Auditors and as per the recommendations of the Audit, Risk Management and Ethics Committee.

- c. Basis of recommendations: The recommendations are based on the fulfilment of the eligibility criteria prescribed under the Act and Rules made thereunder with regard to the full time partners, statutory audit, experience of the firm, capability, independent assessment, audit experience and also based on the evaluation of the quality of audit work done by them in the past.
- d. Credentials: M/s. J C Bhalla & Co. (Firm Registration Number 001111N) ("the Audit Firm") is a reputed firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. It has an experience of more than 75 years in providing statutory audit, tax and advisory services to its clients and is being managed by eleven partners and requisite professional staff. The Audit Firm was established in the year 1943. Its Head office is in New Delhi with a Branch office in Noida-National Capital Region. The Audit Firm has a valid Peer Review Certificate.

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 provisions of the Companies (Audit and Auditors) Rules, 2014.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution except to the extent of their shareholding, if any, in the Company.

The Board of Directors of the Company recommends the resolution set out at Item No. 4 for approval of the Members as an Ordinary Resolution.

### **ITEM NOS. 5, 6 & 7**

The Members of the Company at their 23<sup>rd</sup> Annual General Meeting ('AGM') held on April 17, 2018 approved the appointment of Ms. Sita Khosla (DIN: 01001803) with effect from February 16, 2018, Dr. Ravi Gupta (DIN: 00023487) with effect from March 19, 2018 and Ms. Rashmi Dhariwal (DIN: 00337814) with effect from March 19, 2018 as Independent Directors of the Company to hold office for a term of upto 5 (Five) consecutive years in terms of Section 149 of the Companies Act, 2013 ('Act') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations').

Based on the report of performance evaluation (detailed process of performance evaluation is included in the Corporate Governance Report of the Annual Report), business knowledge, skills, experience and the contribution made by them during their tenure and considering that the continued association of Ms. Sita Khosla, Dr. Ravi Gupta and Ms. Rashmi Dhariwal as Independent Directors of the Company would be beneficial to the Company and based on the recommendation of the Nomination and Remuneration Committee ('NRC'), the Board of Directors at their meeting held on February 6, 2023 approved the re-appointment of Ms. Sita Khosla with effect from February 16, 2023, Dr. Ravi Gupta with effect from March 19, 2023 and Ms. Rashmi Dhariwal with effect from March 19, 2023 as Independent Directors of the Company, not liable to retire by rotation, to hold office for a second term of upto 5 (Five) consecutive years, subject to the approval of Members of the Company.

It is proposed to seek approval of the Members by way of special resolutions for the re-appointment of Ms. Sita Khosla, Dr. Ravi Gupta and Ms. Rashmi Dhariwal as Independent Directors of the Company for a second term of upto 5 (Five) consecutive years in terms of Section 149 and other applicable provisions of the Act read with Rules made thereunder and Regulations 16 and 25 of the SEBI LODR Regulations.

Ms. Sita Khosla, Dr. Ravi Gupta and Ms. Rashmi Dhariwal have confirmed that they are not disqualified to act as Independent Director in terms of Section 164 of the Act and are not debarred from holding the office of Independent Director by virtue of any SEBI order or any other such authority and are in compliance with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The Company has received notices in writing from Members proposing the candidatures of Ms. Sita Khosla, Dr. Ravi Gupta and Ms. Rashmi Dhariwal for the office of Director of the Company.

The Company has also received consent from Ms. Sita Khosla, Dr. Ravi Gupta and Ms. Rashmi Dhariwal to act as Independent Director and declarations that they meet the criteria of independence as prescribed both under Section 149(6) of the Act and Regulations 16(1)(b) of the SEBI LODR Regulations. As recommended and opined by NRC and Board of Directors, Ms. Sita Khosla, Dr. Ravi Gupta and Ms. Rashmi Dhariwal are persons of integrity and fulfill the conditions specified under the Act read with Rules made thereunder and SEBI LODR Regulations for their re-appointment as Independent Directors of the Company and are eligible & independent of the Management.

Given their expertise, knowledge and experience, the NRC and Board of Directors are of the opinion that it would be in the interest of the Company to re-appoint Ms. Sita Khosla, Dr. Ravi Gupta and Ms. Rashmi Dhariwal as Independent Directors of the Company.

Copies of the draft letter of re-appointment of Ms. Sita Khosla, Dr. Ravi Gupta and Ms. Rashmi Dhariwal as Independent Directors setting out the terms and conditions are available on website of the Company for inspection by the Members upto the date of AGM.

Details of Ms. Sita Khosla, Dr. Ravi Gupta and Ms. Rashmi Dhariwal pursuant to the provisions of (i) SEBI LODR Regulations and (ii) Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India are provided in the 'Annexure' to the Notice.

Ms. Sita Khosla, Dr. Ravi Gupta and Ms. Rashmi Dhariwal are interested in the respective resolutions set out at Item Nos. 5, 6 & 7 of the Notice with regard to their respective re-appointments. The relatives of Ms. Sita Khosla, Dr. Ravi Gupta and Ms. Rashmi Dhariwal may be deemed to be interested in the respective resolutions to the extent of their shareholding, if any, in the Company. Ms. Sita Khosla, Dr. Ravi Gupta and Ms. Rashmi Dhariwal are not related to any Director of the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution except to the extent of their shareholding, if any, in the Company.

The Board of Directors of the Company recommends the resolution set out at Item Nos. 5, 6 & 7 for approval of the Members as Special Resolutions.

By Order of the Board  
For **Varun Beverages Limited**

**Ravi Batra**  
Chief Risk Officer &  
Group Company Secretary  
Membership No. F-5746

Place: Gurugram                      Address: F-2/7, Okhla Industrial Area,  
Date: February 6, 2023                      Phase - I, New Delhi - 110 020

## Annexure

**Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 issued by the Institute of Company Secretaries of India, the following information is furnished about the Directors proposed to be appointed / re-appointed:**

Name of Director	Mr. Ravi Jaipuria (DIN: 00003668)	Ms. Sita Khosla (DIN: 01001803)
i) Date of Birth/Age	November 28, 1954 / 68 years	May 1, 1962/ 60 years
ii) Qualifications	Higher secondary education from Delhi Public School, Mathura Road, New Delhi.	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.
iii) Experience	Mr. Ravi Jaipuria 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.	Ms. Sita Khosla 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.
iv) Terms and conditions of appointment / re-appointment	Mr. Ravi Jaipuria is a Non-Executive Chairman of the Company, liable to retire by rotation.	Ms. Sita Khosla is an Independent Director of the Company, not liable to retire by rotation.
v) Details of remuneration sought to be paid	-	-
vi) Last remuneration drawn (Per Annum)	₹ 73,463,700*	-
vii) Date of first appointment on the Board	June 16, 1995	February 16, 2018
viii) No. of shares held in the Company (including as a beneficial owner)	116,734,060	-
ix) Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Mr. Ravi Jaipuria is father of Mr. Varun Jaipuria, Executive Vice Chairman & Whole-time Director	Ms. Sita Khosla is not related to any other Director or Key Managerial Personnel of the Company.
x) No. of Board Meetings attended / held during Financial Year 2022	6/6	6/6
xi) Directorships held in other companies	1. Alisha Torrent Closures (India) Private Limited 2. Devyani Food Industries Limited 3. Devyani International Limited 4. Global Health Limited 5. Medanta Holdings Private Limited 6. RJ Corp Limited	-
xii) Chairman/ Member of the Committee of the Board of Directors of the Company	1. Corporate Social Responsibility Committee - Chairman 2. Nomination and Remuneration Committee - Member	1. Audit, Risk Management and Ethics Committee - Member 2. Stakeholders' Relationship Committee - Chairperson
xiii) Committees position held in other Companies	1. Devyani International Limited a) Nomination and Remuneration Committee - Member 2. Global Health Limited a) Shareholder Relationship Committee - Member	-
xiv) Resignation from listed entities in the past three years	Lemon Tree Hotels Limited	-
xv) In case of independent directors, the skills and capabilities required for the role and manner in which the proposed independent director meets such requirement	-	Please refer "Core skills/expertise/competencies" section of Corporate Governance Report i.e. part of Annual Report for FY 2022

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

<b>Name of Director</b>	<b>Dr. Ravi Gupta (DIN: 00023487)</b>	<b>Ms. Rashmi Dhariwal (DIN: 00337814)</b>
i) Date of Birth/Age	October 21, 1954/ 68 years	June 2, 1956/ 66 years
ii) Qualifications	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.	Bachelor's degree in Arts from the University of Delhi and practicing advocate at the Calcutta High Court since 1978.
iii) Experience	Dr. Ravi Gupta 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.	Ms. Rashmi Dhariwal has worked in several leading firms in India including Khaitan & Co., Calcutta and Delhi, Mulla & Mulla, Mumbai and also in the Philippines. She is also the trustee of a non-profit organization called Prayatn which provides education to underprivileged children.
iv) Terms and conditions of appointment / re-appointment	Dr. Ravi Gupta is an Independent Director of the Company, not liable to retire by rotation.	Ms. Rashmi Dhariwal is an Independent Director of the Company, not liable to retire by rotation.
v) Details of remuneration sought to be paid	-	-
vi) Last remuneration drawn (Per Annum)	-	-
vii) Date of first appointment on the Board	March 19, 2018	March 19, 2018
viii) No. of shares held in the Company (including as a beneficial owner)	-	-
ix) Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Dr. Ravi Gupta is not related to any other Director or Key Managerial Personnel of the Company.	Ms. Rashmi Dhariwal is not related to any other Director or Key Managerial Personnel of the Company.
x) No. of Board Meetings attended / held during Financial Year 2022	6/6	6/6
xi) Directorships held in other companies	<ol style="list-style-type: none"> <li>1. Bluewater Breweries &amp; Distilleries Private Limited</li> <li>2. Bluewater Healthcare Private Limited</li> <li>3. Bluewater Infrastructure Private Limited</li> <li>4. Devyani International Limited</li> <li>5. Dharampal Satyapal Limited</li> <li>6. Dharampal Satyapal Foods Limited</li> <li>7. Global Health Limited</li> <li>8. Marg Strategic Consultants Private Limited</li> <li>9. Pratidaan Foundation</li> <li>10. Preet Township Private Limited</li> <li>11. RRG Corporate Services Private Limited</li> <li>12. Sheevam Comfort Hotels Private Limited</li> <li>13. Triple Crown Asset Services Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Ascenti Tourista Private Limited</li> <li>2. Devyani Food Industries Limited</li> <li>3. Devyani International Limited</li> <li>4. Inspired Emporio Salon Private Limited</li> <li>5. Inspired Hospitality Private Limited</li> <li>6. Parkview City Limited</li> <li>7. Pass Code Hospitality Private Limited</li> <li>8. RJ Corp Limited</li> <li>9. Vindhya Telelinks Limited</li> </ol>

Name of Director	Dr. Ravi Gupta (DIN: 00023487)	Ms. Rashmi Dhariwal (DIN: 00337814)
xii) Chairman/ Member of the Committee of the Board of Directors of the Company	<ol style="list-style-type: none"> <li>1. Audit, Risk Management and Ethics Committee - Chairman</li> <li>2. Nomination and Remuneration Committee - Member</li> </ol>	<ol style="list-style-type: none"> <li>1. Audit, Risk Management and Ethics Committee - Member</li> <li>2. Corporate Social Responsibility Committee - Member</li> <li>3. Investment and Borrowing Committee - Member</li> <li>4. Nomination and Remuneration Committee - Chairperson</li> <li>5. Share Allotment Committee - Member</li> <li>6. Stakeholders' Relationship Committee - Member</li> </ol>
xiii) Committees position held in other Companies	<ol style="list-style-type: none"> <li>1. Devyani International Limited <ol style="list-style-type: none"> <li>a) Audit, Risk Management and Ethics Committee - Chairman</li> <li>b) Nomination and Remuneration Committee - Member</li> <li>c) Stakeholders' Relationship Committee - Chairman</li> </ol> </li> <li>2. Global Health Limited <ol style="list-style-type: none"> <li>a) Audit Committee - Chairman</li> <li>b) Risk Management Committee - Chairman</li> <li>c) Shareholder Relationship Committee - Chairman</li> </ol> </li> <li>3. Dharampal Satyapal Limited <ol style="list-style-type: none"> <li>a) Audit Committee - Chairman</li> <li>b) Nomination and Remuneration Committee - Member</li> </ol> </li> <li>4. Dharampal Satyapal Foods Limited <ol style="list-style-type: none"> <li>a) Audit Committee - Chairman</li> <li>b) CSR Committee - Member</li> <li>c) Nomination and Remuneration Committee - Chairman</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Devyani Food Industries Limited <ol style="list-style-type: none"> <li>a) Audit Committee - Chairperson</li> <li>b) Corporate Social Responsibility Committee - Member</li> <li>c) Nomination and Remuneration Committee - Member</li> <li>d) Investment and Borrowing Committee - Member</li> </ol> </li> <li>2. Devyani International Limited <ol style="list-style-type: none"> <li>a) Audit, Risk Management and Ethics Committee - Member</li> <li>b) Nomination and Remuneration Committee - Chairperson</li> <li>c) Investment and Borrowing Committee - Member</li> <li>d) Stakeholders' Relationship Committee - Member</li> <li>e) Share Allotment Committee - Member</li> </ol> </li> <li>3. Parkview City Limited <ol style="list-style-type: none"> <li>a) Audit Committee - Member</li> <li>b) Nomination and Remuneration Committee - Member</li> </ol> </li> <li>4. RJ Corp Limited <ol style="list-style-type: none"> <li>a) Audit Committee - Chairperson</li> <li>b) Corporate Social Responsibility Committee - Chairperson</li> <li>c) Nomination and Remuneration Committee - Chairperson</li> <li>d) Investment and Borrowing Committee - Member</li> </ol> </li> </ol>
xiv) Resignation from listed entities in the past three years	-	-
xv) In case of independent directors, the skills and capabilities required for the role and manner in which the proposed independent director meets such requirement	Please refer "Core skills/expertise/competencies" section of Corporate Governance Report i.e. part of Annual Report for FY 2022.	Please refer "Core skills/expertise/competencies" section of Corporate Governance Report i.e. part of Annual Report for FY 2022.



Annual Report 2022  
Varun Beverages Limited



*Sustainably Refreshing.  
Refreshingly Sustainable.*

# What's Inside

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Read or download the report at:

[www.varunpepsi.com](http://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 1/6<sup>th</sup> 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.**





# 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

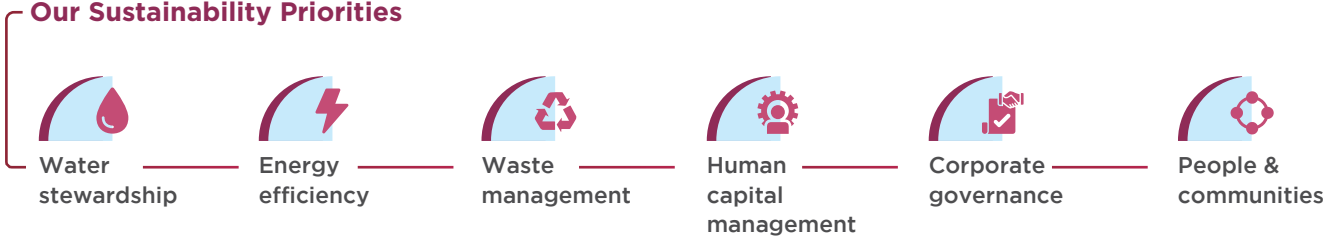
Presence in **27 States and 7 Union Territories** in India

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

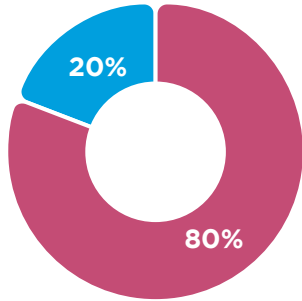
**3 Million+** Retail outlets access

Presence in **5 international countries**

## Our Sustainability Priorities



**Performance**  
Contribution to Net Revenue



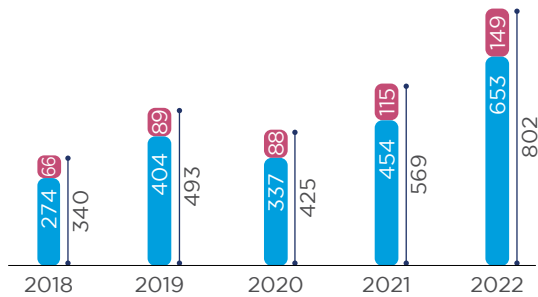
**Volume Growth**

**~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.

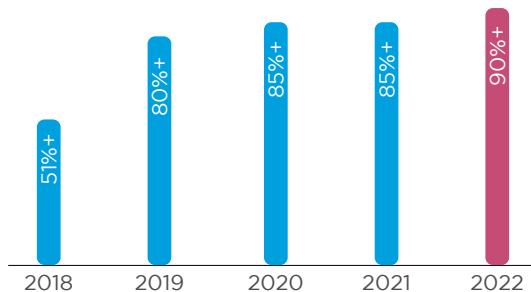
● International ● India

**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.

How we distribute and sustain value

**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

**2021**

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

**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

**1998**

PepsiCo acquired 26% stake in Devyani Beverages Limited\*

(\*Merged with VBL in 2004)

**1999**

Started operations in Alwar, Jodhpur and Kosi



## 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 28<sup>th</sup> 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 4<sup>th</sup> Consecutive Year for Best FMCG Corporate Governance (India)
- Business Brand Awards for Best Corporate Governance Practices

**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.**



- CNBC TV 18 – Incredible Brands of India Awards for Best Corporate Governance of the Year

## 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,

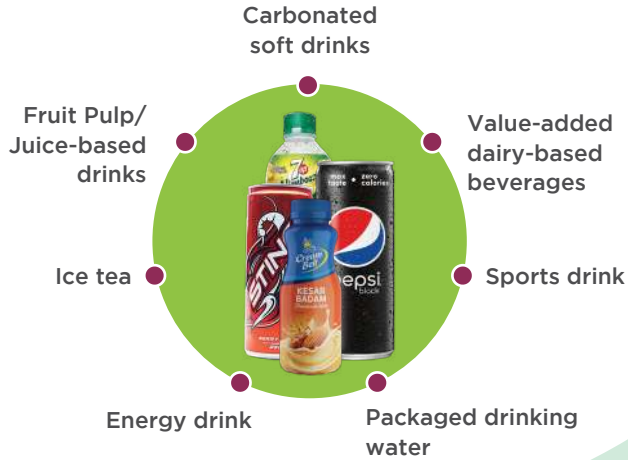
**Ravi Jaipuria**

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

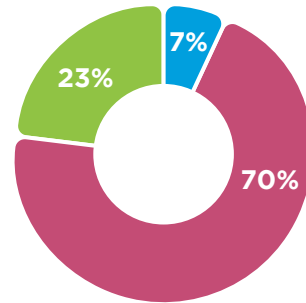


Elaichi

# 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



- Carbonated Soft Drinks
- Packaged Drinking Water
- Non-Carbonated Beverages

## Key Financial Highlights

### Net Sales (₹ Million)



### EBITDA (₹ Million)



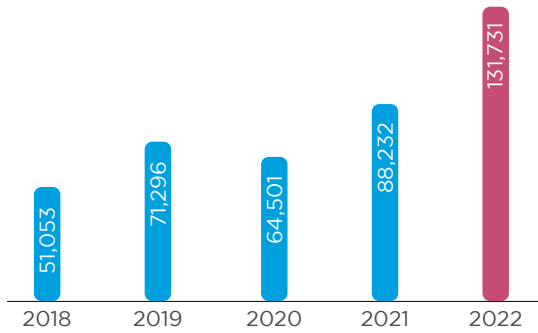
### Profit After Tax (₹ Million)



## 5-year Financial Highlights

### Net Revenue

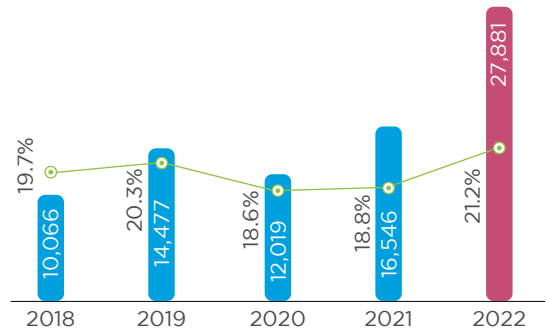
CAGR 2018-22: 26.7%



(₹ Million)

### EBITDA and EBITDA Margin

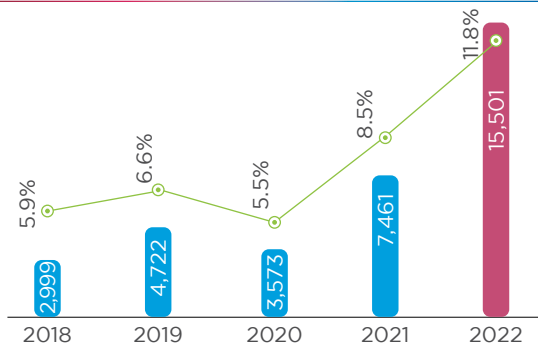
CAGR 2018-22: 35.1%



(₹ Million) —○— (%)

### PAT and PAT Margin

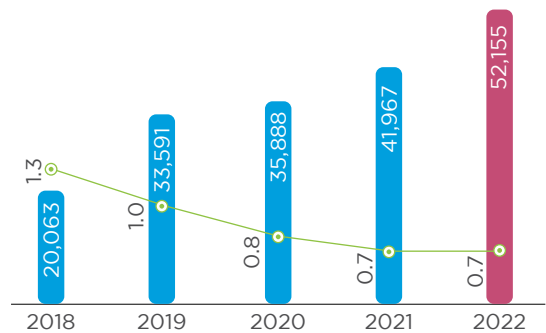
CAGR 2018-22: 50.8%



(₹ 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

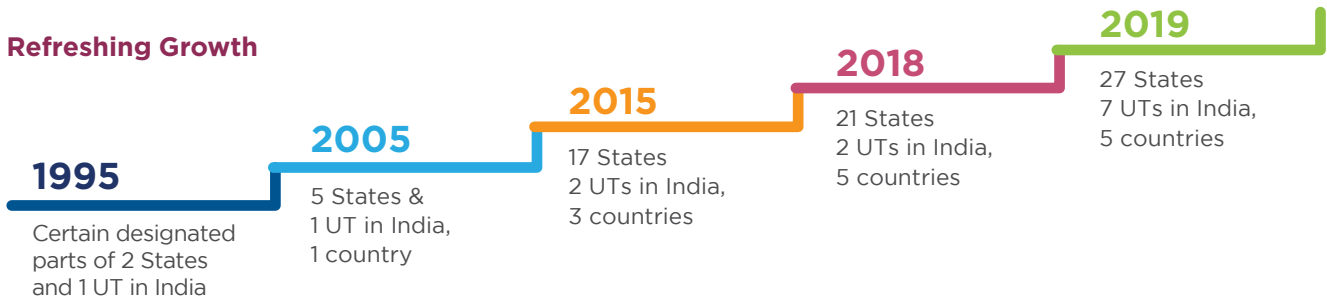
**925,000+**  
Visi-Coolers

## Our Presence

**South Asia**  
India — Nepal — Sri Lanka

**Africa**  
Morocco — Zambia — Zimbabwe

## Refreshing Growth



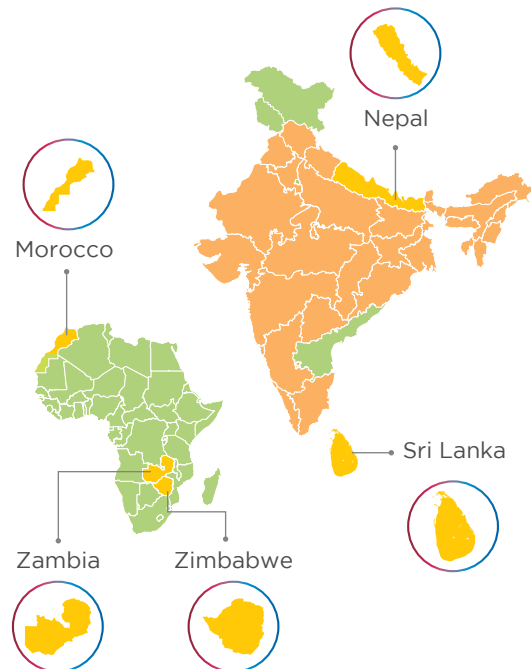
## Presence Across Territories

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

## 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

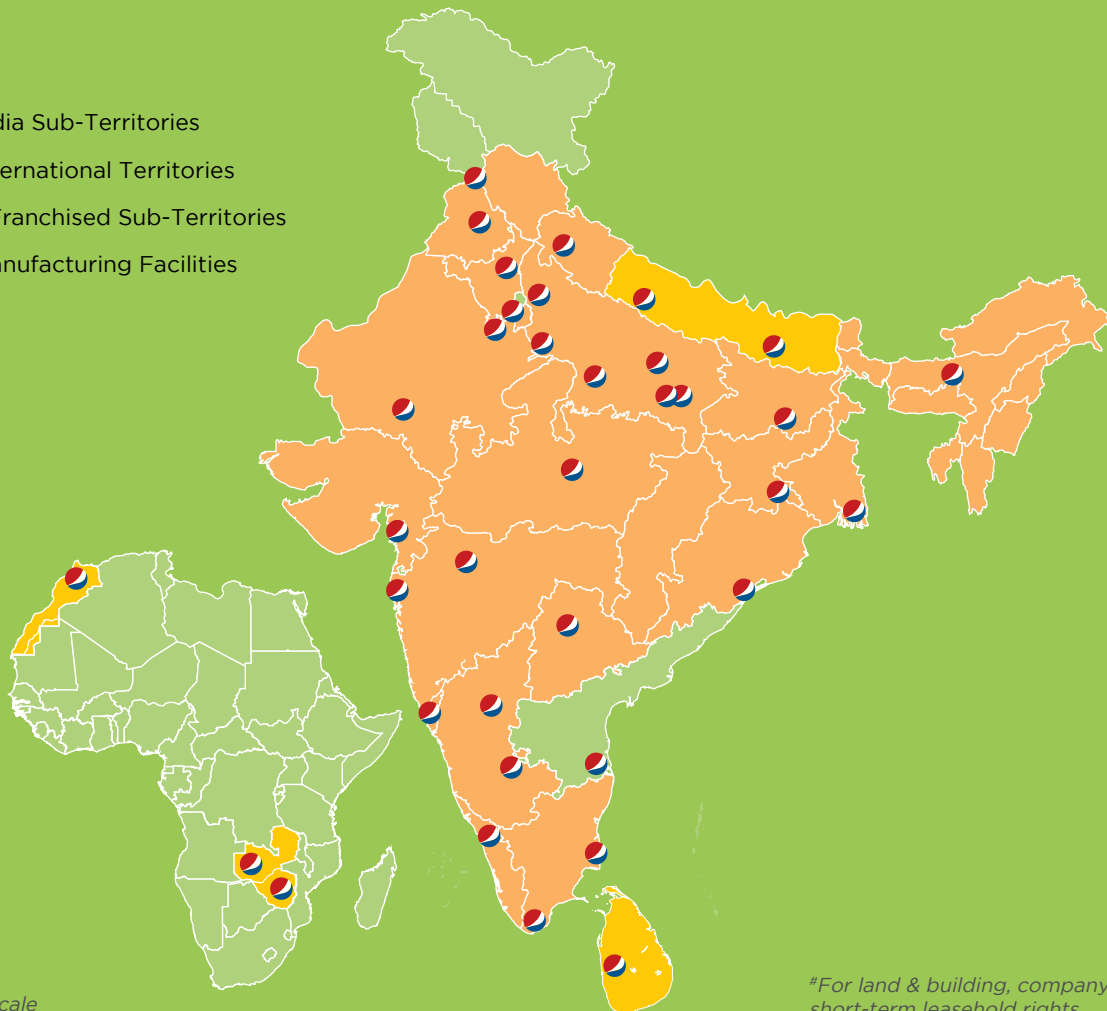
Pathankot  
Phillaur  
Nuh  
Panipat  
Greater Noida I  
Greater Noida II  
Jainpur  
Bazpur  
Sathariya  
Sathariya II  
Kosi  
Sandila  
Jodhpur  
Bhiwadi  
Mandideep  
Jamshedpur

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

- VBL India Sub-Territories
- VBL International Territories
- Other Franchised Sub-Territories
- VBL Manufacturing Facilities



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 6<sup>th</sup> 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:**



# 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.

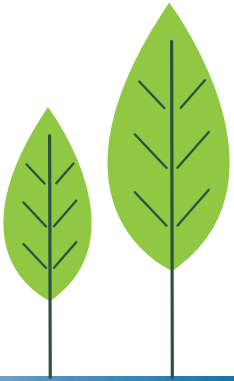


**Rashmi Dhariwal**  
Independent Director

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





# NET ZERO

**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+

**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.**



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.

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.

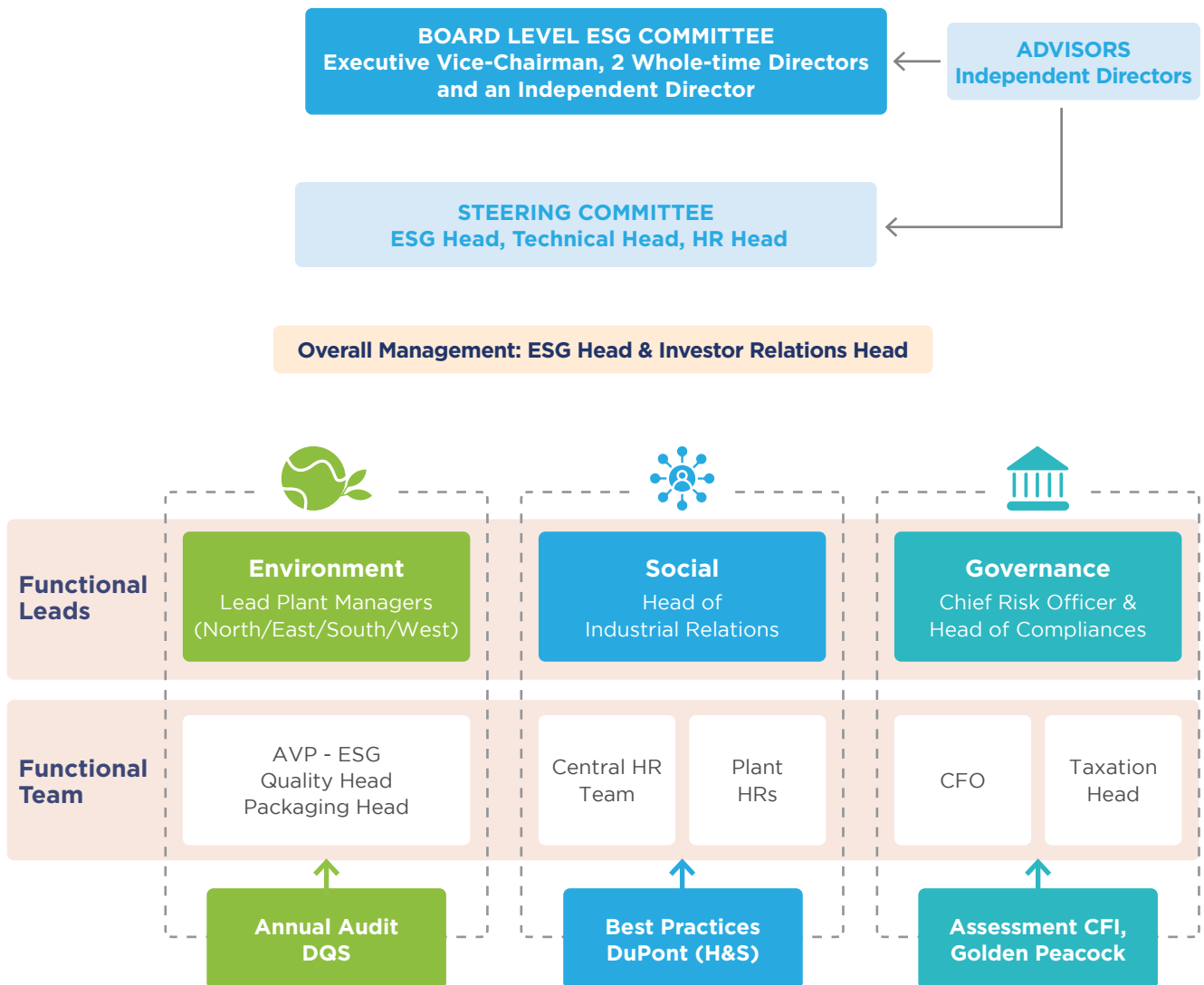
Warm Regards,

### 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.



### 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 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.**



<b>Environment</b> 	<b>Social</b> 	<b>Governance</b> 
<ul style="list-style-type: none"> <li>• Water stewardship</li> <li>• Waste management</li> <li>• Carbon emission reduction</li> <li>• Renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>• Human capital management and diversity</li> <li>• Health &amp; safety</li> <li>• Community engagement</li> <li>• Nutrition and product safety</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency, responsibility, and accountability</li> <li>• Trainings on key policies including Code of Conduct, Anti-bribery, FCPA, POSH and Insider Trading</li> <li>• Corporate governance</li> <li>• Risk management</li> </ul>

## 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	Recycling Plastic Waste	Carbon Footprint	Enhancing Renewable Energy
<p><b>2022 Highlights</b></p> <p><b>1.70 liters</b> of water used per liter of Beverage Production</p> <p>(Improvement of 10% over 2021)</p>	<p><b>2022 Highlights</b></p> <p><b>80%</b> Recycling of used PET bottles</p> <p>(10% points increase over 2021)</p>	<p><b>2022 Highlights</b></p> <p><b>36%</b> Reduction of carbon emissions/liter over base year - 2020</p> <p>(29% reduction over 2021)</p>	<p><b>2022 Highlights</b></p> <p><b>21 mn</b> units from renewable resources</p> <p>(~17% increase over 2021)</p>
<p><b>Roadmap to 2025</b></p> <ul style="list-style-type: none"> <li>Sustaining Water Recharge of more than 2.00x by 2025</li> <li>Reducing Water Usage Ratio from 1.92x in 2020 to 1.60x by 2025</li> </ul>	<p><b>Roadmap to 2025</b></p> <p>100% recycling of used PET bottles by 2025 (66% in 2020)</p>	<p><b>Roadmap to 2030</b></p> <p>Reducing Carbon Emissions per liter of beverage produced by 50% by 2030 over base year - 2020</p>	<p><b>Roadmap to 2030</b></p> <p>Increasing contribution from Renewable Energy to 25% by 2030 (Vs 7% in 2020)</p>

# 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
	 Employees	Facilitated discussions, Surveys, Townhall meetings, Leadership meetings, Email communications, Employee engagement activities, Webinars	Resource Use & Conservation
			Occupational Health & Safety
			Freedom of Association
			Diversity & Inclusion
External	 Suppliers	Individual and broad-based communications, Supplier trainings, assessments, and remediation processes	Talent Management
			Community Engagement
			Employee Engagement & Development
			Human Rights & Fair Labor Practices
			Product Safety & Quality
			Human Rights & Fair Labor Practices
			Responsible Sourcing
	 Retailers/Consumers	Surveys, Corporate websites, Marketing activities & communication, social media	Sustainable Agriculture
			Packaging Lifecycle Management
			Regulation & Taxation
			Environmental Stewardship
	 Industry Association	Surveys, Annual & Sustainability Reports, Ratings, rankings and other indices, social media	Diversity & Inclusion
			Product Labeling
			Responsible Marketing
Consumer Health & Nutrition			
Corporate Citizenship			
			Product Safety & Quality
			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

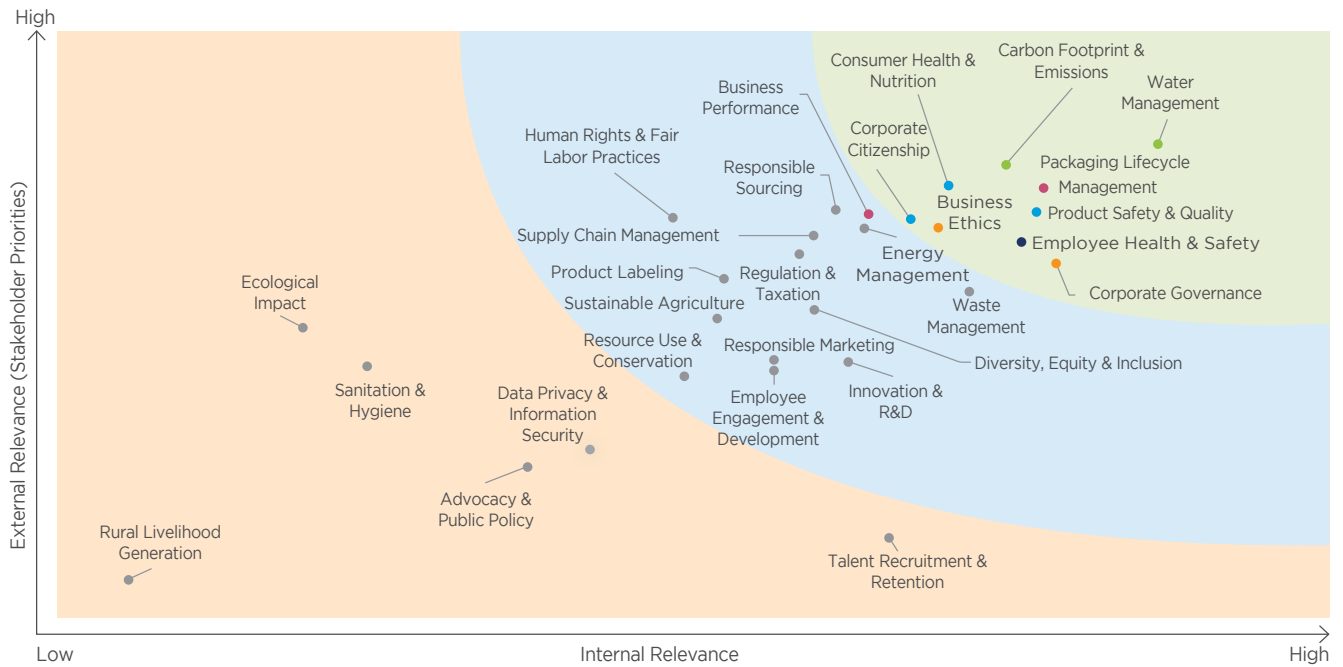
### Leadership and Governance

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

### United Nations Sustainable Development Goals catered to:



### Materiality Matrix



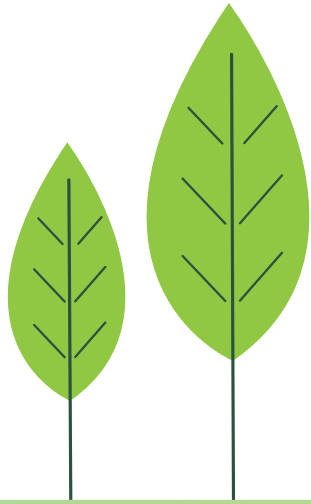
Pillar	Material Aspects	Ranking
Environment	Water Management	1
	Carbon Footprint & Emissions	2
Social Capital	Product Safety & Quality	4
	Consumer Health & Nutrition	5
	Corporate Citizenship	9

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





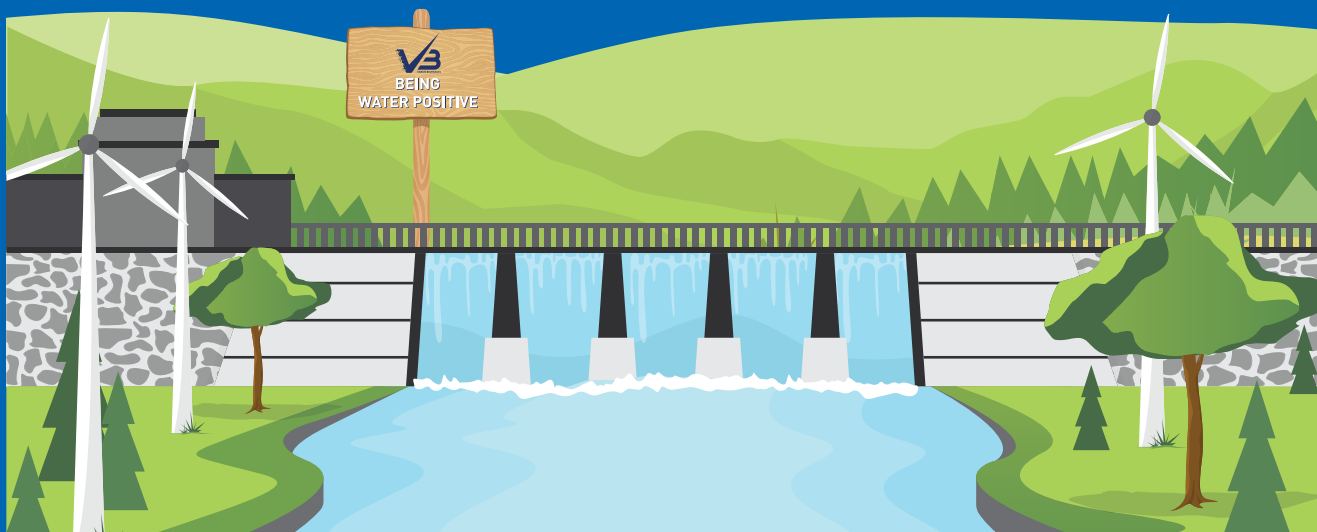
# VBL's Contribution to Mother Earth



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

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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)

OUR PRIORITIES & PROGRESS

# 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.

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

**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



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

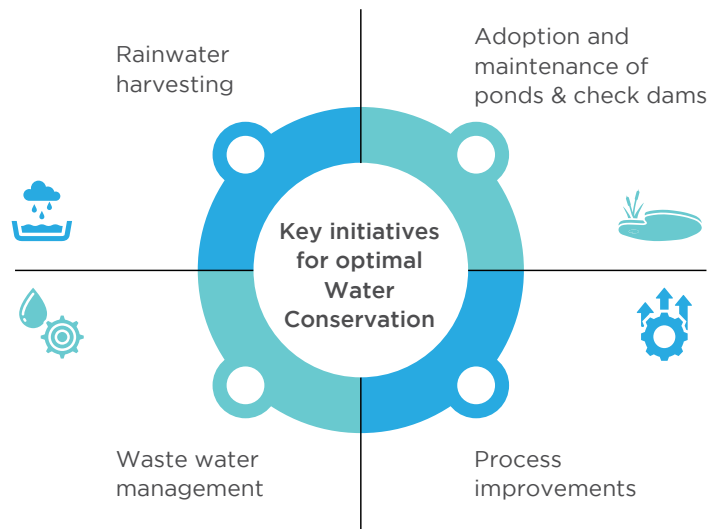
We have made a promise to ourselves to decrease our water consumption in the region and replenish whatever we use. Our goal is not just to use minimum amount of water; it is to minimize the negative impact associated with the use of water.

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 ₹)

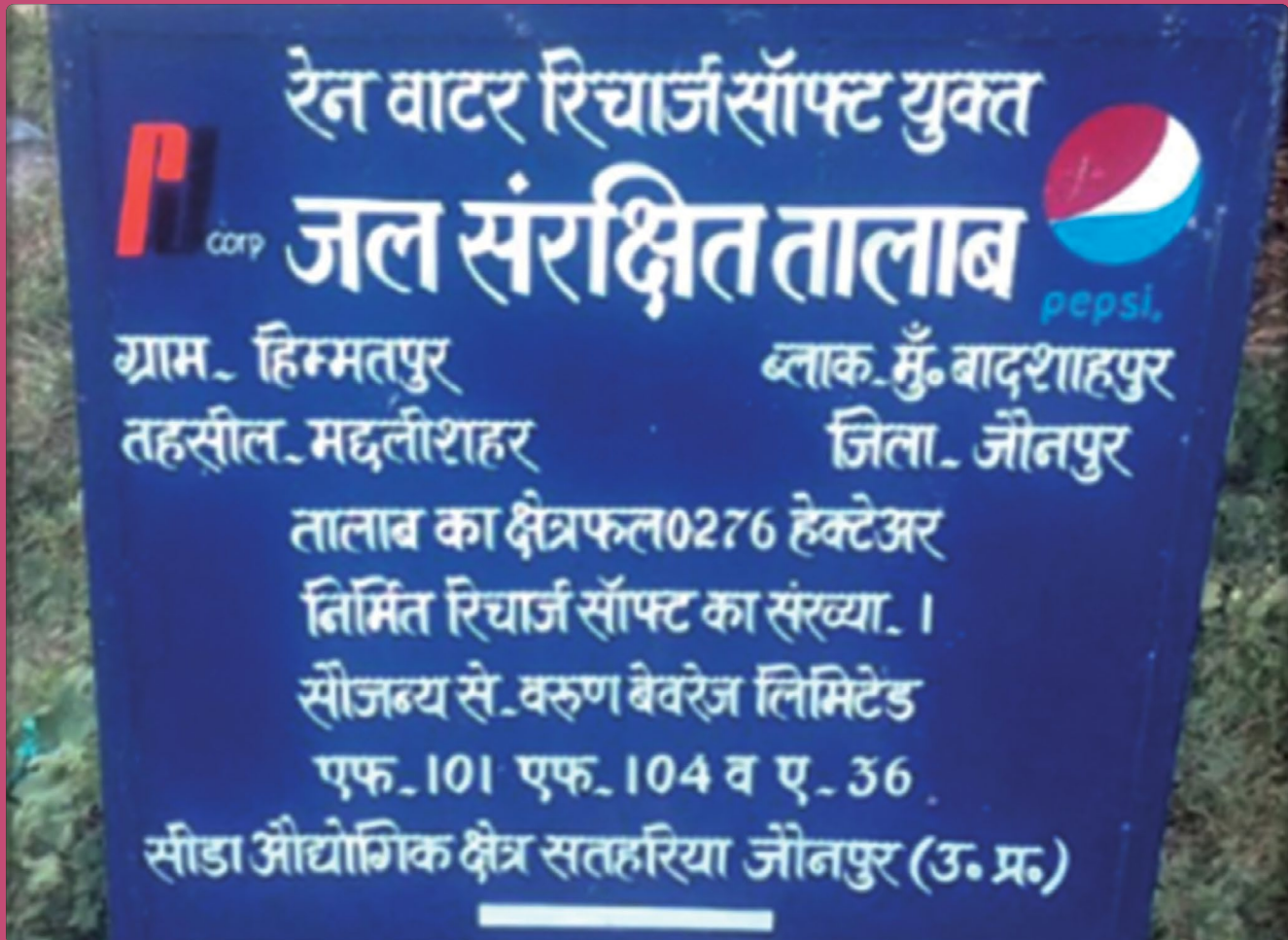
## Water Discharged

(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.





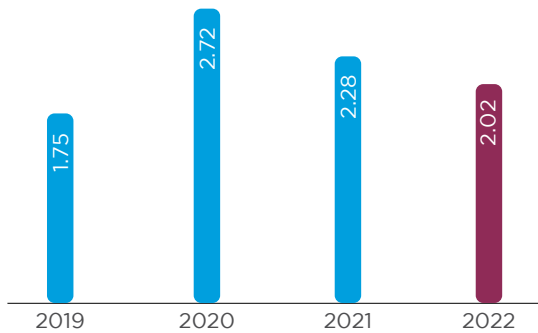
### Key Findings of the Report

	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.

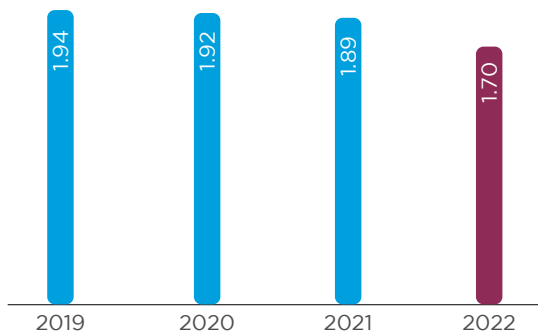
#### Water Recharge Ratio\*



\*Water recharged per liter of water consumed

### Target 2025 Sustaining Above 2.00

#### Water Usage Ratio\*

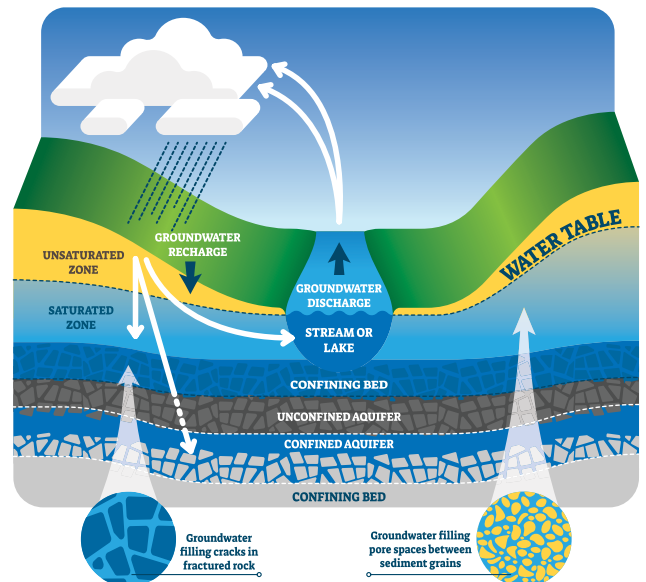


\*Liters of water consumed per liter of beverage produced

### 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

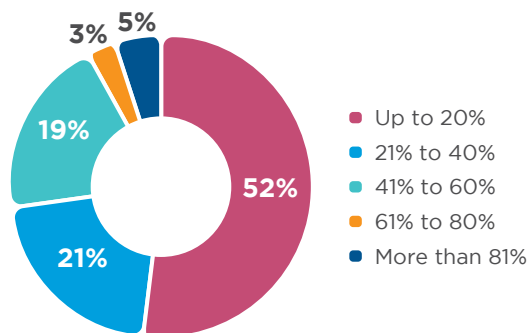
##### Impact

**Sustainable management of natural resources and mitigation of climate change**

**Improvement in quality of life**

**Promotion of sustainable livelihoods**

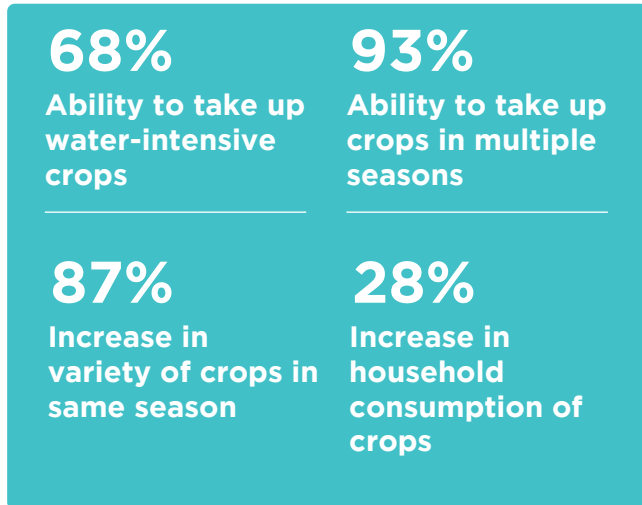
#### Increase in crop yield



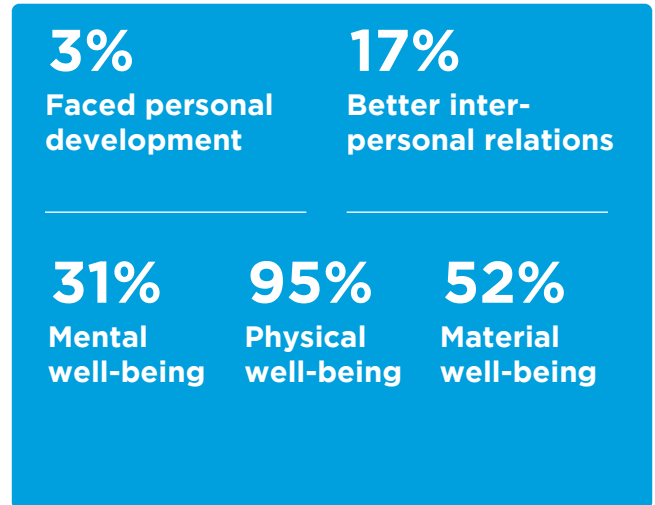
#### Change in cropping pattern

	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%

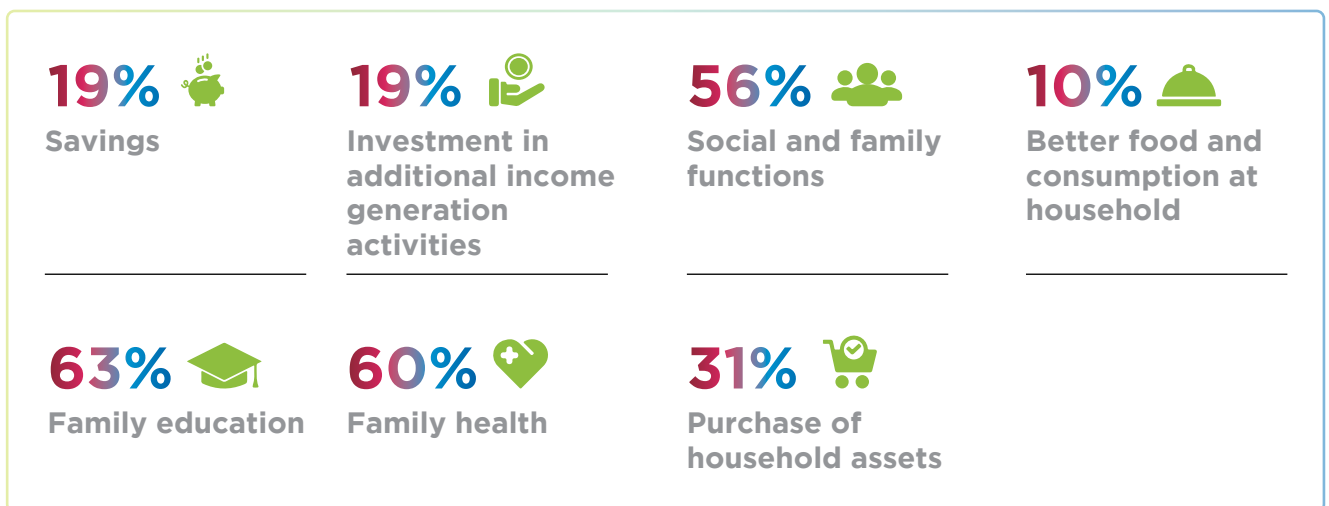
Impact on Small and Marginal Farmers



Improvement in Quality of Life



Utilizing additional income



Key takeaways



## B. Environmental Impact

### Construction of Ponds and Deepening and Maintenance of Ponds - Key Observations

#### Output

**7**

Ponds constructed in villages

**3**

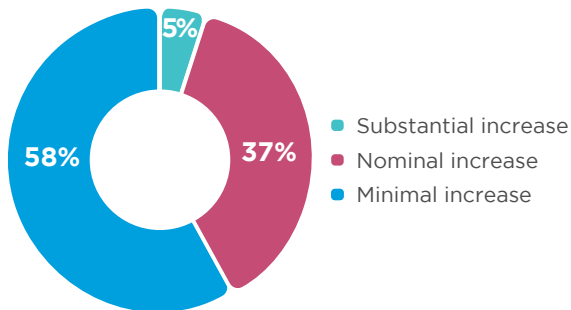
Ponds constructed in plant premises

#### 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

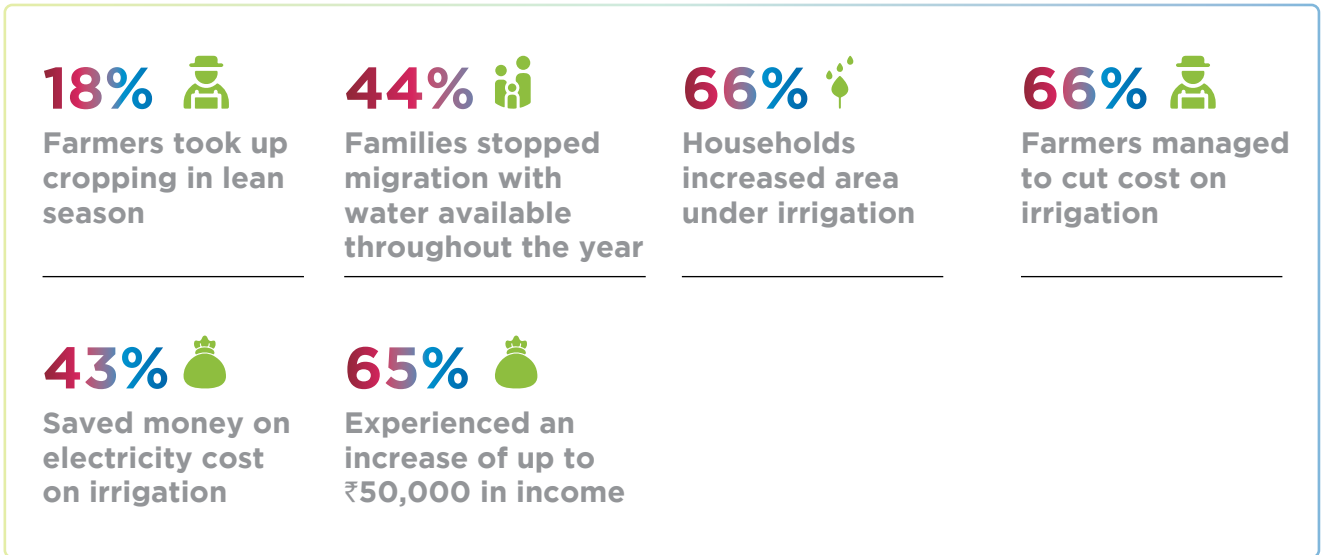
Efforts to access water from handpumps decreased significantly

Accessibility to water in ponds improved

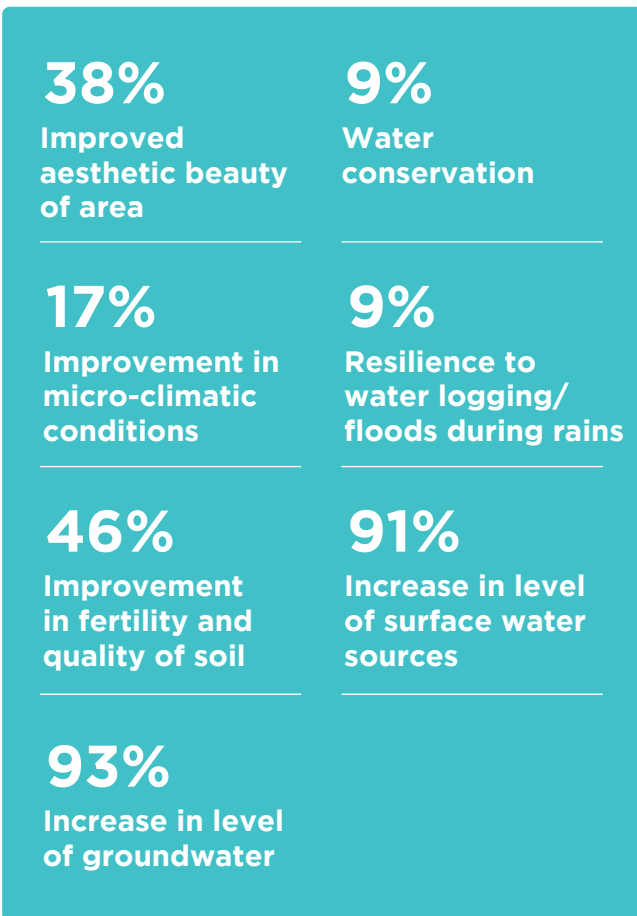
Wells showed increase in water level throughout the year

Time required for irrigation from borewells decreased

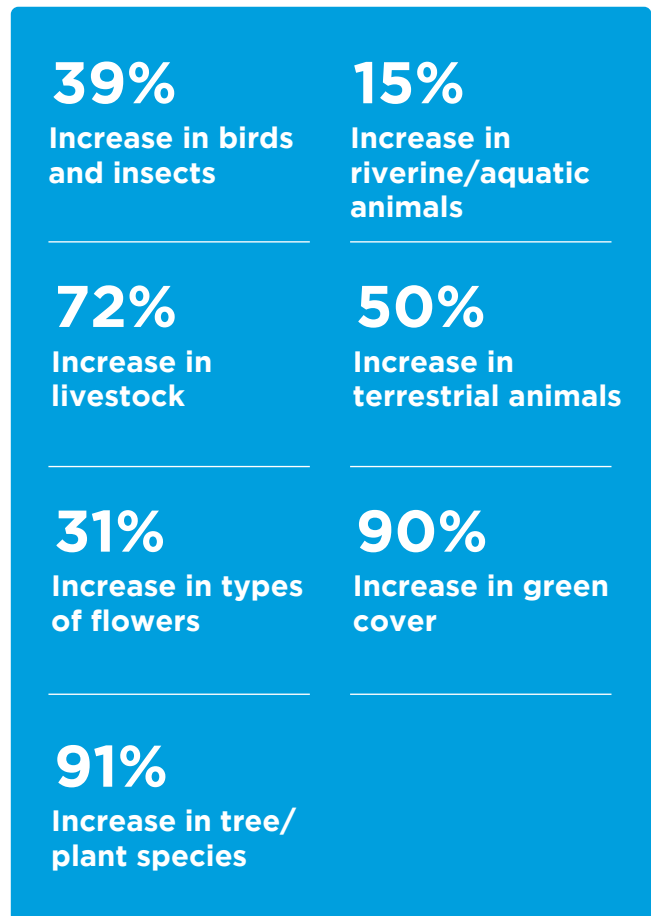
**Pond Rejuvenation - Key takeaways**



**Improvement in environmental impact**



**Increase in bio-diversity observed**



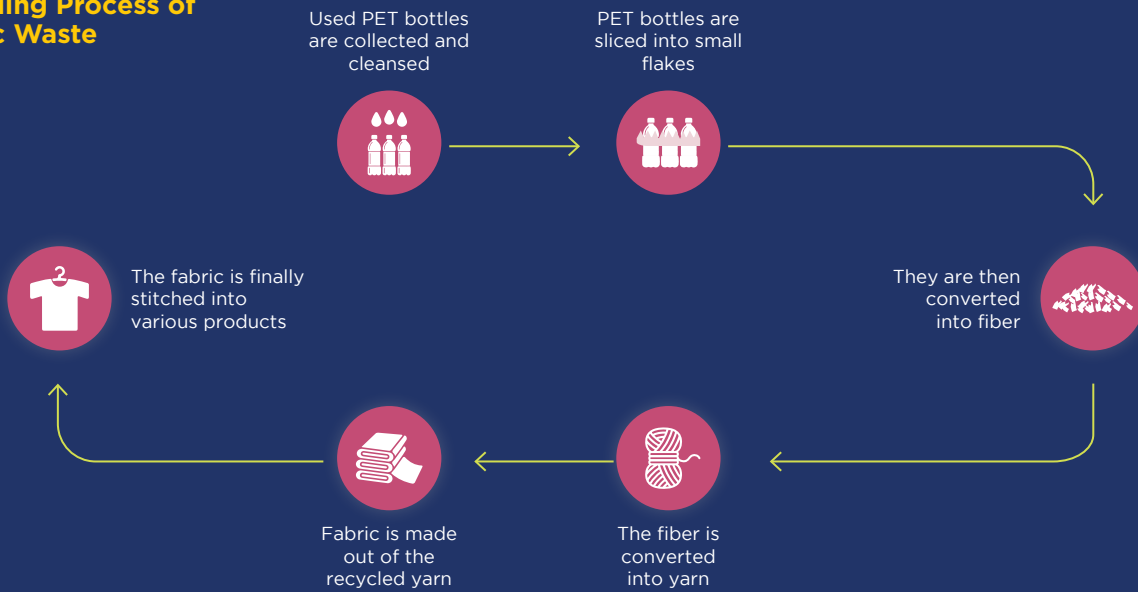
OUR PRIORITIES & PROGRESS

# 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







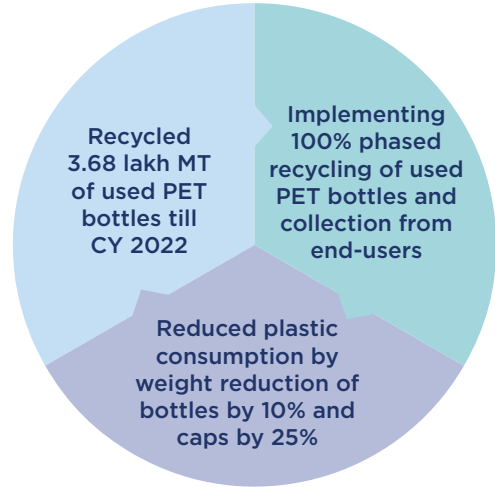


**Key Enablers - Moving beyond compliance**

**Progress upto CY 2022**

**A. Weight Reduction**

			
<p><b>Rationalize</b></p> <p>Weight reduction of Pre-forms by 10% and Closures by 25%</p>		<p><b>Recycle</b></p> <p>Tied up with GEM Enviro for phased implementation of 100% recycling of used PET bottles</p>	



**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
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**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%**

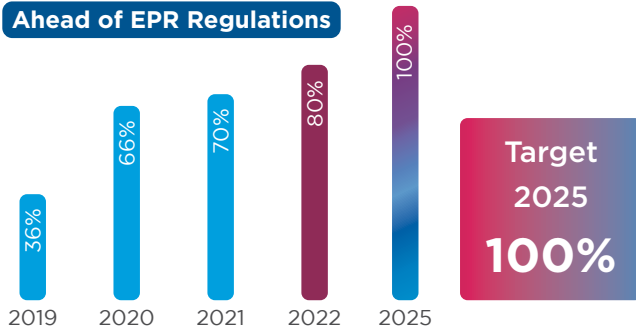
In CSD/Juices/Water (2010 to 2022)



## B. Recycling of Plastic Waste (%)

### Plastic Waste Recycled (%)\*

#### Ahead of EPR Regulations



\*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

<p><b>Installing Solar Rooftop</b></p>	<p><b>Open Access RE Contracts</b></p>
<p><b>Latest Technology Energy Efficient Machines</b></p>	<p><b>Process Improvements</b></p>

#### 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

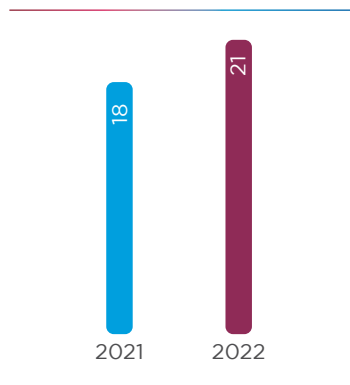
- Increase in Energy Efficient Machines
- Increase in Energy Efficient Visi-Coolers
- Use of frequency drive in ammonia and air compressor which saves electric energy.
- Use of frequency drive in boiler for ID and FD fan which saves electric energy.
- Heat recovery from hot compressed gases and used 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

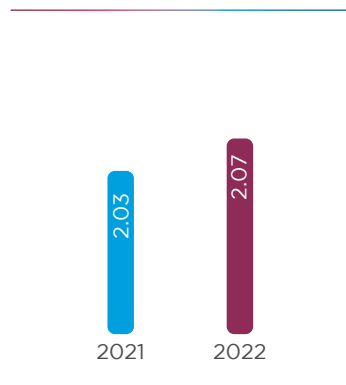
### Renewable and Non-Renewable Sources

	CY 2021	CY 2022
<b>RENEWABLE</b>		
Electricity consumption	18 mn kWh	21 mn kWh
Fuel consumption (Briquette, Firewood, LPG, PNG)	61 mn Kg	74 mn Kg
<b>NON-RENEWABLE SOURCES</b>		
Electricity consumption	193 mn kWh	283 mn kWh
Fuel consumption (HSD Diesel)	3.7 mn Liters	5.5 mn Liters

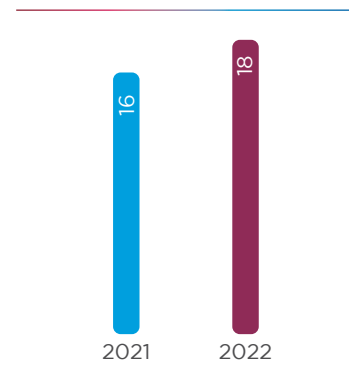
### Renewable Energy Generated (in Million KW)



### 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.



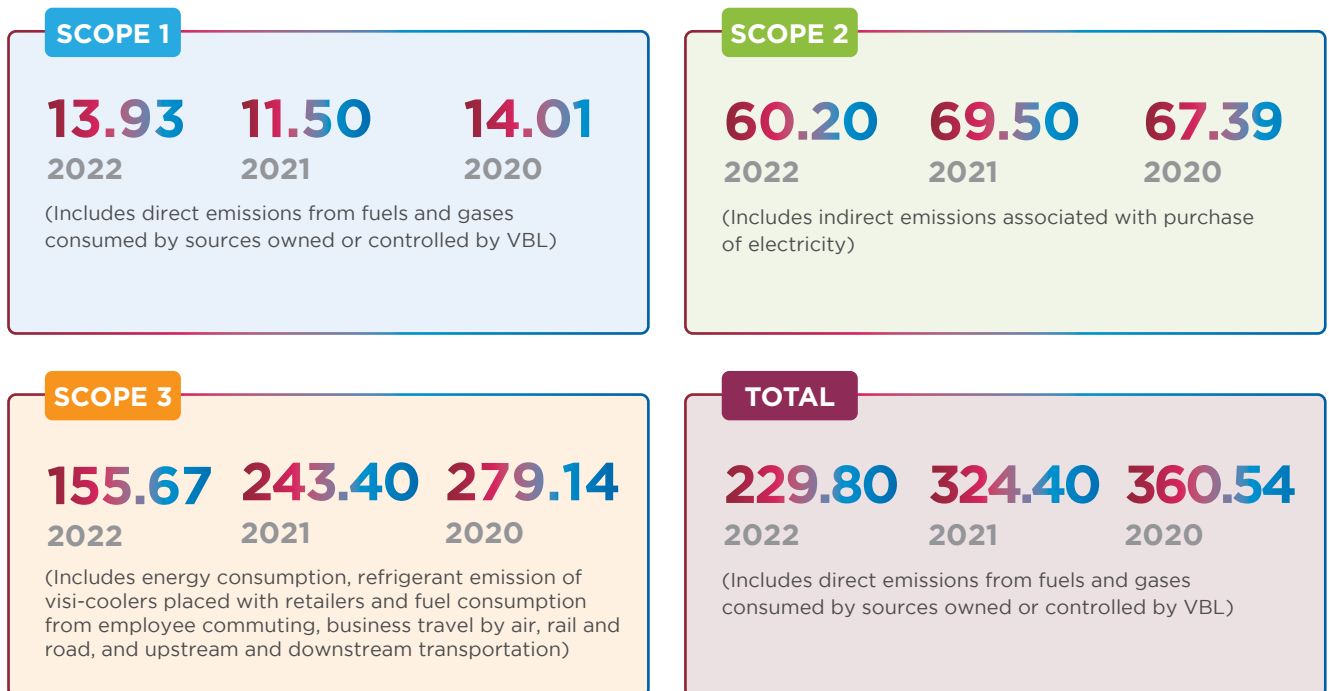


### GHG Emissions

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

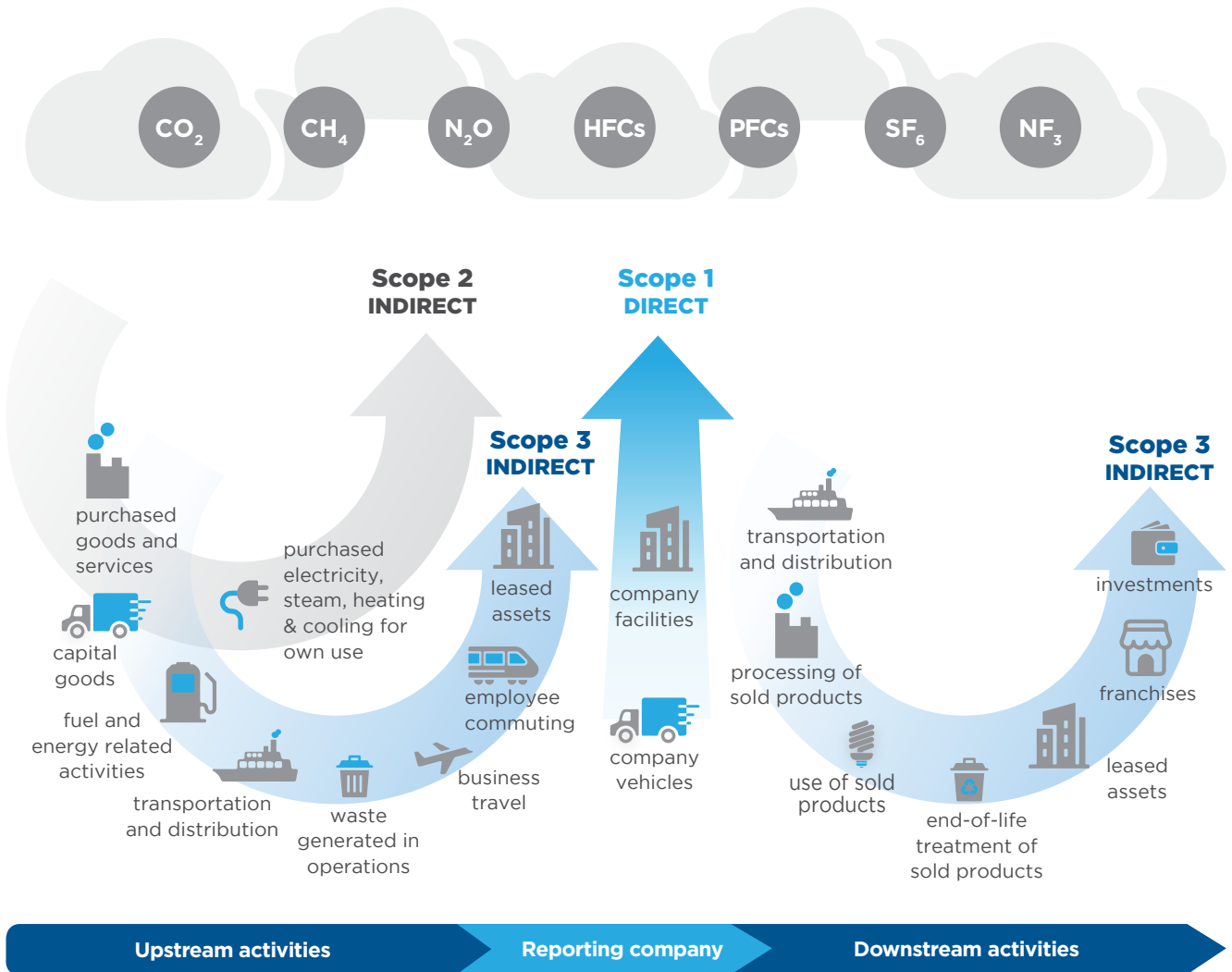


Figures in grams of CO<sub>2</sub>e/liter

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



**~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

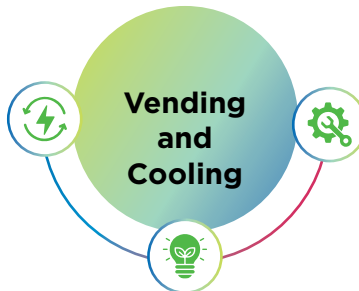
**Optimizing Existing Fleet**

- 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

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

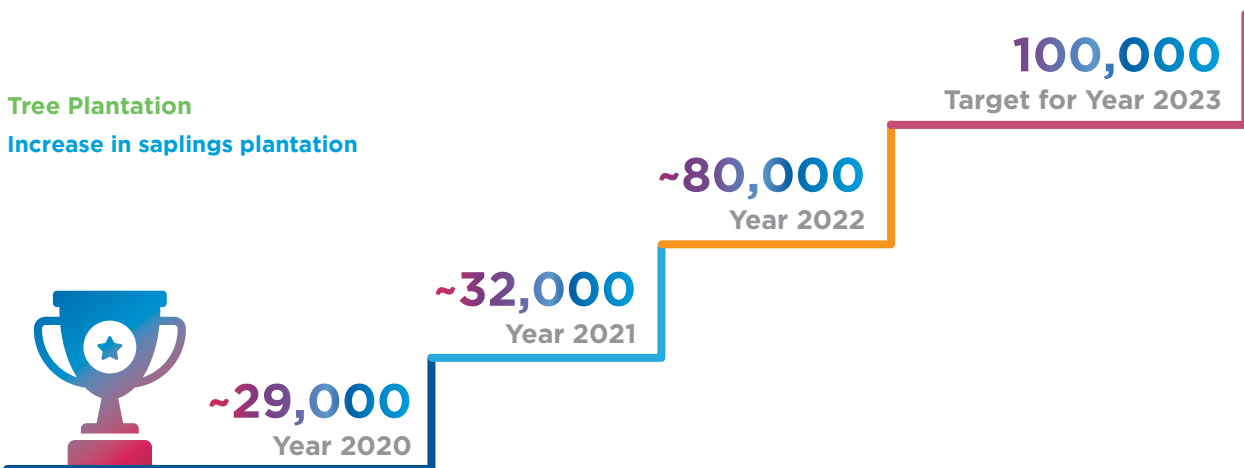


Evaluating options and roll-out renewable energy based visi-coolers

Establishing mechanism to better track and record utilization of coolers

**Tree Plantation**

Increase in saplings plantation



## OUR PRIORITIES & PROGRESS

# 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.

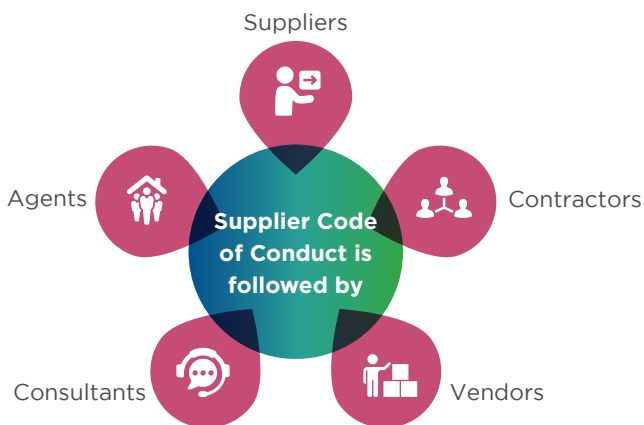
### Supplier Code of Conduct

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.

### 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.



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### 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	<p>PepsiCo has taken various initiatives on environment, social and sustainable practices including:</p> <ul style="list-style-type: none"> <li>• Reduction in energy consumption</li> <li>• Reduction in water usage</li> <li>• Developing rain water harvesting pits and ponds</li> <li>• Manure Machine for recycling of food waste</li> </ul>
Reliance Industries Limited	PET Resin	<p>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.</p>
DCM Shriram	Sugar	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Owns Bio-Lab which produces bio-fungicides and bio-pesticides instead of chemical fungicides and pesticides used by farmers for cane crop.</li> <li>• Awarded Best Energy Efficient Plant in sugar sector by Bureau of Energy Efficiency (BEE), for being the lowest power consumption per ton cane.</li> </ul>
Triveni Engineering	Sugar	<p>Diverts B-category heavy molasses to distillery for ethanol blending in petroleum products</p>
Tetra Pak	Packaging material	<p>Procures 100% paper board from Forest Stewardship Council certified supplier and 100% Aluminum foil from Aluminum Stewardship Initiative member supplier.</p>
Tasa Foods	Fruit pulp	<p>Uses dried mango seeds as biofuel and decomposing fruit waste into manure provided to farmers</p>
SIDEL Blowing Services S.A.S.	Manufacturing lines	<ul style="list-style-type: none"> <li>• 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).</li> <li>• 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.</li> </ul>
HUSKY Injection Molding Systems SA	Packaging Lines	<ul style="list-style-type: none"> <li>• Supports use of bio-resins in hot runner applications. Optimized hot runner systems to reliably run bio-resins and accommodate challenges arising in production.</li> <li>• 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.</li> </ul>



**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



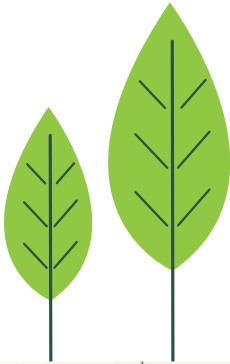


Regular trainings on anti-bribery, corruption, industrial hygiene



Taskforce teams to resolve employee grievances

# SOCIAL INITIATIVES





## OUR PRIORITIES & PROGRESS

# 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.

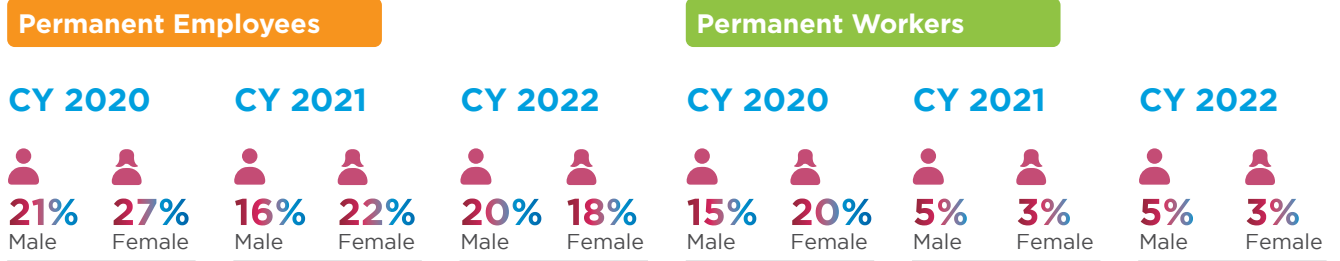


### Broad aspects of the ESG-linked KRAs and incentives

- 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**



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



**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
<b>Total</b>	<b>419,065</b>	<b>493,415</b>

**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

**COMPETENCY FRAMEWORK**

- 1 ENTREPRENEURIAL & OWNERSHIP MINDSET**

DEMONSTRATES 'OWNERSHIP'. IS DECISIVE AND AGILE TO ENHANCE MARKET SHARE, PROFITABILITY, QUALITY, EFFICIENCY.
- 2 BUSINESS ACUMEN & DATA ORIENTATION**

SETS OBJECTIVES IN RESPECTIVE AREAS, ANALYSES DATA TO SPOT AND CAPITALIZE OPPORTUNITIES
- 3 ADAPTABILITY**

DISPLAYS RESILIENCE AND ADAPTS TO CHANGING ENVIRONMENT QUICKLY
- 4 CUSTOMER ORIENTATION**

UNDERSTANDS THE NEEDS OF CUSTOMERS ALONG WITH ALL INTERNAL & EXTERNAL STAKEHOLDERS TO PARTNER FOR SUCCESS
- 5 DRIVING RESULTS**

TAKES ACCOUNTABILITY AND OWNERSHIP TO CONSISTENTLY DELIVER ON TARGETS
- 6 SELF & TEAM LEADERSHIP**

FOCUSSES ON SELF AND TEAM DEVELOPMENT TO LEAD, MOTIVATE AND EMPOWER TEAMS TO DRIVE HIGH PERFORMANCE
- 7 CULTIVATES COLLABORATION**

PARTNERS TO INFLUENCE, PERSUADE AND ALIGN CRITICAL STAKEHOLDERS TO ACHIEVE SHARED GOALS



### 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.



## OUR PRIORITIES & PROGRESS

# 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.

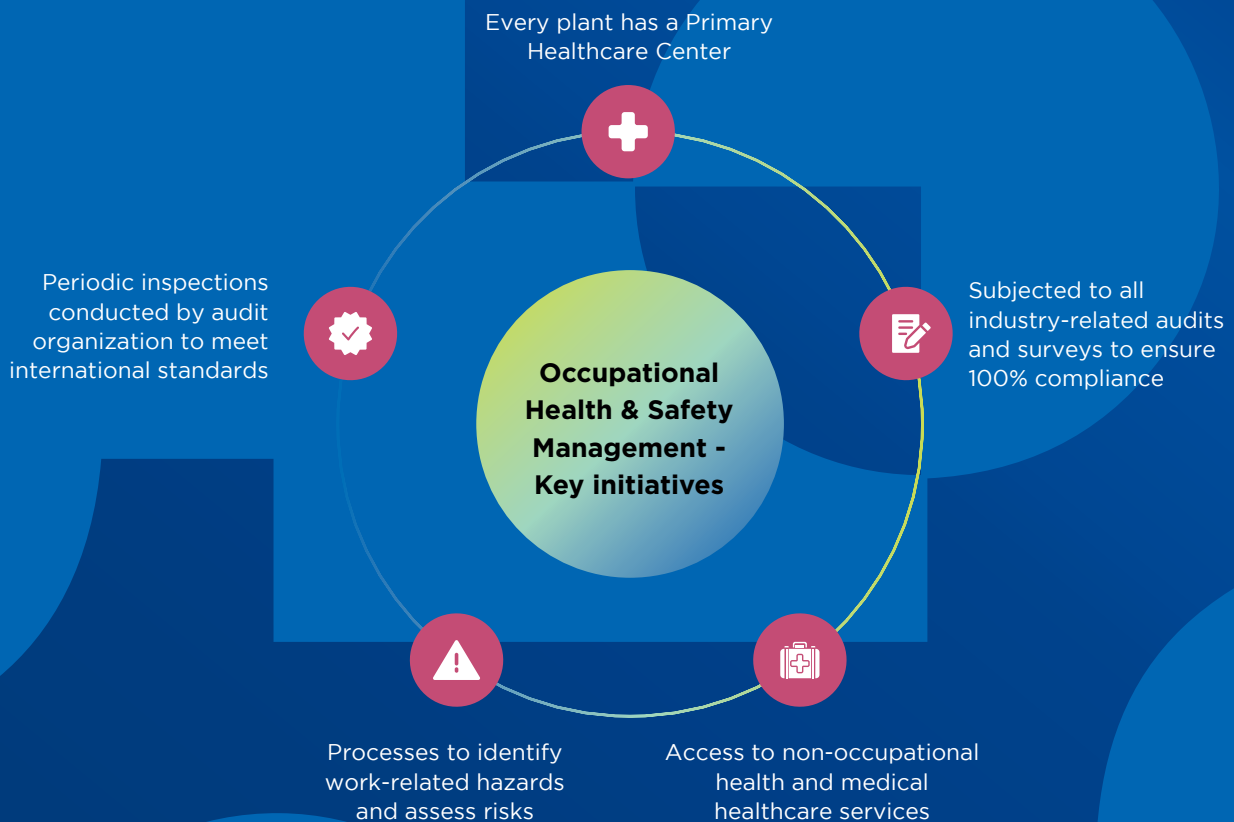
### Safety Interaction System

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.

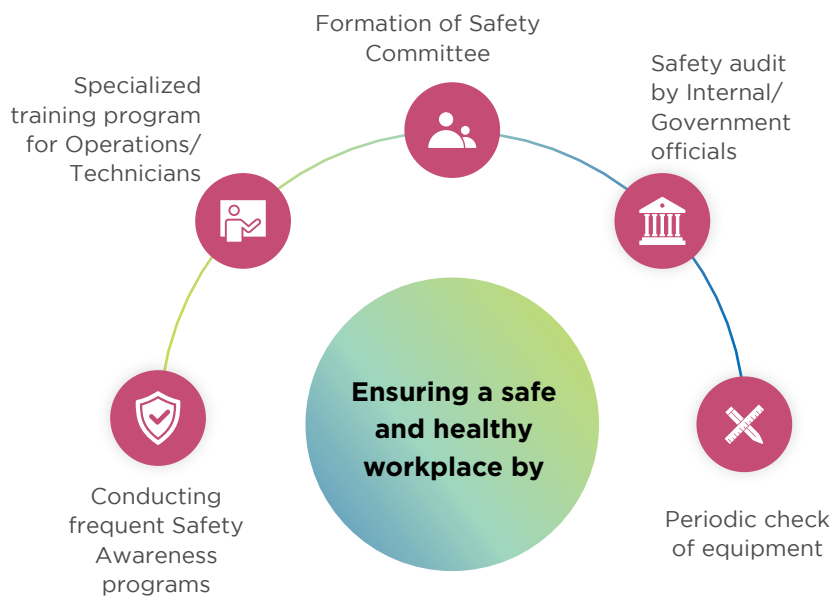
### Employee Passport and Contractor Safety Management

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

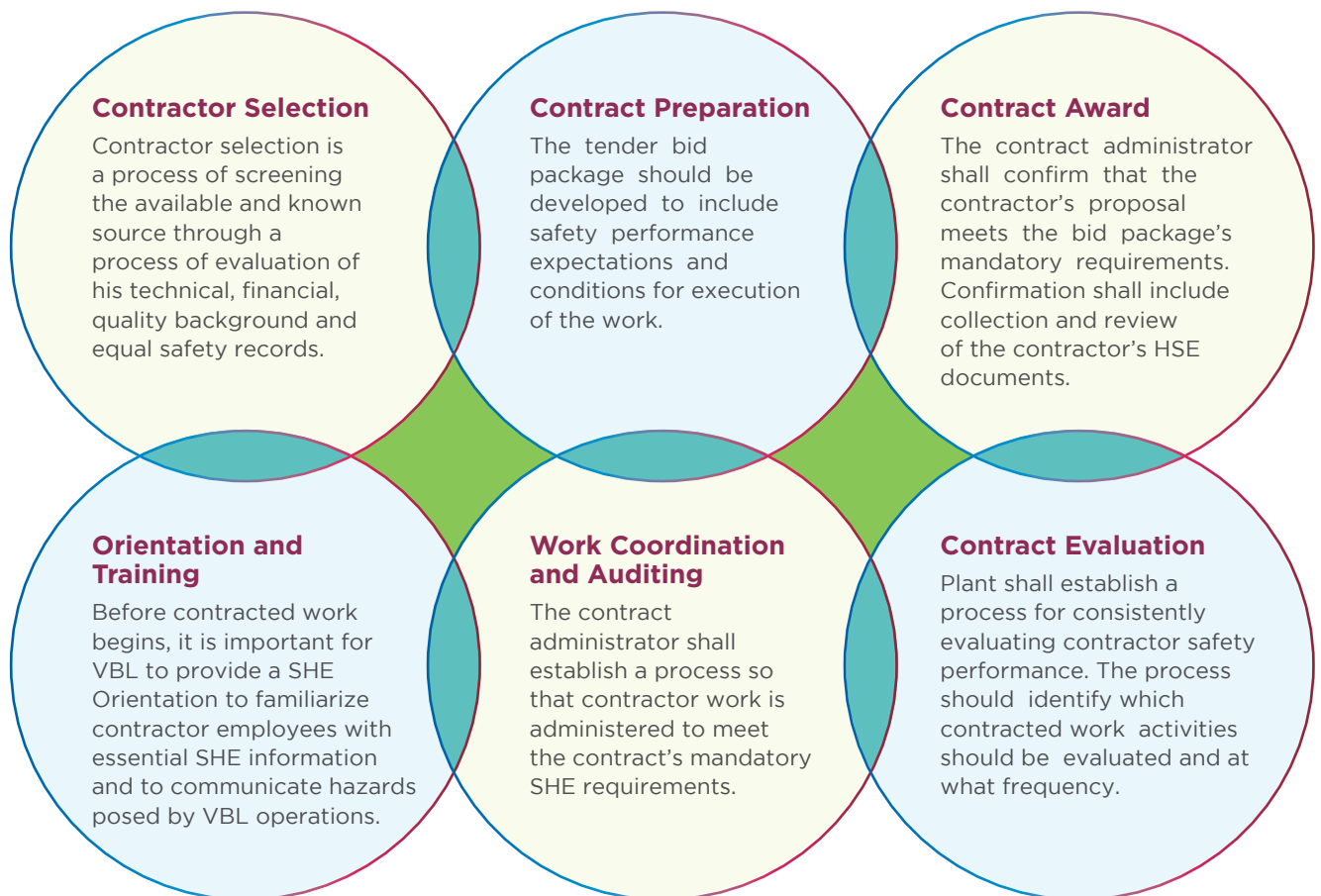
- Approved charters and deliverables for each sub-committee
- Action plan made for functioning of all sub-committees
- Finalized standards for Incident Management, Safety Interactions, General Safety Rules, Work at Height, Document Control, Contractor Safety Management
- Completed training on Incident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



## 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](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-nutrition-criteria.pdf?sfvrsn=54fa599a_3)

[https://www.pepsico.com/docs/default-source/policies/pepsico-global-labeling-policy.pdf?sfvrsn=b73cdde1\\_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/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](https://www.pepsico.com/docs/default-source/policies/pepsico-global-policy-on-the-sale-of-beverages-to-schools.pdf?sfvrsn=c29ab1b6_3)

## OUR PRIORITIES & PROGRESS

# 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

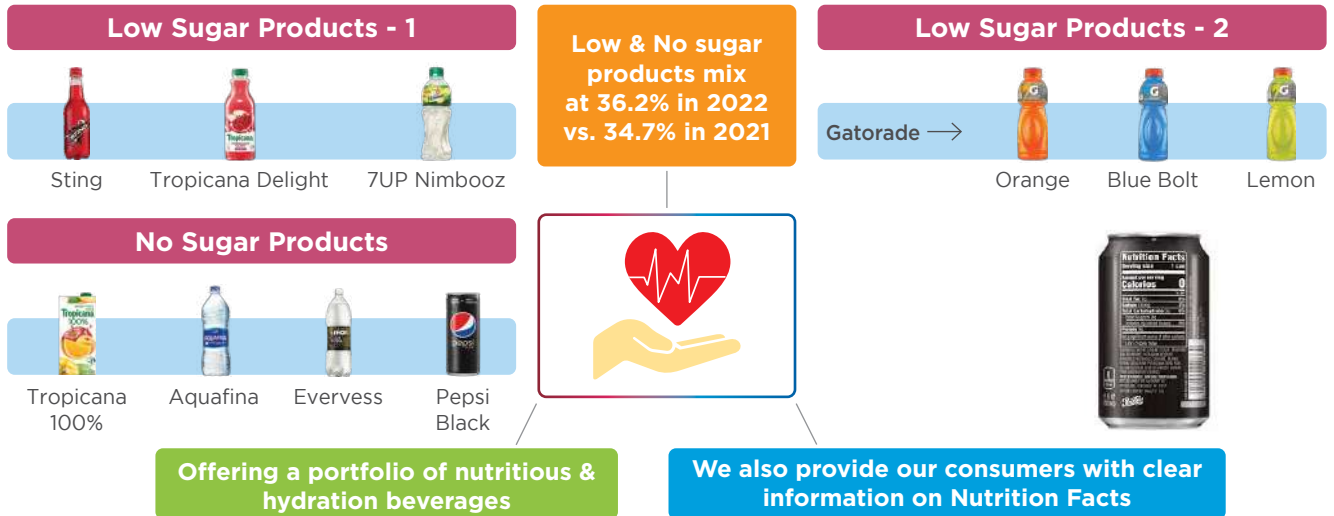
We place clear nutrition information on our packages to help our consumers make informed choices.

**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.

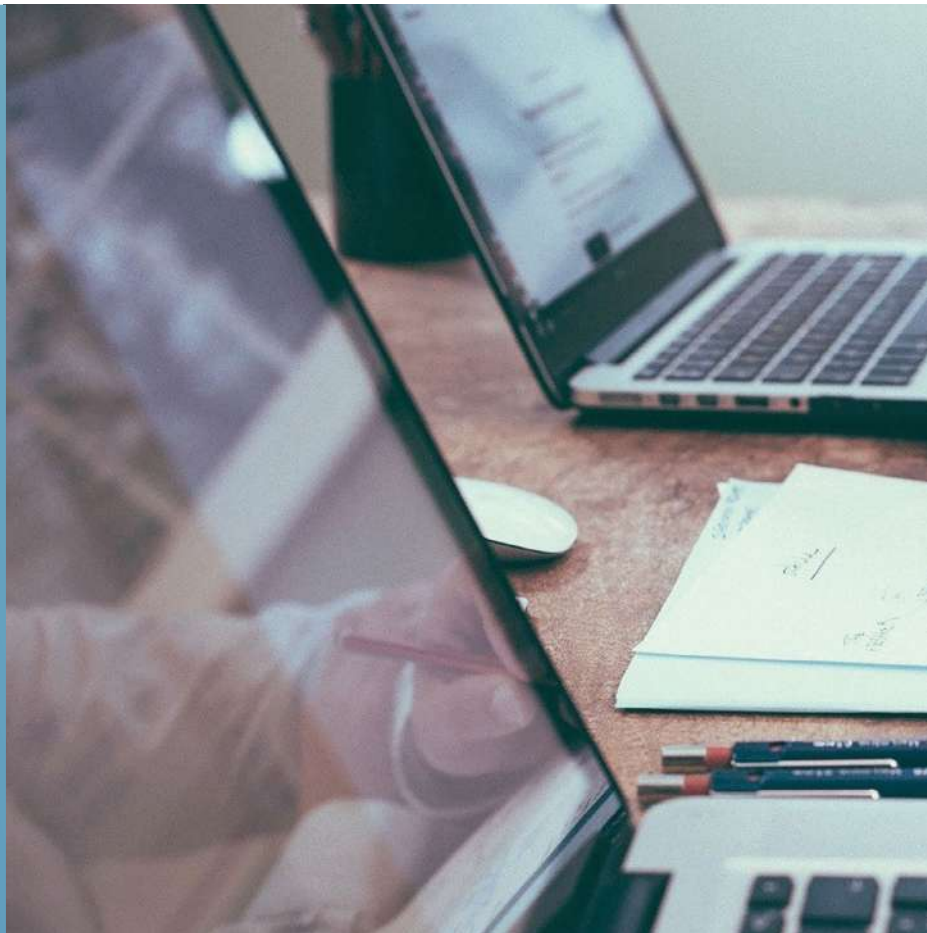
### Guidelines on Sugar Content:

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

# GOVERNANCE







**OUR PRIORITIES & PROGRESS**

# 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**



**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
<b>Ravi Jaipuria</b> Promoter & Non-Executive Chairman	M C	L S I G F C
<b>Varun Jaipuria</b> Promoter, Executive Vice Chairman & Whole-time Director	M M C	L S I G C
<b>Raj Gandhi</b> Whole-time Director	M M C C M	L S I G F C
<b>Rajinder Jeet Singh Bagga</b> Whole-time Director	M M	L S I G C
<b>Dr. Naresh Trehan</b> Independent Director	M	L S G F C
<b>Dr. Ravi Gupta</b> Independent Director	C M	L S F C
<b>Pradeep Sardana</b> Independent Director	M	L S I G C
<b>Rashmi Dhariwal</b> Independent Director	M M C M M M	L S F C
<b>Sita Khosla</b> 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
- Chairperson
- 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.

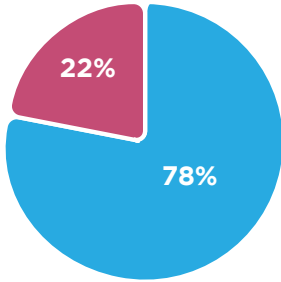
### CSR Committee

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



Male



Female

## 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

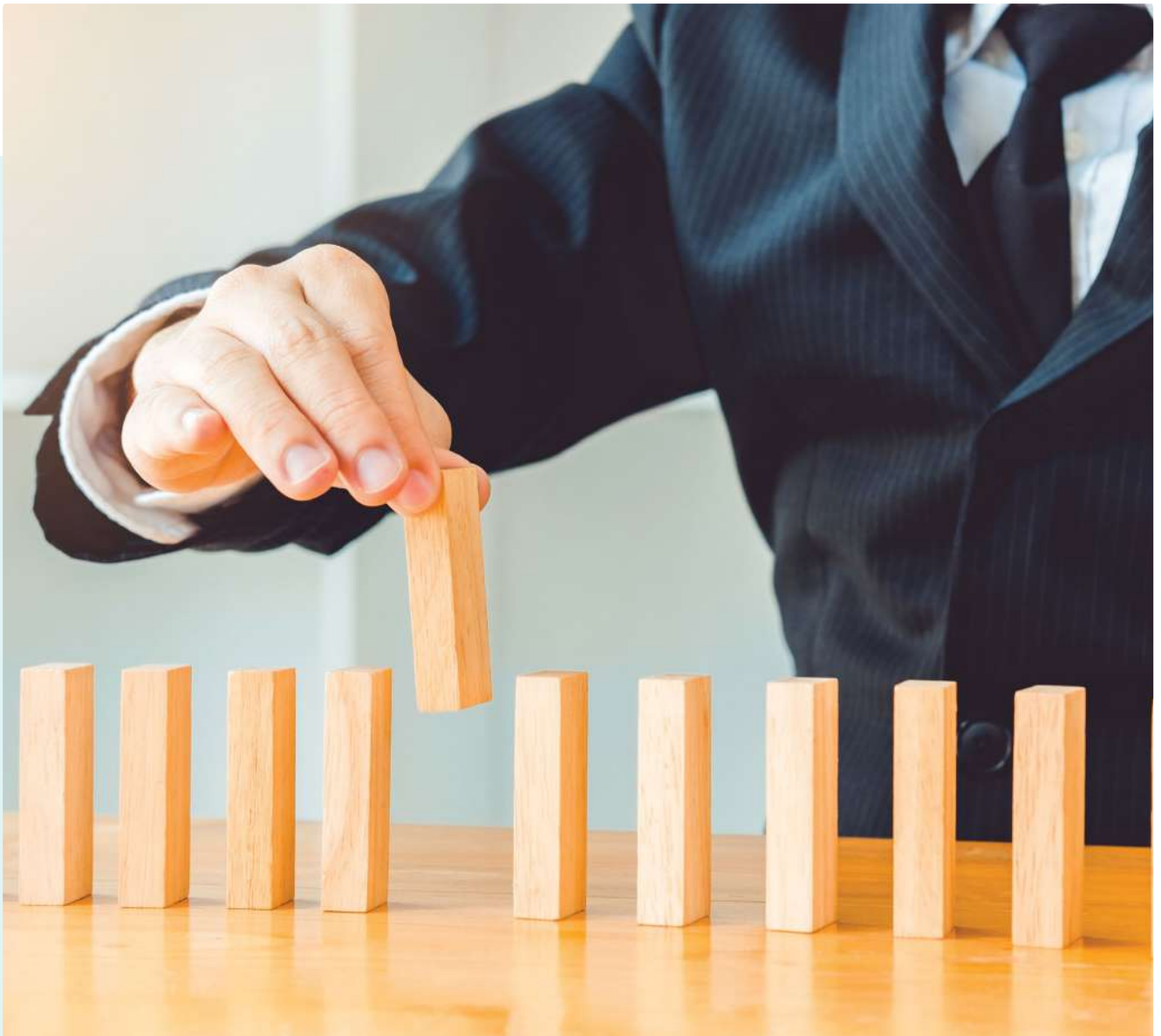
- To maintain awareness and comply with all applicable laws and regulations of the countries of operation
- To maintain confidentiality of all PepsiCo's and its partners information
- To compete fairly for PepsiCo's business and conduct all such business on behalf of PepsiCo in a lawful manner
- To encourage 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



## OUR PRIORITIES & PROGRESS

# 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



### 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.

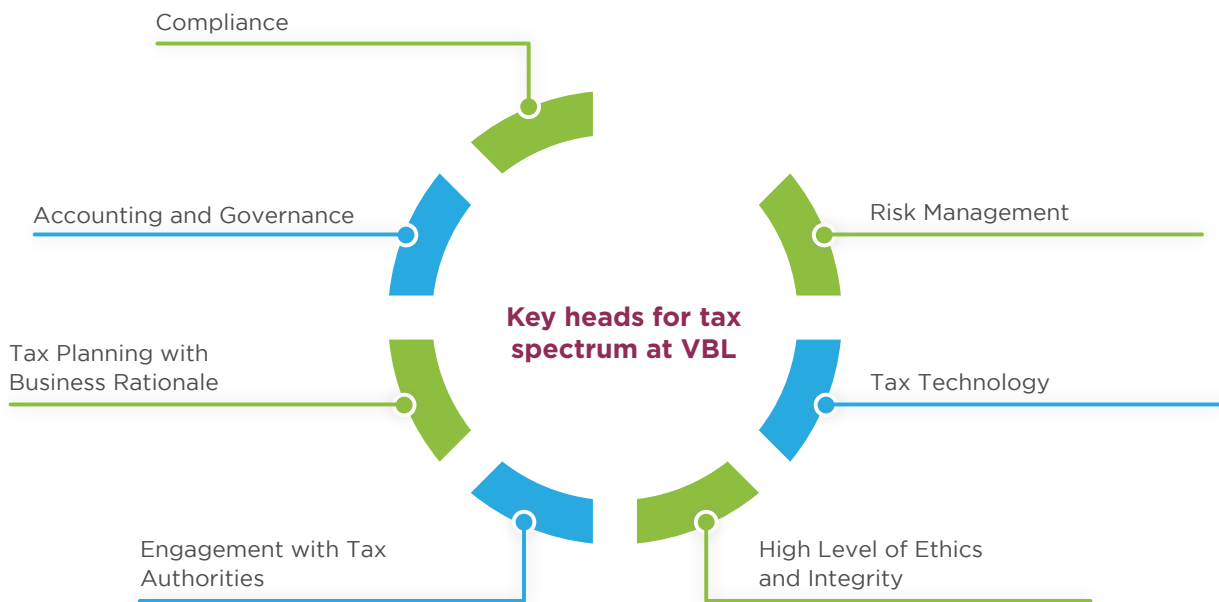


Risk	Description	Mitigation Plan
Regulatory Risk	Regulations on consumer health and the risk of the Company's products being targeted for discriminatory tax and packaging waste recovery may adversely impact business.	The Company proactively works with PepsiCo, and the government and regulatory authorities 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.



## 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

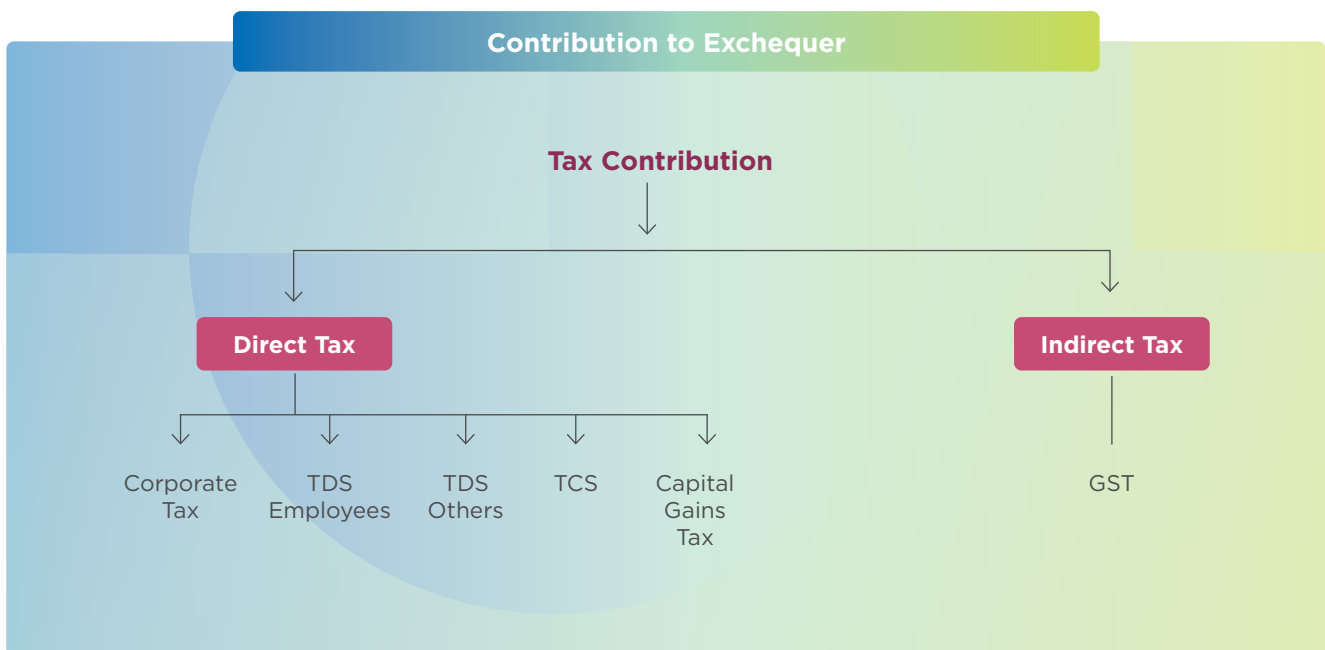
portal of the government. The system is configured in a way that not even a single invoice can be generated without an E-invoice and E-way bill, as prescribed under the GST laws.

### 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 Integrity

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 4<sup>th</sup> 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 28<sup>th</sup> (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 27<sup>th</sup> 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 27<sup>th</sup> 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](mailto: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 33<sup>rd</sup> (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 27<sup>th</sup> 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 32<sup>nd</sup> 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 Chandiook & 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

**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 <sup>^</sup>	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 <sup>#</sup>	Not Applicable
7.	Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary	13.30	18.11	Not Applicable

<sup>^</sup> 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.

<sup>#</sup>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

Place: New Delhi

CP No.: 22944 / Mem. No. F4019

Date: February 6, 2023

UDIN.: F004019D003115446

**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	<p>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:</p> <ol style="list-style-type: none"> <li>1. Use of frequency drive in ammonia and air compressor which saves electric energy.</li> <li>2. Use of frequency drive in boiler for ID and FD fan which saves electric energy.</li> <li>3. Heat recovery from hot compressed gases and used for heating water.</li> <li>4. Recovery of treated hot water from three stage syrup transfer PHE.</li> <li>5. Beverage filling at ambient temperature leading to huge power savings in refrigeration.</li> <li>6. Replacement of CFL/FTL lamps with LED lamps.</li> <li>7. Replacement of low efficiency pump with high energy efficient pump.</li> <li>8. Improving efficiency on critical resources like water and energy by doing water recoveries and optimizing energy consumption.</li> <li>9. Optimizing the resource consumptions and minimizing wastages by automations and controls.</li> <li>10. Installation of steam operated pump trap - SOPT for better steam condensate recovery across all units.</li> <li>11. Direct Coupled HP Compressors (No gear Box).</li> <li>12. IE 5 permanent magnet motor.</li> <li>13. Adiabatic cooling tower.</li> </ol>
(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	<ol style="list-style-type: none"> <li>1. Installation and commissioning of Solar Plant at Nuh and Greater Noida Plants.</li> <li>2. Air recovery system in Blow Moulding Machine.</li> <li>3. Filling machines which are capable of filling beverage at ambient temperature with high speed running.</li> <li>4. Green Oven for Bottle Blowing machine which consumes less energy as compared to the traditional ones.</li> <li>5. High energy efficient pumps.</li> <li>6. Steam condensate recovery system across all units.</li> </ol>

## (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

## 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

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	√	√	–	–	√	√

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.

## 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 <sup>5</sup>		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	Chairmanship	Membership	
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

<sup>5</sup> Does not include directorship in foreign companies.

<sup>#</sup> 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](mailto: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.

#### 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 <sup>§</sup>	-	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

<sup>§</sup>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.

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.

### 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
27 <sup>th</sup>	2021	Thursday, April 7, 2022 at 11:00 a.m.	Registered Office Through Video Conferencing / Other Audio Visual Means facility	<ul style="list-style-type: none"> <li>• Payment of profit related commission to Non-executive Directors</li> <li>• Amendments in the 'Employees Stock Option Scheme 2016'</li> <li>• 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'</li> </ul>
26 <sup>th</sup>	2020	Wednesday, April 7, 2021 at 11:00 a.m.	Registered Office Through Video Conferencing / Other Audio Visual Means Facility	<ul style="list-style-type: none"> <li>• Continuation of directorship of Dr. Naresh Trehan as Non-executive Independent Director</li> <li>• Payment of profit related commission to Non-executive Directors</li> </ul>
25 <sup>th</sup>	2019	Friday, June 26, 2020 at 11:00 a.m.	Registered Office Through Video Conferencing / Other Audio Visual Means facility	<ul style="list-style-type: none"> <li>• Payment of profit related commission to Non-executive Directors</li> </ul>

## 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

- 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.
- 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.
- 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.
- 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.
- 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](http://www.varunpepsi.com) and on the website of NSDL at <https://www.evoting.nsdl.com> and was also communicated to the Stock Exchanges.

- 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](http://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](http://www.nseindia.com) and on BSE website viz. [www.bseindia.com](http://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**

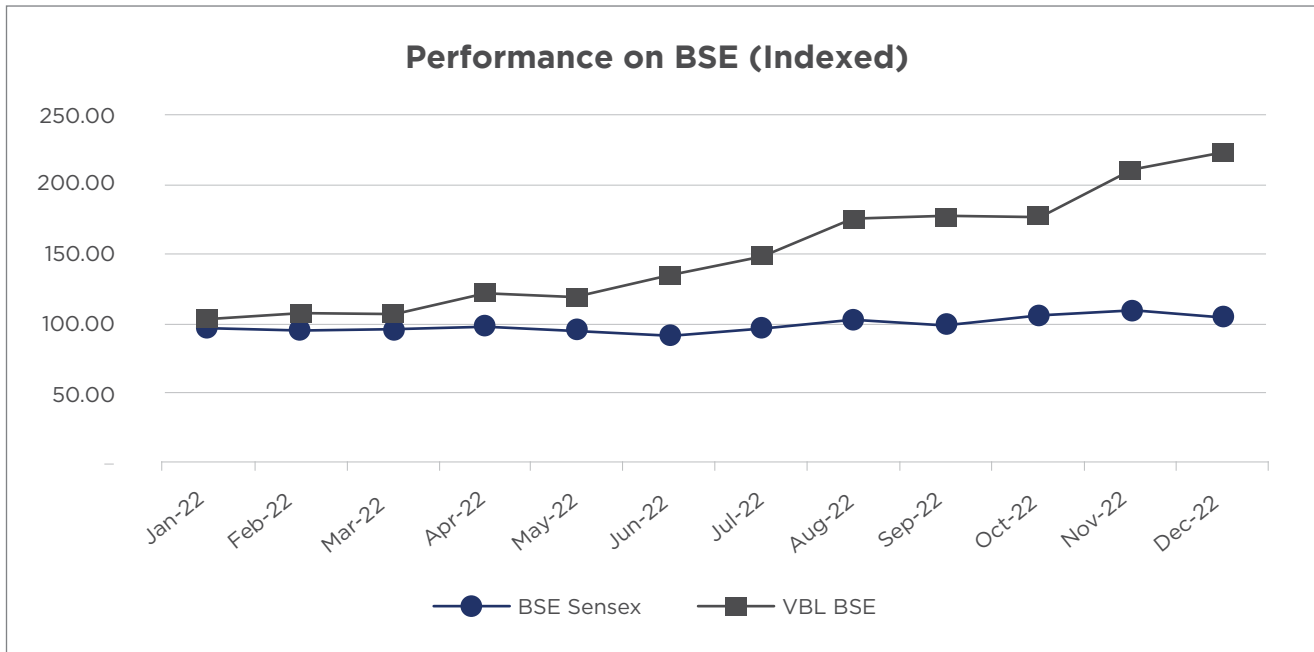
Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
Jan-22	953.00	837.20	415,711	951.00	835.60	8,900,063
Feb-22	968.05	835.85	412,869	969.00	879.65	8,857,041
Mar-22	1,015.00	876.30	425,492	1,014.80	875.40	10,720,858
Apr-22	1,152.75	931.65	3,070,961	1,153.95	931.75	20,695,224
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

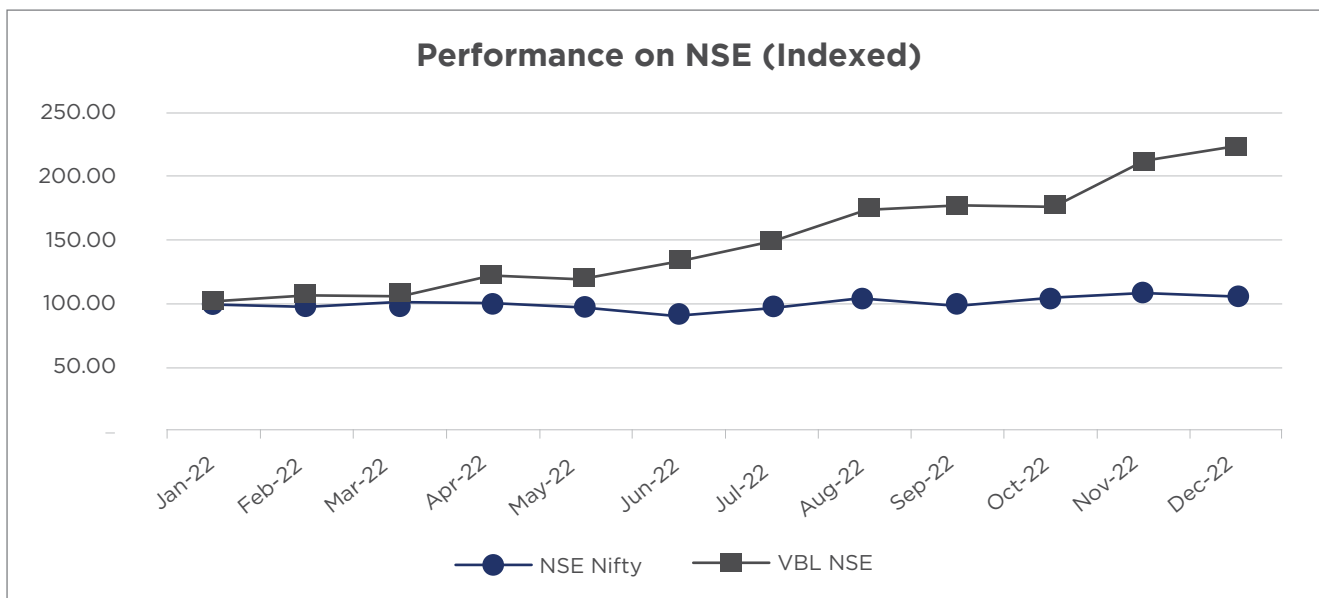
Comparison of share price of VBL with BSE Sensex.



	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22
<b>VBL BSE</b>	101.93	106.59	106.15	122.31	119.32	133.77	149.42	174.92	176.64	177.68	210.07	223.76
<b>BSE Sensex</b>	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
<b>VBL NSE</b>	101.86	106.44	105.97	121.98	118.94	133.49	149.05	174.63	176.33	177.14	211.04	223.33
<b>NSE Nifty</b>	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
<b>Total</b>	<b>250,604</b>	<b>100.00</b>	<b>6,495,496,200</b>	<b>100.00</b>

**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
	<b>Total</b>	<b>649,549,620</b>	<b>100.00</b>

#### 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 Chandiook & 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
<b>Total</b>	<b>9.14</b>	<b>8.05</b>

**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](http://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.

Date: February 6, 2023

Place: Gurugram

**Varun Jaipuria**

Executive Vice Chairman

& Whole-time Director

DIN: 02465412

## **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.

Date: February 6, 2023  
Place: Gurugram

**Raj Gandhi**  
Whole-time Director  
DIN: 00003649

**Rajesh Chawla**  
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- 110 020

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

- 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.
- 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 increased 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,

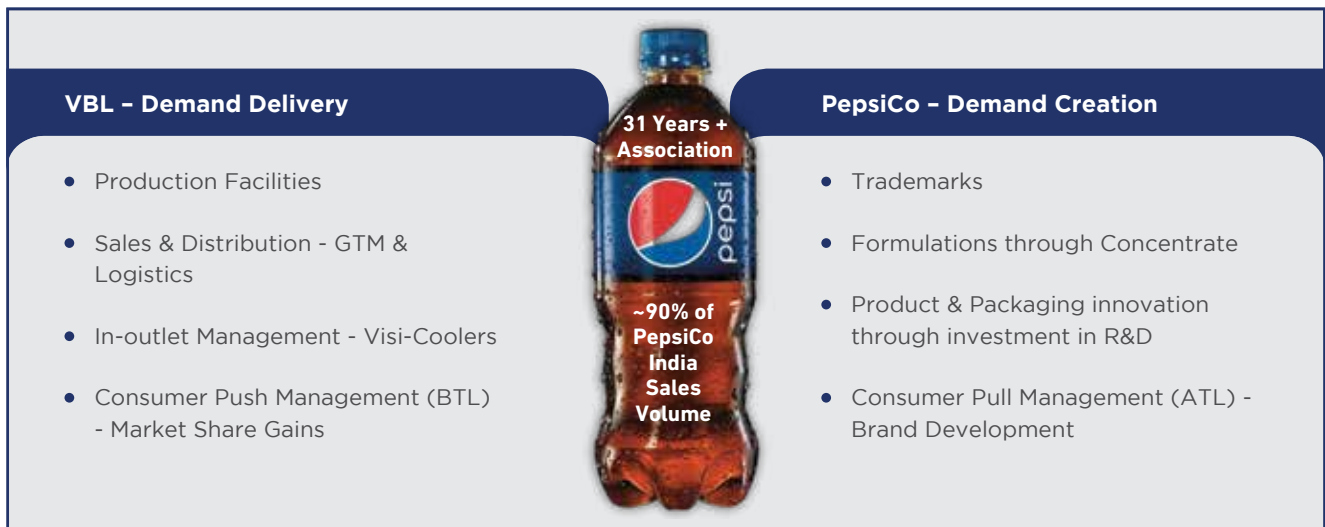
accounting for ~90%+ of its sales volumes in India. With its vast manufacturing facilities and established distribution network, VBL manufactures, markets, and distributes PepsiCo-owned products like carbonated soft drinks, carbonated juice-based beverages, juice-based beverages, energy drinks, sports 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, Evrness, 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 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 franchised 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 expertise, 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.

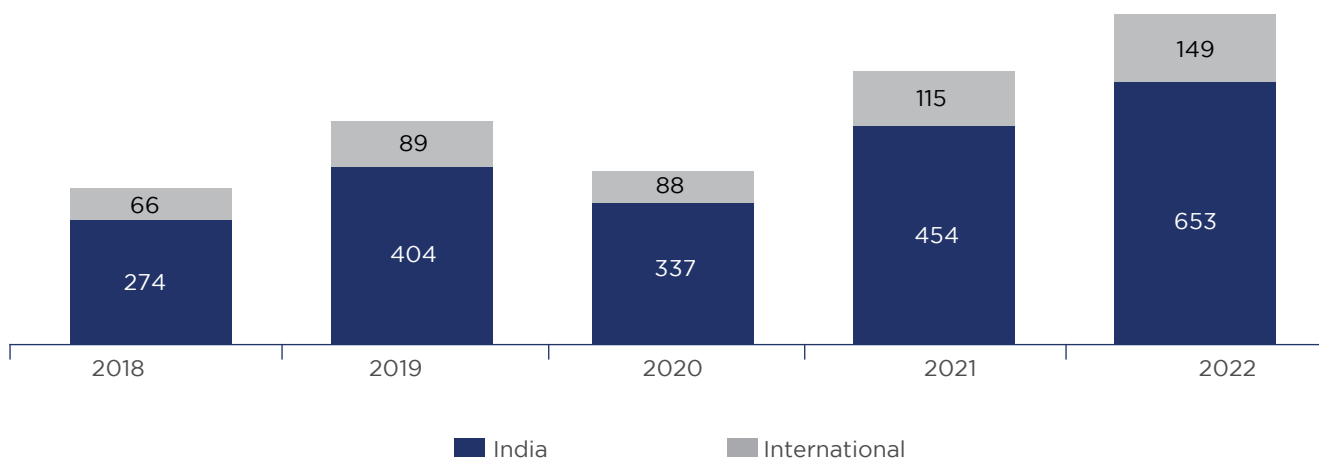
For a detailed perspective, please refer to the Company's website at [www.varunpepsi.com](http://www.varunpepsi.com)

- 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%
<b>Net Revenues</b>	<b>131,731.42</b>	<b>88,232.30</b>	<b>49.3%</b>
(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%
<b>Total expenses</b>	<b>111,883.48</b>	<b>78,845.47</b>	<b>41.9%</b>

Particulars (₹ in Million)	CY 2022	CY 2021	YoY (%)
<b>EBITDA</b>	<b>27,881.05</b>	<b>16,546.45</b>	<b>68.5%</b>
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
<b>5. Profit before tax (3+4)</b>	<b>20,236.37</b>	<b>10,066.08</b>	<b>101.0%</b>
6. Tax expense	4,735.23	2,605.56	81.7%
<b>7. Net profit after tax (5-6)</b>	<b>15,501.14</b>	<b>7,460.52</b>	<b>107.8%</b>

## Balance Sheet

Particulars (₹ in Million)	31-Dec-22	31-Dec-21
<b>Equity and liabilities</b>		
<b>Equity</b>		
(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
<b>Total equity</b>	<b>52,154.87</b>	<b>41,966.97</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(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
<b>Total non-current liabilities</b>	<b>24,340.02</b>	<b>23,649.47</b>
<b>Current liabilities</b>		
(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
<b>Total current liabilities</b>	<b>39,687.54</b>	<b>30,202.46</b>
<b>Total liabilities</b>	<b>64,027.56</b>	<b>53,851.93</b>
<b>Total equity and liabilities</b>	<b>116,182.43</b>	<b>95,818.90</b>

Particulars (₹ in Million)	31-Dec-22	31-Dec-21
<b>Assets</b>		
<b>Non-current assets</b>		
(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
<b>Total non-current assets</b>	<b>82,142.13</b>	<b>70,357.77</b>
<b>Current assets</b>		
(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
<b>Total current assets</b>	<b>34,040.30</b>	<b>25,461.13</b>
<b>Total assets</b>	<b>116,182.43</b>	<b>95,818.90</b>

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.

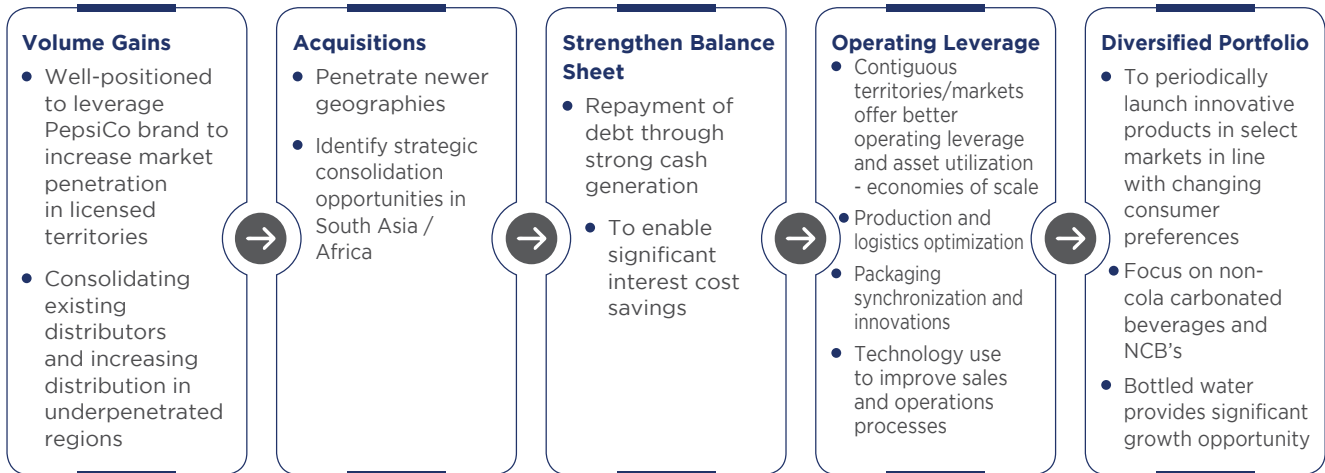
During the year, gross margins declined by 180 bps to 52.5% primarily due to a surge in preform prices by more than 30%, despite inflationary pressures in raw material costs, gross margins were minimally impacted during the year due to early stocking of crucial raw materials and an increase in realizations. 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



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 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 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 Chandiook & 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
<b>I. Details of the Listed Entity</b>		
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)
<b>EMPLOYEES</b>						
1	Permanent (D)	5,744	5,533	96	211	4
2	Other than Permanent (E)	5,508	5,405	98	103	2
<b>3</b>	<b>Total Employees (D+E)</b>	<b>11,252</b>	<b>10,938</b>	<b>97</b>	<b>314</b>	<b>3</b>
<b>WORKERS</b>						
4	Permanent (F)	2,892	2,859	99	33	1
5	Other than Permanent (G)	8,820	8,092	92	728	8
<b>6</b>	<b>Total Workers (F +G)</b>	<b>11,712</b>	<b>10,951</b>	<b>94</b>	<b>761</b>	<b>6</b>

##### b. Differently abled Employees and Workers:

S. No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B / A)	No. (C)	% (C / A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1	Permanent (D)	2	2	100	0	0
2	Other than Permanent (E)	9	9	100	0	0
<b>3</b>	<b>Total Differently Abled Employees (D+E)</b>	<b>11</b>	<b>11</b>	<b>100</b>	<b>0</b>	<b>0</b>
<b>DIFFERENTLY ABLED WORKERS</b>						
4	Permanent (F)	0	0	-	0	-
5	Other than Permanent (G)	67	66	99	1	1
<b>6</b>	<b>Total Differently abled Workers (F +G)</b>	<b>67</b>	<b>66</b>	<b>99</b>	<b>1</b>	<b>1</b>



**19. Participation/Inclusion/Representation of women - As on 31 December 2022**

	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 2022			FY 2021			FY 2020		
	(Turnover rate in current FY)			(Turnover rate in previous FY)			(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 <a href="https://varunpepsi.com/wp-content/uploads/2022/05/POSH-Policy.pdf">https://varunpepsi.com/wp-content/uploads/2022/05/POSH-Policy.pdf</a> <a href="https://varunpepsi.com/wp-content/uploads/2022/05/VIGIL-MECHANISM-POLICY.pdf">https://varunpepsi.com/wp-content/uploads/2022/05/VIGIL-MECHANISM-POLICY.pdf</a>	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 <a href="https://varunpepsi.com/wp-content/uploads/2022/11/Anti-Bribery-Policy-Clear-1.pdf">https://varunpepsi.com/wp-content/uploads/2022/11/Anti-Bribery-Policy-Clear-1.pdf</a>	0	0	-	0	0	-
Others (please specify)	Yes <a href="https://varunpepsi.com/wp-content/uploads/2022/05/VIGIL-MECHANISM-POLICY.pdf">https://varunpepsi.com/wp-content/uploads/2022/05/VIGIL-MECHANISM-POLICY.pdf</a>	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		
<b>Policy and management processes</b>												
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, <a href="https://varunpepsi.com/policies/">https://varunpepsi.com/policies/</a>										
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)										
<b>Governance, leadership and oversight</b>												
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 Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	All the policies of the Company are approved by the Board and reviewed periodically or on a need basis. 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 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 (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 15-1 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.
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### 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 (including 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)
<b>Permanent employees</b>											
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
<b>Other than Permanent employees</b>											
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)
<b>Permanent workers</b>											
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
<b>Other than Permanent workers</b>											
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 specify	-	-	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)	
<b>Employees</b>											
Male	5533	1744	32%	3091	56%	4951	1602	32%	2055	42%	-
Female	211	78	37%	130	62%	166	88	53%	118	71%	-
<b>Total</b>	<b>5744</b>	<b>1822</b>	<b>32%</b>	<b>3221</b>	<b>56%</b>	<b>5117</b>	<b>1690</b>	<b>33%</b>	<b>2173</b>	<b>42%</b>	<b>-</b>
<b>Workers</b>											
Male	2859	2204	77%	1996	70%	2814	2303	82%	1889	67%	-
Female	33	21	64%	14	42%	34	9	26%	7	21%	-
<b>Total</b>	<b>2892</b>	<b>2225</b>	<b>77%</b>	<b>2010</b>	<b>70%</b>	<b>2848</b>	<b>2312</b>	<b>81%</b>	<b>1896</b>	<b>67%</b>	<b>-</b>

**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)
<b>Employees</b>						
Male	5,533	5,533	100	4,951	4,951	100
Female	211	211	100	166	166	100
<b>Total</b>	<b>5,744</b>	<b>5,744</b>	<b>100</b>	<b>5,117</b>	<b>5,117</b>	<b>100</b>
<b>Workers</b>						
Male	2,859	2,859	100	2,814	2,814	100
Female	33	33	100	34	34	100
<b>Total</b>	<b>2,892</b>	<b>2,892</b>	<b>100</b>	<b>2,848</b>	<b>2,848</b>	<b>100</b>

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:**

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
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)
<b>Employees</b>						
Permanent	5744	2,183	38%	5117	1,842	36%
Other than Permanent	5508	2,644	48%	4611	2,536	55%
<b>Total Employees</b>	<b>11252</b>	<b>4,827</b>	<b>43%</b>	<b>9728</b>	<b>4,378</b>	<b>45%</b>
<b>Workers</b>						
Permanent	2892	1,475	51%	2848	1,595	56%
Other than Permanent	8820	3,969	45%	6775	2,575	38%
<b>Total Workers</b>	<b>11712</b>	<b>5,444</b>	<b>46%</b>	<b>9623</b>	<b>4,169</b>	<b>43%</b>

**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)
<b>Employees</b>										
<b>Permanent</b>										
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
<b>Other than Permanent</b>										
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
<b>Workers</b>										
<b>Permanent</b>										
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
<b>Other than Permanent</b>										
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)	-	-
<b>Total energy consumption (A+B+C)</b>	<b>317,423,065</b>	<b>222,083,513</b>
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	-	-
<b>Total volume of water withdrawal (i + ii + iii + iv + v)</b>	<b>6,321</b>	<b>4,856</b>
<b>Total volume of water consumption</b>	<b>3,728</b>	<b>2,566</b>
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)
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	51,945	32,654
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	224,446	178,439
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO <sub>2</sub> 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 CO <sub>2</sub> e/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)
<b>Total Waste generated (in metric tonnes)</b>		
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)	-	-
<b>Total (A+B + C + D + E + F + G+ H)</b>	<b>148,673</b>	<b>96,619</b>
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>	-	-
<b>Category of waste</b>	-	-
(i) Recycled	118,392	65,768
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
<b>Total</b>	<b>118,392</b>	<b>65,768</b>
% Recycled against total generated	<b>80%</b>	<b>70%</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>	-	-
<b>Category of waste</b>	-	-
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations - Safely disposed through authorized vendors	1,152	795
<b>Total</b>	<b>1,152</b>	<b>795</b>

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)
<b>From renewable sources</b>		
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)	-	-
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>NA*</b>	<b>NA*</b>
<b>From non-renewable sources</b>		
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)	-	-
<b>Total energy consumed from non-renewable (D+E+F)</b>	<b>NA*</b>	<b>NA*</b>
<b>(Note: *Different units of measurement, cannot be added)</b>		

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)
<b>Water discharge by destination and level of treatment</b>		
(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
<b>Total water discharged</b>	<b>2,593</b>	<b>2,290</b>

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)
<b>Water withdrawal by source</b>		-
(i) Surface water	-	143
(ii) Groundwater	1,866	1,294
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
<b>Total volume of water withdrawal</b>	<b>1,866</b>	<b>1,437</b>
<b>Total volume of water consumption</b>	<b>1,198</b>	<b>806</b>

(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	-	-
<b>Water discharge by destination and level of treatment</b>		
(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
<b>Total water discharged</b>	<b>668</b>	<b>631</b>

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)
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	580,419	621,245
<b>Total Scope 3 emissions per rupee of turnover</b>		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 continuously 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](mailto:complianceofficer@rjcorp.in)

**4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	<b>FY 2022 (Current Financial Year)</b>	<b>FY 2021 (Previous Financial Year)</b>
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:**

<b>S. No.</b>	<b>CSR Project</b>	<b>No. of persons benefitted from CSR Projects</b>	<b>% of beneficiaries from vulnerable and marginalised groups</b>
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', recyclable package mark, throw in dustbin mark, safe and responsible use instructions on energy drink (Sting), etc.

	<b>As a percentage to total turnover</b>
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:**

	<b>FY 2022 (Current Financial Year)</b>		<b>Remarks</b>	<b>FY 2021 (Previous Financial Year)</b>		<b>Remarks</b>
	<b>Received during the year</b>	<b>Pending resolution at the end of year</b>		<b>Received during the year</b>	<b>Pending resolution at the end of year</b>	
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:**

	<b>Number</b>	<b>Reasons for Recall</b>
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\(Pledge%20Programs\).](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
<p><b>Impairment assessment of intangible assets including Goodwill</b></p> <p>(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).</p>	<p>Our audit procedures included, but were not limited, to the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management's process for identification of cash generating unit and processes performed by the management for their impairment testing;</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>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.</p> <p>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.</p> <p>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.</p> <p>Changes in the management forecasts or assumptions can impact the assessment of the discounted cash flows.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• 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;</li> <li>• Tested the design and operating effectiveness of internal controls over such identification and impairment test procedures;</li> <li>• 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;</li> <li>• 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;</li> <li>• 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;</li> <li>• 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;</li> <li>• 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</li> <li>• 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.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p><b>Claims, Appeals and Litigations - provisions and contingent liabilities</b></p> <p>(Refer note 42 to the consolidated financial statements for the amounts of contingent liabilities)</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of the Group’s accounting policies relating to provisions and contingent liabilities with the applicable accounting standards;</li> <li>• 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;</li> <li>• 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;</li> <li>• 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;</li> <li>• Obtained legal opinions and confirmation on completeness from the Group’s external legal counsels, where appropriate;</li> <li>• 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</li> <li>• 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.</li> </ul>

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
<p><b>Hyperinflationary accounting for Varun Beverages Zimbabwe (Private) Limited (“VBZL”), a subsidiary</b></p> <p>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.</p> <p>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.</p>	<p>Key procedures as performed by the component auditor included, but were not limited, to the following:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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;</li> <li>• Compared the assumptions used to select externally available industry, financial and economic data;</li> <li>• Assessed whether the inflation index applied to restate for the effects of hyperinflation is appropriate and based on recognised official indexes;</li> <li>• Assessed whether the accounting treatment applied for all the elements of the financial statements are in accordance with the requirements of Ind AS 29;</li> <li>• Reviewed the regulatory pronouncements regarding the country being determined hyperinflation and the pertaining inflation rates and economic indicators prevailing in the country thereon; and</li> <li>• Assessed the appropriateness of the VBZL’s description of the accounting policy and adequacy of related disclosures in the separate financial statements of VBZL.</li> </ul>

### 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	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 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:
- 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;
  - 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;
  - 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;
  - 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;
  - 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 Chandio & 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, 5<sup>th</sup> 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

- 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

- 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

- 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, 5<sup>th</sup> 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
<b>Assets</b>			
<b>Non-current assets</b>			
(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
<b>Total non-current assets</b>		<b>82,142.13</b>	<b>70,357.77</b>
<b>Current assets</b>			
(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
<b>Total current assets</b>		<b>34,040.30</b>	<b>25,461.13</b>
<b>Total assets</b>		<b>116,182.43</b>	<b>95,818.90</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	18	6,495.50	4,330.33
(b) Other equity	19	44,528.30	36,468.75
<b>Equity attributable to owners of the Parent Company</b>		<b>51,023.80</b>	<b>40,799.08</b>
Non-controlling interest		1,131.07	1,167.89
<b>Total equity</b>		<b>52,154.87</b>	<b>41,966.97</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(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
<b>Total non-current liabilities</b>		<b>24,340.02</b>	<b>23,649.47</b>
<b>Current liabilities</b>			
(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
<b>Total current liabilities</b>		<b>39,687.54</b>	<b>30,202.46</b>
<b>Total liabilities</b>		<b>64,027.56</b>	<b>53,851.93</b>
<b>Total equity and liabilities</b>		<b>116,182.43</b>	<b>95,818.90</b>

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 Chandio & 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

Place : Gurugram  
Dated : 06 February 2023

**Rajesh Chawla**  
Chief Financial Officer

**Ravi Batra**  
Chief Risk Officer and  
Group Company Secretary  
Membership No.: F-5746

# 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
<b>Income</b>			
Revenue from operations	27	133,905.58	89,582.91
Other income	28	388.49	679.25
<b>Total income</b>		<b>134,294.07</b>	<b>90,262.16</b>
<b>Expenses</b>			
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
<b>Total expenses</b>		<b>114,057.64</b>	<b>80,196.08</b>
<b>Profit before share of loss of associate &amp; joint venture and tax</b>		<b>20,236.43</b>	<b>10,066.08</b>
Share of loss of associate and joint venture	6	(0.06)	-
<b>Profit before tax</b>		<b>20,236.37</b>	<b>10,066.08</b>
<b>Tax expense</b>			
(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
<b>Total tax expense</b>		<b>4,735.23</b>	<b>2,605.56</b>
<b>Net profit for the year</b>		<b>15,501.14</b>	<b>7,460.52</b>
<b>Other comprehensive income</b>	36		
(a) Items that will not 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)
<b>Total other comprehensive loss</b>		<b>(3,718.42)</b>	<b>(298.86)</b>
<b>Total comprehensive income for the year (including non-controlling interest)</b>		<b>11,782.72</b>	<b>7,161.66</b>
<b>Net profit attributable to:</b>			
(a) Owners of the Company		14,974.33	6,940.52
(b) Non-controlling interest		526.81	520.00
<b>Other comprehensive income attributable to:</b>			
(a) Owners of the Company		(3,154.79)	(298.87)
(b) Non-controlling interest		(563.63)	0.01
<b>Total comprehensive income attributable to:</b>			
(a) Owners of the Company		11,819.54	6,641.65
(b) Non-controlling interest		(36.82)	520.01
<b>Earnings per equity share of face value of ₹ 10 each</b>			
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 Chandio & 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

Place : Gurugram  
Dated : 06 February 2023

**Rajesh Chawla**  
Chief Financial Officer

**Ravi Batra**  
Chief Risk Officer and  
Group Company Secretary  
Membership No.: F-5746

# 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
<b>A. Operating activities</b>		
Profit before tax and share of loss in associate and joint venture	20,236.43	10,066.08
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
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)
<b>Operating profit before working capital changes</b>	<b>27,485.51</b>	<b>16,243.96</b>
<b>Working capital adjustments</b>		
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
<b>Total cash from operations</b>	<b>21,633.58</b>	<b>13,556.50</b>
Income tax paid	(3,733.29)	(1,242.28)
<b>Net cash flows from operating activities (A)</b>	<b>17,900.29</b>	<b>12,314.22</b>
<b>B. Investing activities</b>		
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)
<b>Net cash used in investing activities (B)</b>	<b>(17,045.98)</b>	<b>(10,106.39)</b>
<b>C. Financing activities</b>		
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)
<b>Net cash used in financing activities (C)</b>	<b>(179.42)</b>	<b>(1,776.82)</b>
<b>Net change in cash and cash equivalents (D=A+B+C)</b>	<b>674.89</b>	<b>431.01</b>
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
<b>Cash and cash equivalents at the end of year (G= D+E+F) (Refer note 13)</b>	<b>1,543.32</b>	<b>1,507.50</b>

## 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
<b>Balance as at 31 December 2022</b>	<b>30,671.17</b>	<b>6,276.95</b>	<b>1,890.02</b>

(₹ 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)
<b>Balance as at 31 December 2021</b>	<b>27,134.03</b>	<b>6,284.92</b>	<b>448.65</b>

\*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 Chandik & 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

Place : Gurugram  
Dated : 06 February 2023

**Rajesh Chawla**  
Chief Financial Officer

**Ravi Batra**  
Chief Risk Officer and  
Group Company Secretary  
Membership No.: F-5746

# 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
<b>Balance as at 31 December 2021</b>	18	<b>433,033,080</b>	<b>4,330.33</b>
Changes in equity share capital during the year 2022		216,516,540	2,165.17
<b>Balance as at 31 December 2022</b>	<b>18</b>	<b>649,549,620</b>	<b>6,495.50</b>

## B. Other Equity

(₹ in million)

Particulars	Note	Attributable to Owners of the Company						Non-controlling interests	Total		
		Reserve and surplus			Total attributable to owners of the Group						
		Capital reserve on consolidation	Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Exchange differences on translating the financial statements of foreign operations			
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									
		Capital reserve on consolidation	Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Exchange differences on the financial statements of foreign operations			Total attributable to owners of the Group
<b>Balance as at 31 December 2021</b>	<b>21</b>	<b>(2,279.78)</b>	<b>533.93</b>	<b>24,734.73</b>	-	<b>444.26</b>	<b>13,967.42</b>	<b>(931.81)</b>	<b>36,468.75</b>	<b>1,167.89</b>	<b>37,636.64</b>
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
Amount utilised for bonus issue		-	-	(2,165.17)	-	-	-	-	(2,165.17)	-	(2,165.17)
<b>Balance as at 31 December 2022</b>	<b>21</b>	<b>(2,279.78)</b>	<b>533.93</b>	<b>22,569.56</b>	<b>29.06</b>	<b>444.26</b>	<b>27,398.84</b>	<b>(4,167.57)</b>	<b>44,528.30</b>	<b>1,131.07</b>	<b>45,659.37</b>

\*\*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 Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

For **O P Bagla & Co LLP**  
Chartered Accountants  
Firm's Registration No.:  
000018N/N500091

**Ashish Gupta**  
Partner  
Membership No.: 504662

**Varun Jaipuria**  
Whole Time Director  
DIN 02465412

**Raj Pal Gandhi**  
Whole Time Director  
DIN 00003649

Place : Gurugram  
Dated : 06 February 2023

**Rajesh Chawla**  
Chief Financial Officer

**Ravi Batra**  
Chief Risk Officer and  
Group Company Secretary  
Membership No.: F-5746

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

# 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

## Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

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:**

- In case the assets are acquired separately, then at cost,
- 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 Consolidated 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 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.

## Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

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

## Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

### **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

## Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

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'.



## Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

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.

## Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

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.

## Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

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

## Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

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
<b>Gross carrying amount</b>										
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)
<b>Balance as at 31 December 2022</b>	<b>7,797.60</b>	<b>15,541.43</b>	<b>43,694.33</b>	<b>290.23</b>	<b>2,064.15</b>	<b>401.89</b>	<b>326.12</b>	<b>5,427.93</b>	<b>11,981.78</b>	<b>87,525.46</b>
<b>Accumulated Depreciation</b>										
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)
<b>Balance as at 31 December 2022</b>	<b>-</b>	<b>3,446.99</b>	<b>15,209.86</b>	<b>183.59</b>	<b>1,610.47</b>	<b>249.22</b>	<b>222.80</b>	<b>2,416.92</b>	<b>9,299.21</b>	<b>32,639.06</b>
<b>Accumulated Impairment</b>										
Balance as at 01 January 2022	-	-	-	-	-	-	-	-	-	-
Impairment loss for the year (Refer footnote iv below)	-	84.24	386.38	-	-	-	-	-	-	470.62
<b>Balance as at 31 December 2022</b>	<b>-</b>	<b>84.24</b>	<b>386.38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>470.62</b>
<b>Carrying amount as at 31 December 2022</b>	<b>7,797.60</b>	<b>12,010.20</b>	<b>28,098.09</b>	<b>106.64</b>	<b>453.68</b>	<b>152.67</b>	<b>103.32</b>	<b>3,011.01</b>	<b>2,682.57</b>	<b>54,415.78</b>

(₹ 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
<b>Gross carrying amount</b>										
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
<b>Balance as at 31 December 2021</b>	<b>7,203.14</b>	<b>14,414.94</b>	<b>39,658.25</b>	<b>293.35</b>	<b>2,102.07</b>	<b>344.58</b>	<b>284.03</b>	<b>4,508.86</b>	<b>12,080.03</b>	<b>80,889.25</b>
<b>Accumulated Depreciation</b>										
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
<b>Balance as at 31 December 2021</b>	<b>-</b>	<b>3,023.30</b>	<b>13,315.18</b>	<b>175.03</b>	<b>1,598.82</b>	<b>218.72</b>	<b>199.19</b>	<b>2,072.37</b>	<b>8,734.92</b>	<b>29,337.53</b>
<b>Carrying amount as at 31 December 2021</b>	<b>7,203.14</b>	<b>11,391.64</b>	<b>26,343.07</b>	<b>118.32</b>	<b>503.25</b>	<b>125.86</b>	<b>84.84</b>	<b>2,436.49</b>	<b>3,345.11</b>	<b>51,551.72</b>



## 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
<b>Add: Incurred during the year</b>		
Net gain on foreign currency transactions	(34.64)	(2.76)
Finance costs	171.76	52.88
Other expenses	466.43	151.30
<b>Less: Capitalised during the year</b>	(423.57)	(56.07)
<b>Amount carried over included in CWIP</b>	<b>359.72</b>	<b>179.74</b>

- 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
<b>Gross carrying amount</b>	
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 <sup>#</sup>	(3.62)
Foreign exchange fluctuation for the year	(148.36)
<b>Balance as at 31 December 2022</b>	<b>6,066.32</b>

(₹ in million)

	Amount
<b>Gross carrying amount</b>	
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)
<b>Balance as at 31 December 2021</b>	<b>4,966.08</b>

\*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.

<sup>#</sup>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				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Projects in progress</b>					
<b>As at 31 December 2022</b>	5,999.31	63.54	3.25	0.22	<b>6,066.32</b>
As at 31 December 2021	4,907.71	54.89	3.48	-	<b>4,966.08</b>

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 <sup>#</sup>	Leased buildings	Leased plant and equipment	Vehicles	Total
<b>Gross carrying amount</b>					
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
<b>Balance as at 31 December 2022</b>	<b>8,996.88</b>	<b>326.20</b>	<b>314.26</b>	<b>456.84</b>	<b>10,094.18</b>
<b>Accumulated Amortisation</b>					
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
<b>Balance as at 31 December 2022</b>	<b>483.81</b>	<b>250.61</b>	<b>49.00</b>	<b>155.75</b>	<b>939.17</b>
<b>Carrying amount as at 31 December 2022</b>	<b>8,513.07</b>	<b>75.59</b>	<b>265.26</b>	<b>301.09</b>	<b>9,155.01</b>
<b>Gross carrying amount</b>					
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
<b>Balance as at 31 December 2021</b>	<b>5,752.31</b>	<b>326.11</b>	<b>13.60</b>	<b>289.40</b>	<b>6,381.42</b>
<b>Accumulated Amortisation</b>					
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
<b>Balance as at 31 December 2021</b>	<b>388.99</b>	<b>171.23</b>	<b>4.41</b>	<b>88.80</b>	<b>653.43</b>
<b>Carrying amount as at 31 December 2021</b>	<b>5,363.32</b>	<b>154.88</b>	<b>9.19</b>	<b>200.60</b>	<b>5,727.99</b>

<sup>#</sup>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:

- 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.
- 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
<b>Gross carrying amount</b>	
Balance as at 01 January 2022	242.30
Acquired during the year	-
<b>Balance as at 31 December 2022</b>	<b>242.30</b>
<b>Amortisation</b>	
Balance as at 01 January 2022	-
Amortisation charge for the year	-
Balance as at 31 December 2022	-
<b>Carrying amount as at 31 December 2022</b>	<b>242.30</b>

(₹ in million)

	Amount
<b>Gross carrying amount</b>	
Balance as at 01 January 2021	242.30
<b>Balance as at 31 December 2021</b>	<b>242.30</b>
<b>Amortisation</b>	
<b>Balance as at 01 January 2021</b>	-
Amortisation charge for the year	-
<b>Balance as at 31 December 2021</b>	-
<b>Carrying amount as at 31 December 2021</b>	<b>242.30</b>

### 5B. Other intangible assets

(₹ in million)

	Market infrastructure	Distribution network	Franchise rights/ trademarks (Refer note i)	Computer software	Total
<b>Gross carrying amount</b>					
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)
<b>Balance as at 31 December 2022</b>	<b>71.36</b>	<b>157.64</b>	<b>6,043.55</b>	<b>279.73</b>	<b>6,552.28</b>
<b>Amortisation</b>					
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
<b>Balance as at 31 December 2022</b>	<b>41.13</b>	<b>79.88</b>	<b>657.19</b>	<b>264.98</b>	<b>1,043.18</b>
<b>Carrying amount as at 31 December 2022</b>	<b>30.23</b>	<b>77.76</b>	<b>5,386.36</b>	<b>14.75</b>	<b>5,509.10</b>

## Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(₹ in million)

	Market infrastructure	Distribution network	Franchise rights/trademarks (Refer note i)	Computer software	Total
<b>Gross carrying amount</b>					
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)
<b>Balance as at 31 December 2021</b>	<b>71.73</b>	<b>157.64</b>	<b>6,043.54</b>	<b>313.03</b>	<b>6,585.94</b>
<b>Amortisation</b>					
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)
<b>Balance as at 31 December 2021</b>	<b>29.06</b>	<b>60.18</b>	<b>657.15</b>	<b>253.81</b>	<b>1,000.20</b>
<b>Carrying amount as at 31 December 2021</b>	<b>42.67</b>	<b>97.46</b>	<b>5,386.39</b>	<b>59.22</b>	<b>5,585.74</b>

### 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
<b>Investment in joint ventures accounted as per equity method (unquoted)</b>		
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)	-
	<b>0.06</b>	-
<b>Investment in associates accounted as per equity method (unquoted)</b>		
2,600 (31 December 2021: Nil) fully paid equity shares of ₹ 10 each in Clean Max Tav Private Limited <sup>@</sup>	0.03	
Add: Share in loss of associate (Refer footnotes below)	(0.05)	
	<b>(0.02)</b>	-
<b>Aggregate amount of unquoted investments*</b>	<b>0.04</b>	-

-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.

<sup>@</sup>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	-	-
<b>Total comprehensive income</b>	<b>(0.06)</b>	-

\*Refer note 58

### 7. Investments

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
<b>Fair value through Profit and Loss ("FVTPL")</b>		
<b>Investment in fully paid equity shares (unquoted)</b>		
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
	<b>0.01</b>	<b>0.01</b>
**Rounded off to Nil.		
Aggregate amount of unquoted investments	<b>0.01</b>	<b>0.01</b>

## 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
<b>Financial assets at amortised cost</b>		
Security deposits	477.53	412.59
Balance in deposit accounts with more than 12 months maturity <sup>#</sup>	9.27	8.04
	<b>486.80</b>	<b>420.63</b>

<sup>#</sup>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
	<b>3,087.34</b>	<b>27.02</b>	<b>254.12</b>	<b>3,368.48</b>
Exchange difference on re-statement of deferred tax balances	-	-	(4.46)	-
	<b>3,087.34</b>	<b>27.02</b>	<b>249.66</b>	
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)
	<b>2,149.25</b>	<b>18.93</b>	<b>919.16</b>	<b>3,087.34</b>
Exchange difference on re-statement of deferred tax balances	-	-	(5.64)	-
	<b>2,149.25</b>	<b>18.93</b>	<b>913.52</b>	
<b>Classified as:</b>				
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
<b>Total</b>		<b>390.75</b>	<b>731.08</b>

b) Unused unabsorbed depreciation on tangible assets amounting to ₹ 1,870.10 million (31 December 2021: ₹ 1,879.78 million) can be carried forward indefinitely.

#### 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.

## 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 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
<b>(Unsecured, considered good)</b>		
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
	<b>6,266.77</b>	<b>1,839.23</b>

### 11. Inventories

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
<b>(Valued at lower of cost or net realisable value)</b>		
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
	<b>19,938.85</b>	<b>14,480.87</b>

\*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
	<b>3,532.25</b>	<b>2,707.85</b>
Less : Allowance for expected credit losses (Refer note 52.2)	(538.87)	(495.36)
	<b>2,993.38</b>	<b>2,212.49</b>
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
<b>Total</b>	-	-	<b>2,977.85</b>	<b>105.42</b>	<b>40.68</b>	<b>158.82</b>	<b>249.48</b>	<b>3,532.25</b>

### 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
<b>Total</b>	-	-	<b>2,118.97</b>	<b>77.50</b>	<b>186.16</b>	<b>69.72</b>	<b>255.50</b>	<b>2,707.85</b>

### 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
	<b>1,543.32</b>	<b>1,507.50</b>

\* 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
	<b>1,309.35</b>	<b>1,858.72</b>

\*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
	<b>3,977.06</b>	<b>2,455.55</b>

### 16. Current tax assets (Net)

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Advance tax (net of provision)	-	11.08
	-	<b>11.08</b>

### 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
	<b>4,278.34</b>	<b>2,934.92</b>



## 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
<b>Authorised share capital:</b>		
1000,000,000 (31 December 2021: 500,000,000) equity shares of ₹ 10 each	10,000.00	5,000.00
	<b>10,000.00</b>	<b>5,000.00</b>
<b>Issued, subscribed and fully paid up:</b>		
649,549,620 (31 December 2021: 433,033,080) equity shares of ₹ 10 each	6,495.50	4,330.33
	<b>6,495.50</b>	<b>4,330.33</b>

#### (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
<b>Balance as at 31 December 2022</b>	<b>649,549,620</b>	<b>6,495.50</b>

(₹ 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
<b>Balance as at 31 December 2021</b>	<b>433,033,080</b>	<b>4,330.33</b>

#### (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		
	<b>1,779.00</b>	<b>1,199.00</b>

\*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)
	<b>44,528.30</b>	<b>36,468.75</b>

#### 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
	<b>17,270.22</b>	<b>18,133.27</b>

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
	<b>1,654.25</b>	<b>312.63</b>

### C. Current borrowings:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
<b>Loans repayable on demand</b>		
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
	<b>19,677.90</b>	<b>15,285.68</b>

- 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 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 facilities 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
	<b>235.77</b>	<b>136.02</b>

## 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
<b>Term loans</b>				
<b>Loans from banks (secured)</b>				
<b>(i) Foreign currency loan from banks in Holding Company</b>				
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.				
<b>ii) Indian rupee loan from banks</b>				
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.				
<b>iii) Vehicle rupee term loan in Holding Company</b>				
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
<b>iv) Term loan at Varun Beverages Morocco</b>				
(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.				
<b>v) Term loan at Lunarmech Technologies Private Limited</b>				
(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 repayable 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 repayable 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 repayable 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 repayable 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 repayable 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 repayable on 14 April 2025 and are secured against respective asset financed.	95.11	-	-	-
<b>Total loans from banks (secured)</b>	<b>16,689.81</b>	<b>12,840.68</b>	<b>17,132.24</b>	<b>9,000.76</b>



## 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
<b>Loans from others (secured)</b>				
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: <b>Date of repayment</b> <b>Amount</b> 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: <b>Date of repayment</b> <b>Amount</b> 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	-
<b>Total loans from others (secured)</b>	<b>580.41</b>	<b>560.27</b>	<b>1,001.03</b>	<b>-</b>
<b>Total</b>	<b>17,270.22</b>	<b>13,400.95</b>	<b>18,133.27</b>	<b>9,000.76</b>

## Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

### 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	
<b>(i) Indian rupee loan from banks</b>						
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
	<b>Total (A)</b>	<b>15,950.17</b>	<b>12,414.78</b>	<b>16,077.26</b>	<b>7,987.84</b>	
<b>ii) Term Loan at Varun Beverages Morocco</b>						
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.
	<b>Total (B)</b>	<b>500.76</b>	<b>102.66</b>	<b>597.13</b>	<b>37.09</b>	
	<b>Total (A+B)</b>	<b>16,450.93</b>	<b>12,517.44</b>	<b>16,674.39</b>	<b>8,024.93</b>	

## 21. Provisions

(Refer note 39)

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
<b>Non-current</b>		
Defined benefit liability (net)	1,431.93	1,525.51
Other long term employee obligations	609.20	559.92
	<b>2,041.13</b>	<b>2,085.43</b>
<b>Current</b>		
Defined benefit liability (net)	2.18	226.50
Other short term employee obligations	289.73	270.90
	<b>291.91</b>	<b>497.40</b>

## 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
	<b>5.94</b>	<b>6.73</b>

### 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
	<b>8,242.61</b>	<b>7,117.53</b>

### 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	
<b>Undisputed trade payable</b>							
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
<b>Disputed trade payable</b>							
Micro enterprises and small enterprises	-	-	-	0.01	0.15	-	0.16
Others	-	-	48.49	11.48	11.97	11.26	83.20
<b>Total</b>	<b>1,910.88</b>	<b>-</b>	<b>6,187.42</b>	<b>53.32</b>	<b>57.63</b>	<b>33.36</b>	<b>8,242.61</b>

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	
<b>Undisputed trade payable</b>							
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
<b>Disputed trade payable</b>							
Micro enterprises and small enterprises	-	-	-	0.08	0.07	-	0.15
Others	-	-	28.68	16.69	7.47	6.00	58.84
<b>Total</b>	<b>1,836.11</b>	<b>-</b>	<b>4,883.34</b>	<b>309.60</b>	<b>66.97</b>	<b>21.51</b>	<b>7,117.53</b>

## 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 <sup>#</sup>	0.83	0.74
Security deposits	2,287.00	2,098.42
Liability for foreign currency derivative contract	-	25.58
	<b>5,593.90</b>	<b>3,929.66</b>

<sup>#</sup>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
	<b>4,889.77</b>	<b>3,096.76</b>

### 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
	<b>755.68</b>	<b>139.41</b>

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
<b>Income tax expense reported in the Consolidated Statement of Profit and Loss</b>	<b>4,735.23</b>	<b>2,605.56</b>
(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)
<b>Income tax charged to OCI</b>	<b>(27.02)</b>	<b>(18.93)</b>

## 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
<b>Accounting profit before tax</b>	<b>20,236.37</b>	<b>10,066.08</b>
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
<b>Income tax expense at effective tax rate reported in the Consolidated Statement of Profit and Loss</b>	<b>4,735.23</b>	<b>2,605.56</b>

\*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
	<b>133,905.58</b>	<b>89,582.91</b>

\*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)
<b>Revenue from contracts with customers</b>	<b>131,384.68</b>	<b>87,774.13</b>





## 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
<b>Total sale of products and rendering of services</b>	<b>131,384.68</b>	<b>87,774.13</b>

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)
<b>Net receivables</b>	<b>2,993.38</b>	<b>2,212.49</b>

#### Contract liabilities

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Advance from customers	2,033.83	794.30
	<b>2,033.83</b>	<b>794.30</b>

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	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)
<b>Balance at the closing of the year</b>	<b>2,033.83</b>	<b>794.30</b>

### 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
	<b>388.49</b>	<b>679.25</b>

### 29. Cost of materials consumed

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
<b>Raw material and packing material consumed</b>		
Inventories at beginning of the year	8,070.05	3,965.62
Purchases during the year (Net)	72,052.48	46,890.27
	<b>80,122.53</b>	<b>50,855.89</b>
Less: Sold during the year	6,338.10	3,096.71
Less: Inventories at end of the year	9,613.51	8,070.05
	<b>64,170.92</b>	<b>39,689.13</b>

### 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
	<b>1,885.71</b>	<b>1,654.69</b>

### 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
<b>As at the beginning of the year</b>		
- Finished goods	2,530.16	1,706.56
- Intermediate goods	1,795.66	1,665.55
- Work in progress	69.24	85.26
	<b>4,395.06</b>	<b>3,457.37</b>



## 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
<b>As at the closing of the year</b>		
- Finished goods	4,313.41	2,530.16
- Intermediate goods	3,392.40	1,795.66
- Work in progress	61.80	69.24
	<b>7,767.61</b>	<b>4,395.06</b>
Finished goods used as fixed assets*	(72.52)	(59.53)
	<b>(3,445.07)</b>	<b>(997.22)</b>

\*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	-
	<b>12,166.42</b>	<b>10,076.99</b>

### 33. Finance costs

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
<b>Interest on items at amortised cost:</b>		
- 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
	<b>1,861.22</b>	<b>1,847.00</b>

### 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	-
	<b>6,171.89</b>	<b>5,312.62</b>

## 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
	<b>29,072.39</b>	<b>21,262.26</b>

\*Includes payment to statutory auditors of the Holding Company as follows:-

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
<b>Services rendered for:</b>		
- Audit and reviews	13.33	12.08
- taxation matters	2.30	-
- other matters	0.64	1.07
- reimbursement of expenses	0.92	0.74
	<b>17.19</b>	<b>13.89</b>

## 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
<b>Retained earnings</b>		
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)
	<b>(3,718.42)</b>	<b>(298.86)</b>

### 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") recommended 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
<b>Changes in present values are as follows:</b>				
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
<b>Balance at the end of the year</b>	<b>1,852.54</b>	<b>1,817.62</b>	<b>898.93</b>	<b>830.82</b>

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<b>Changes in fair value of plan assets are as follows:</b>				
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)	-	-
<b>Plan assets at the end of the year, at fair value</b>	<b>418.43</b>	<b>65.61</b>	<b>-</b>	<b>-</b>

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
<b>Reconciliation of present value of the obligation and the fair value of the plan assets:</b>				
Present value of obligation	1,852.54	1,817.62	898.93	830.82
Fair value of plan assets	(418.43)	(65.61)	-	-
<b>Net liability recognised in the consolidated balance sheet</b>	<b>1,434.11</b>	<b>1,752.01</b>	<b>898.93</b>	<b>830.82</b>

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<b>Amount recognised in consolidated statement of profit and loss:</b>				
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)
<b>Net cost recognised</b>	<b>326.71</b>	<b>296.16</b>	<b>145.19</b>	<b>128.47</b>

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<b>Amount recognised in Other Comprehensive Income:</b>				
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)	-	-
<b>Amount recognised (gain)/loss</b>	<b>(107.87)</b>	<b>(85.99)</b>	<b>-</b>	<b>-</b>

## 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
<b>Assumptions used:</b>				
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
	<b>3,285.29</b>	<b>2,971.99</b>	<b>1,169.07</b>	<b>1,044.91</b>

### 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	Associate (w.e.f. 23 November 2022)

## Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 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
<b>I.</b>	<b>Remuneration paid</b>		
	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
<b>II.</b>	<b>Director sitting fees paid</b>		
	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
<b>III. Dividend paid</b>		
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*
<b>IV. Commission paid to non-executive director</b>		
Mr. Ravi Kant Jaipuria	180.45	73.46
<b>V. Defined benefit obligation (Cumulative) for KMP</b>		
<b>i. Gratuity</b>		
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
<b>ii. Compensated absences</b>		
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
<b>VI. Bonus share issued (Face value of ₹ 10 each)</b>		
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
<b>VII. Balances (payable)/ receivable outstanding at the end of the year, net</b>		
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
<b>Sale of goods</b>																
- 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	-
<b>Sale of raw materials and stores</b>																
- 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
<b>Purchase of goods</b>																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	525.89	488.79	-	-	-	-	525.89	488.79
- Devyani Food Industries Limited	-	-	464.64	279.02	-	-	-	-	-	-	-	-	-	-	464.64	279.02
<b>Purchase of raw materials and stores</b>																
- 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
<b>House keeping and cleaning charges paid</b>																
- Varun Developers Private Limited	-	-	12.53	12.53	-	-	-	-	-	-	-	-	-	-	12.53	12.53
<b>Interest received/(paid)</b>																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	(2.00)	(4.00)	-	-	-	-	-	(2.00)	(4.00)
<b>Contribution to corporate social responsibility activities</b>																
- RJ Foundation (Trust)	-	-	-	-	-	-	-	85.04	67.54	-	-	-	-	-	85.04	67.54
<b>Equity investment</b>																
- IDVB Recycling Operations Private Limited	-	-	-	-	0.07	-	-	-	-	-	-	-	-	-	0.07	-
- Clean Max Tav Private Limited	-	-	-	-	0.03	-	-	-	-	-	-	-	-	-	0.03	-
<b>Professional charges paid</b>																
- Mr. Ravindra Dharwal	-	-	-	-	-	-	4.88	4.94	-	-	-	-	-	-	4.88	4.94
<b>Remuneration paid</b>																
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	47.76	-	47.76	-
<b>Travelling expenses paid</b>																
- Wellness Holdings Limited	-	-	263.80	109.20	-	-	-	-	-	-	-	-	-	-	263.80	109.20
<b>Contribution to gratuity trust</b>																
- VBL Employees' Gratuity Trust	-	-	-	-	-	-	-	-	-	350.00	2.14	-	-	-	350.00	2.14
<b>Dividend paid</b>																
- 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
<b>(Recovery of Expenses incurred by the Company on behalf of others)/ expenses incurred by others on behalf of the Company</b>																
- 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
<b>Amount paid by Company on behalf of others/(amount paid by others on behalf of the Company)</b>																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	-	0.02
<b>Licence fee paid</b>																
- Devyani Food Industries Limited	-	-	1.27	1.24	-	-	-	-	-	-	-	-	-	-	1.27	1.24
<b>Purchase of property, plant and equipment</b>																
- 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	-
<b>Advance paid for acquisition of assets</b>																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	50.40	-	-	-	-	-	50.40
<b>Rent/ lease charges paid/(received)</b>																
- RJ Corp Limited	112.80	112.69	-	-	-	-	-	-	-	-	-	-	-	-	112.80	112.69
- Devyani Food Industries Limited	-	-	(8.82)	(3.97)	-	-	-	-	-	-	-	-	-	-	(8.82)	(3.97)

## 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
- 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)
<b>IT infrastructure support fee</b>																
- 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	-
<b>Capital commitments</b>																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	201.60	201.60	-	-	-	-	-	201.60	201.60
<b>Bonus share issued (Face value of ₹ 10 each)</b>																
- RJ Corp Limited	593.00	399.67	-	-	-	-	-	-	-	-	-	-	-	-	593.00	399.67
- Mrs. Aastha Agarwal	-	-	-	-	-	-	1.00	0.50	-	-	-	-	-	-	1.00	0.50
- Mr. Kautubh 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	-
<b>Balances outstanding at the end of the year, (net)</b>																
<b>A. Receivable/(payable), net</b>																
- 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	-	-
<b>C. Defined benefit obligation (Cumulative) Payable</b>																
<b>Gratuity</b>																
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	9.82	-	9.82	-
<b>Compensated absences</b>																
- 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
<b>Total</b>	<b>1,890.02</b>	<b>448.65</b>

- 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
<b>Balance at the end of the year</b>	<b>9,155.01</b>	<b>5,727.99</b>

- 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
<b>Total</b>	<b>327.13</b>	<b>247.88</b>

\*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
<b>Total</b>	<b>2,934.86</b>	<b>1,061.88</b>	<b>1,890.02</b>

\* 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
<b>Total</b>	<b>948.98</b>	<b>494.98</b>	<b>448.65</b>

\* 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
<b>Non-current assets*</b>		
- 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
<b>Revenue from external customers</b>		
- 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:

## Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

(₹ 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](http://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 Consolidated 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*	29.06	-

\*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:

	USD	GBP	Euro	SGD	AUD	AED	ZAR
(₹ in million)							
<b>31 December 2022</b>							
<b>Financial assets</b>							
(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	-	-	-	-	-	-
<b>Total financial assets</b>	<b>11.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.01</b>
<b>Financial liabilities</b>							
(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	-	-	-	-
<b>Total financial liabilities</b>	<b>22.24</b>	<b>0.00*</b>	<b>13.97</b>	<b>-</b>	<b>0.03</b>	<b>0.02</b>	<b>2.91</b>
<b>31 December 2021</b>							
<b>Financial assets</b>							
(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	-	-	-	-	-	-
<b>Total financial assets</b>	<b>7.84</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.00</b>
<b>Financial liabilities</b>							
(i) Borrowings	1.91	-	4.85	16.56 <sup>^</sup>	-	-	-
(ii) Trade payables	12.10	0.01	0.59	-	-	-	6.58
(iii) Other financial liabilities	2.18	-	0.70	0.03	-	-	-
<b>Total financial liabilities</b>	<b>16.19</b>	<b>0.01</b>	<b>6.14</b>	<b>16.59</b>	<b>-</b>	<b>-</b>	<b>6.58</b>

\*Rounded off to Nil.

<sup>^</sup>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	
<b>31 December 2022</b>					
Sugar	+/-1%	(148.65)	148.65	(148.65)	148.65
Pet chips	+/-1%	(107.25)	107.25	(107.25)	107.25
<b>31 December 2021</b>					
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
	<b>10,309.92</b>	<b>8,454.90</b>

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.

## Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

### 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
<b>Balance at the end of the year</b>	<b>538.87</b>	<b>495.36</b>

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	-	-
<b>Total</b>	<b>52,674.65</b>	<b>33,874.04</b>	<b>18,818.97</b>	<b>1,133.92</b>

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	-	-
<b>Total</b>	<b>44,914.79</b>	<b>25,540.94</b>	<b>18,057.43</b>	<b>1,083.58</b>

## 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
<b>Financial assets</b>				
(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
<b>Total</b>	<b>0.01</b>	<b>10,309.91</b>	<b>0.01</b>	<b>8,454.89</b>
<b>Financial liabilities</b>				
(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
<b>Total</b>	<b>-</b>	<b>52,674.65</b>	<b>25.58</b>	<b>44,889.21</b>

#### 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)
<b>Assets measured at fair value:</b>					
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)
<b>Liabilities measured at fair value:</b>					
(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)
<b>Assets measured at fair value:</b>					
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)
<b>Liabilities measured at fair value:</b>					
(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
	<b>38,838.14</b>	<b>33,867.60</b>
Less: Cash and cash equivalents (Refer note 13)	(1,543.32)	(1,507.50)
<b>Net debt (A)</b>	<b>37,294.82</b>	<b>32,360.10</b>
Equity share capital (Refer note 18)	6,495.50	4,330.33
Other equity (Refer note 19)	44,528.30	36,468.75
<b>Total capital (B)</b>	<b>51,023.80</b>	<b>40,799.08</b>
<b>Capital and net debt (C=A+B)</b>	<b>88,318.62</b>	<b>73,159.18</b>
<b>Gearing ratio (A/C)</b>	<b>42.23%</b>	<b>44.23%</b>

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
<b>For the year ended 31 December 2022</b>								
<b>A. Parent Company</b>								
Varun Beverages Limited	85.19%	55,174.01	81.73%	12,701.99	12.51%	80.60	78.98%	12,782.59
<b>B. Subsidiaries</b>								
<b>Indian</b>								
Lunarmech Technologies Private Limited	2.11%	1,366.47	3.08%	478.85	-0.04%	(0.25)	2.96%	478.60
<b>Foreign</b>								
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
<b>C. Associate (Investment as per equity method)</b>								
<b>Indian</b>								
Clean Max Tav Private Limited*	0.00%	-	0.00%	(0.05)	0.00%	-	0.00%	(0.05)
<b>D. Joint venture (Investment as per equity method)</b>								
<b>Indian</b>								
IDVB Recycling Operations Private Limited*	0.00%	-	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Inter group eliminations/adjustments	<b>100.00%</b>	<b>64,762.13</b>	<b>100.00%</b>	<b>15,540.88</b>	<b>100.00%</b>	<b>644.48</b>	<b>100.00%</b>	<b>16,185.36</b>
		(13,738.33)		(566.55)		(3,799.27)		(4,365.82)
<b>Total</b>		<b>51,023.80</b>		<b>14,974.33</b>		<b>(3,154.79)</b>		<b>11,819.54</b>
<b>For the year ended 31 December 2021</b>								
<b>A. Parent Company</b>								
Varun Beverages Limited	80.86%	43,986.21	66.93%	4,894.87	83.87%	56.25	67.08%	4,951.12
<b>B. Subsidiaries</b>								
<b>Indian</b>								
Lunarmech Technologies Private Limited	1.63%	887.87	3.79%	276.99	0.04%	0.03	3.75%	277.02
<b>Foreign</b>								
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)
Inter group eliminations/adjustments	<b>100.00%</b>	<b>54,398.05</b>	<b>100.00%</b>	<b>7,313.69</b>	<b>99.99%</b>	<b>67.07</b>	<b>99.99%</b>	<b>7,380.76</b>
		(13,598.97)		(373.17)		(365.94)		(739.11)
<b>Total</b>		<b>40,799.08</b>		<b>6,940.52</b>		<b>(298.87)</b>		<b>6,641.65</b>

\*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 Tax 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)
<b>Net assets</b>	<b>0.12</b>	<b>(0.09)</b>
Group share of net assets	50.00%	26.00%
<b>Group’s carrying amount of investment</b>	<b>0.06</b>	<b>(0.02)</b>

#### C. Group’s share of profit for the year

(₹ in million)

Particulars	IDVB	Clean Max
Revenue	-	-
Other expenses	(0.02)	(0.18)
<b>Profit before tax</b>	<b>(0.02)</b>	<b>(0.18)</b>
Tax expense	-	-
<b>Profit after tax</b>	<b>(0.02)</b>	<b>(0.18)</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(0.02)</b>	<b>(0.18)</b>
Group’s share of profit	(0.01)	(0.05)
Group’s share of OCI	-	-
<b>Group’s share of total comprehensive income</b>	<b>(0.01)</b>	<b>(0.05)</b>

### 59. Additional regulatory information not disclosed elsewhere in the financial information

- 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.
- 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:
- 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
  - 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:
- 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,
- 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.

## Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2022

- 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 Chandio & 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

Place : Gurugram  
Dated : 06 February 2023

**Rajesh Chawla**  
Chief Financial Officer

**Ravi Batra**  
Chief Risk Officer and  
Group Company Secretary  
Membership No.: F-5746

## 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.	Particulars	1 Varun Beverages (Nepal) Private Limited*	2 Varun Beverages Lanka (Private) Limited*	3 Varun Beverages Morocco SA	4 Varun Beverages (Zambia) Limited	5 Varun Beverages (Zimbabwe) (Private) Limited	6 Lunarmech Technologies Private Limited®	7 Varun Beverages RDC SAS	8 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
		<b>Associate</b>	<b>Joint Venture</b>
	Latest Audited Balance sheet date	<b>Refer note (a)</b>	<b>Refer note (b)</b>
	Date of acquisition	<b>23 November 2022</b>	<b>01 July 2022</b>
	Currency	<b>INR</b>	<b>INR</b>
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

Place: Gurugram  
Dated: 06 February 2023

**Rajesh Chawla**  
Chief Financial Officer

**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 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
<p><b>Impairment assessment of intangible assets including Goodwill</b></p> <p>(Refer note 3.5 for accounting policies on intangibles assets and note 5 to the standalone financial statements)</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures included, but were not limited, to the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management's process for identification of cash generating unit and processes performed by the management for their impairment testing;</li> <li>• 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;</li> <li>• Tested the design and operating effectiveness of internal controls over such identification and impairment test procedures;</li> <li>• 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;</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>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.</p> <p>Changes in the management forecasts or assumptions can impact the assessment of the discounted cash flows.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• 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;</li> <li>• 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.</li> <li>• 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;</li> <li>• 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</li> <li>• 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.</li> </ul>
<p><b>Claims, Appeals and Litigations - provisions and contingent liabilities</b></p> <p>(Refer note 41 to the standalone financial statements for the amounts of contingent liabilities)</p> <p>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.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of the Company's accounting policies relating to provisions and contingent liabilities with the applicable accounting standards;</li> <li>• 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;</li> <li>• 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;</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• 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;</li> <li>• Obtained legal opinions and confirmation on completeness from the Company's external legal counsels, where appropriate;</li> <li>• 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</li> <li>• 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.</li> </ul>

### 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, 5<sup>th</sup> 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, Sonapat
Central Excise Act, 1944	Central Excise	0.26	-	April 2017 to June 2018	Office of the Commissioner of Central Excise, Sonapat
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, 5<sup>th</sup> 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 Chandio & 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, 5<sup>th</sup> 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
<b>Assets</b>			
<b>Non-current assets</b>			
(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
<b>Total non-current assets</b>		<b>86,170.47</b>	<b>72,973.95</b>
<b>Current assets</b>			
(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
<b>Total current assets</b>		<b>24,518.96</b>	<b>17,682.22</b>
<b>Total assets</b>		<b>110,689.43</b>	<b>90,656.17</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	17	6,495.50	4,330.33
(b) Other equity	18	48,678.51	39,655.88
<b>Total equity</b>		<b>55,174.01</b>	<b>43,986.21</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(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
<b>Total non-current liabilities</b>		<b>22,832.36</b>	<b>22,195.09</b>
<b>Current liabilities</b>			
(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
<b>Total current liabilities</b>		<b>32,683.06</b>	<b>24,474.87</b>
<b>Total liabilities</b>		<b>55,515.42</b>	<b>46,669.96</b>
<b>Total equity and liabilities</b>		<b>110,689.43</b>	<b>90,656.17</b>
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 Chandio & 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
<b>Income</b>			
Revenue from operations	27	105,958.25	65,957.42
Other income	28	1,437.57	573.02
<b>Total income</b>		<b>107,395.82</b>	<b>66,530.44</b>
<b>Expenses</b>			
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
<b>Total expenses</b>		<b>90,550.80</b>	<b>59,715.22</b>
<b>Profit before tax</b>		<b>16,845.02</b>	<b>6,815.22</b>
<b>Tax expense</b>			
(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
<b>Total tax expense</b>		<b>4,143.03</b>	<b>1,920.35</b>
<b>Net profit for the year</b>		<b>12,701.99</b>	<b>4,894.87</b>
<b>Other comprehensive income</b>	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)
<b>Total other comprehensive income</b>		<b>80.60</b>	<b>56.25</b>
<b>Total comprehensive income for the year</b>		<b>12,782.59</b>	<b>4,951.12</b>
<b>Earnings per equity share of face value of ₹ 10 each</b>			
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 Chandio & 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
<b>A. Operating activities</b>		
Profit before tax	16,845.02	6,815.22
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
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	<b>22,590.22</b>	<b>12,066.95</b>
<b>Working capital adjustments:</b>		
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
<b>Total cash from operations</b>	<b>18,916.35</b>	<b>9,663.87</b>
Income tax paid	(3,328.49)	(985.23)
<b>Net cash flows from operating activities (A)</b>	<b>15,587.86</b>	<b>8,678.64</b>
<b>B. Investing activities</b>		
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
<b>Net cash used in investing activities (B)</b>	<b>(15,093.14)</b>	<b>(7,253.31)</b>



# 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
<b>C. Financing activities</b>		
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)
<b>Net cash used in financing activities (C)</b>	<b>(262.30)</b>	<b>(1,547.90)</b>
<b>Net change in cash and cash equivalents (D=A+B+C)</b>	<b>232.42</b>	<b>(122.57)</b>
Cash and cash equivalents at the beginning of year ( E)	241.47	364.04
<b>Cash and cash equivalents at the end of year (D+E) (Refer note 12)</b>	<b>473.89</b>	<b>241.47</b>

## 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	-	-
<b>Balance as at 31 December 2022</b>	<b>29,545.55</b>	<b>5,172.95</b>	<b>1,231.06</b>

(₹ 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)	-	-
<b>Balance as at 31 December 2021</b>	<b>26,088.09</b>	<b>5,605.24</b>	<b>162.46</b>

\*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 Chandio & 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 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
<b>Balance as at 31 December 2021</b>	17	<b>433,033,080</b>	<b>4,330.33</b>
Changes in equity share capital during the year 2022		216,516,540	2,165.17
<b>Balance as at 31 December 2022</b>	17	<b>649,549,620</b>	<b>6,495.50</b>

## 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)
<b>Balance as at 31 December 2021</b>	18	<b>533.93</b>	<b>-</b>	<b>24,734.73</b>	<b>444.26</b>	<b>13,942.96</b>	<b>39,655.88</b>
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)
<b>Balance as at 31 December 2022</b>	<b>18</b>	<b>533.93</b>	<b>29.08</b>	<b>22,569.56</b>	<b>444.26</b>	<b>25,101.68</b>	<b>48,678.51</b>

# 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 **Walker Chandiook & Co LLP**

Chartered Accountants  
Firm's Registration No.: 001076N/N5000013

**Ashish Gupta**

Partner  
Membership No.: 504662

Place : Gurugram

Dated : 06 February 2023

For **O P Bagla & Co LLP**

Chartered Accountants  
Firm Registration No.:  
000018N/N5000091

**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

**Rajesh Chawla**

Chief Financial Officer

**Raj Pal Gandhi**

Whole Time Director  
DIN 00003649

**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 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:

- In case the assets are acquired separately, then at cost,
- In case the assets are acquired in a business combination or under any asset purchase agreement, at fair value.

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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,



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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.

## Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

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,

## Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

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.

## Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

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





## Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

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

## Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

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

## Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

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,

## Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

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.

## Summary of significant accounting policies and other explanatory information on the Standalone 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
<b>Gross carrying amount</b>										
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)
<b>Balance as at 31 December 2022</b>	<b>6,758.49</b>	<b>12,761.74</b>	<b>35,030.44</b>	<b>207.37</b>	<b>1,157.84</b>	<b>321.54</b>	<b>253.20</b>	<b>4,121.81</b>	<b>9,523.92</b>	<b>70,136.35</b>
<b>Accumulated depreciation and impairment</b>										
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)
<b>Balance as at 31 December 2022</b>	<b>-</b>	<b>2,890.12</b>	<b>12,398.66</b>	<b>134.95</b>	<b>871.31</b>	<b>211.02</b>	<b>178.07</b>	<b>1,722.70</b>	<b>7,975.87</b>	<b>26,382.70</b>
<b>Carrying amount as at 31 December 2022</b>	<b>6,758.49</b>	<b>9,871.62</b>	<b>22,631.78</b>	<b>72.42</b>	<b>286.53</b>	<b>110.52</b>	<b>75.13</b>	<b>2,399.11</b>	<b>1,548.05</b>	<b>43,753.65</b>

(₹ 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
<b>Gross carrying amount</b>										
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)
<b>Balance as at 31 December 2021</b>	<b>5,998.42</b>	<b>11,164.96</b>	<b>30,325.55</b>	<b>191.78</b>	<b>1,178.53</b>	<b>252.88</b>	<b>207.71</b>	<b>2,940.75</b>	<b>9,571.53</b>	<b>61,832.11</b>
<b>Accumulated depreciation</b>										
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)
<b>Balance as at 31 December 2021</b>	<b>-</b>	<b>2,370.49</b>	<b>10,131.12</b>	<b>122.30</b>	<b>832.47</b>	<b>176.86</b>	<b>156.58</b>	<b>1,287.51</b>	<b>7,405.67</b>	<b>22,483.00</b>
<b>Carrying amount as at 31 December 2021</b>	<b>5,998.42</b>	<b>8,794.47</b>	<b>20,194.43</b>	<b>69.48</b>	<b>346.06</b>	<b>76.02</b>	<b>51.13</b>	<b>1,653.24</b>	<b>2,165.86</b>	<b>39,349.11</b>

## 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
<b>Add: Incurred during the year</b>		
Finance costs	171.76	52.88
Other expenses	274.37	76.90
<b>Less: Capitalised during the year</b>	(363.48)	(22.57)
<b>Amount carried over included in CWIP</b>	<b>212.43</b>	<b>129.78</b>

- 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
<b>Gross carrying amount</b>	
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 <sup>#</sup>	(3.62)
<b>Balance as at 31 December 2022</b>	<b>5,399.45</b>

(₹ in million)

	Amount
<b>Gross carrying amount</b>	
Balance as at 01 January 2021	390.05
Additions for the year*	4,758.12
Transfer to property, plant and equipment	(368.63)
<b>Balance as at 31 December 2021</b>	<b>4,779.54</b>

\* 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.

<sup>#</sup> 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 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				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Projects in progress</b>					
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 <sup>#</sup>	Leased buildings	Leased plant and equipment	Total
<b>Gross carrying amount</b>				
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)
<b>Balance as at 31 December 2022</b>	<b>8,653.46</b>	<b>295.55</b>	<b>13.60</b>	<b>8,962.61</b>
<b>Accumulated amortisation</b>				
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
<b>Carrying amount as at 31 December 2022</b>	<b>8,193.13</b>	<b>66.39</b>	<b>7.54</b>	<b>8,267.06</b>

(₹ in million)

	Land leasehold <sup>#</sup>	Leased buildings	Leased plant and equipment	Total
<b>Gross carrying amount</b>				
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	<b>5,431.60</b>	<b>295.46</b>	<b>13.60</b>	<b>5,740.66</b>
<b>Accumulated amortisation</b>				
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
<b>Carrying amount as at 31 December 2021</b>	<b>5,057.16</b>	<b>138.53</b>	<b>9.19</b>	<b>5,204.88</b>

<sup>#</sup> 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:

- 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.
- 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
<b>Gross carrying amount</b>	
Balance as at 01 January 2022	19.40
Acquired during the year	-
<b>Balance as at 31 December 2022</b>	<b>19.40</b>
<b>Amortisation</b>	
Balance as at 01 January 2022	-
Amortisation charge for the year	-
<b>Balance as at 31 December 2022</b>	-
<b>Carrying amount as at 31 December 2022</b>	<b>19.40</b>

(₹ in million)

	Amount
<b>Gross carrying amount</b>	
Balance as at 01 January 2021	19.40
Acquired during the year	-
<b>Balance as at 31 December 2021</b>	<b>19.40</b>
<b>Amortisation</b>	
Balance as at 01 January 2021	-
Amortisation charge for the year	-
<b>Balance as at 31 December 2021</b>	-
<b>Carrying amount as at 31 December 2021</b>	<b>19.40</b>

### 5B. Other intangible assets

(₹ in million)

	Franchise rights/ trademarks (Refer note i)	Distribution network	Computer software	Total
<b>Gross carrying amount</b>				
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)
<b>Balance as at 31 December 2022</b>	<b>6,042.96</b>	<b>157.64</b>	<b>279.89</b>	<b>6,480.49</b>
<b>Amortisation</b>				
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)
<b>Balance as at 31 December 2022</b>	<b>656.97</b>	<b>79.87</b>	<b>265.10</b>	<b>1,001.94</b>
<b>Carrying amount as at 31 December 2022</b>	<b>5,385.99</b>	<b>77.77</b>	<b>14.79</b>	<b>5,478.55</b>

## Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

(₹ in million)

	Franchise rights/ trademarks (Refer note i)	Distribution network	Computer software	Total
<b>Gross carrying amount</b>				
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)
<b>Balance as at 31 December 2021</b>	<b>6,042.96</b>	<b>157.64</b>	<b>313.09</b>	<b>6,513.69</b>
<b>Amortisation</b>				
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)
<b>Balance as at 31 December 2021</b>	<b>656.97</b>	<b>60.17</b>	<b>253.87</b>	<b>971.01</b>
<b>Carrying amount as at 31 December 2021</b>	<b>5,385.99</b>	<b>97.47</b>	<b>59.22</b>	<b>5,542.68</b>

- 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:**

- 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.
- For arriving at the terminal value, approximate growth rate of 5% (Previous year - 5%) is considered.
- Number of years for which cash flows were considered are 5 years.
- 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.

- The amount of contractual commitments for the acquisitions of intangible assets are disclosed in Note 42.
- 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
<b>Investment in equity shares in subsidiaries (at cost) (unquoted)</b>		
17,392,760 (31 December 2021: 17,392,760) fully paid equity shares of MAD 50 each in Varun Beverages Morocco SA <sup>^</sup>	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 <sup>^</sup>	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 <sup>^</sup>	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 <sup>#</sup>	0.74	0.74
1000 (31 December 2021: Nil) fully paid equity shares of AED 1000 each in Varun Beverages International DMCC*.	20.68	-
<b>Investment in associates accounted as per equity method (unquoted)</b>		
2,600 (31 December 2021: Nil) fully paid equity shares of ₹ 10 each in Clean Max Tav Private Limited <sup>@</sup>	0.03	-
<b>Investment in joint ventures accounted as per equity method (unquoted)</b>		
7,000 (31 December 2021: Nil) fully paid equity shares of ₹ 10 each in IDVB Recycling Operations Private Limited <sup>^-</sup>	0.07	-
<b>Investment in others in fully paid equity shares (FVTPL, unquoted)</b>		
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 <sup>**</sup>	0.00	0.00
	<b>13,543.17</b>	<b>13,522.39</b>
<b>Aggregate amount of unquoted investments</b>	<b>13,543.17</b>	<b>13,522.39</b>

\*\*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.

<sup>^</sup> 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.

## Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

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
<b>Loans carried at amortised cost</b>		
Loans to related parties, considered good - Unsecured	5,238.04	2,594.40
	<b>5,238.04</b>	<b>2,594.40</b>
<b>Loans to subsidiaries:-</b>		
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
<b>Financial asset at amortised cost</b>		
Security deposits	433.18	377.74
Balance in deposit accounts with more than 12 months maturity <sup>#</sup>	9.27	8.04
	<b>442.45</b>	<b>385.78</b>

<sup>#</sup> 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
	<b>4,028.70</b>	<b>1,575.77</b>

### 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
	<b>14,261.48</b>	<b>10,662.71</b>

\* 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)
	<b>1,502.42</b>	<b>1,320.73</b>
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
<b>Total</b>	-	-	<b>1,490.23</b>	<b>38.77</b>	<b>7.17</b>	<b>83.41</b>	<b>171.87</b>	<b>1,791.45</b>

### 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
<b>Total</b>	-	-	<b>1,055.82</b>	<b>250.74</b>	<b>77.86</b>	<b>18.85</b>	<b>171.90</b>	<b>1,575.17</b>

## 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
	<b>473.89</b>	<b>241.47</b>

\* 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
	<b>0.98</b>	<b>0.88</b>

\*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
<b>Loans carried at amortised cost</b>		
Loans to related party, considered good - Unsecured*	-	189.86
	-	<b>189.86</b>
*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 <sup>^</sup>	218.41	228.28
	<b>4,757.52</b>	<b>2,881.73</b>
*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	-
	<b>352.40</b>	<b>183.44</b>
**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	-
	<b>17.34</b>	<b>0.04</b>
<sup>^</sup> 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	-
	<b>199.79</b>	<b>195.03</b>

### 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
	<b>3,522.67</b>	<b>2,384.84</b>

## 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
<b>Authorised share capital:</b>		
1000,000,000 (31 December 2021: 500,000,000) equity shares of ₹ 10 each	10,000.00	5,000.00
	<b>10,000.00</b>	<b>5,000.00</b>
<b>Issued, subscribed and fully paid up:</b>		
649,549,620 (31 December 2021: 433,033,080 ) equity shares of ₹ 10 each	6,495.50	4,330.33
	<b>6,495.50</b>	<b>4,330.33</b>

#### 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
<b>Balance as at 31 December 2022</b>	<b>649,549,620</b>	<b>6,495.50</b>

(₹ 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
<b>Balance as at 31 December 2021</b>	<b>433,033,080</b>	<b>4,330.33</b>

#### 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		
	<b>1,779.00</b>	<b>1,199.00</b>

\*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	-
	<b>48,678.51</b>	<b>39,655.88</b>

#### 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
	<b>16,532.58</b>	<b>17,124.41</b>

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
	<b>18,185.92</b>	<b>14,568.92</b>

## 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 facilities 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
	<b>1,117.39</b>	<b>87.52</b>

### 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
	<b>113.67</b>	<b>74.94</b>

### 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
<b>Term loans</b>				
<b>(i) Foreign currency loan from banks (secured)</b>				
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.				
	-	-	-	<b>911.78</b>

## 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
<b>ii) Indian rupee loan from banks (secured)</b>				
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.				
<b>iii) Vehicle rupee term loan (secured)</b>				
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
	<b>15,952.17</b>	<b>12,452.70</b>	<b>16,123.38</b>	<b>8,051.89</b>
<b>iv) Indian rupee loan from a others (secured)</b>				
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:  <b>Date of repayment</b> <b>Amount</b> 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.	257.07	418.85	575.64	-
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			
	<b>580.41</b>	<b>560.27</b>	<b>1,001.03</b>	<b>-</b>
<b>Total</b>	<b>16,532.58</b>	<b>13,012.97</b>	<b>17,124.41</b>	<b>8,963.68</b>

### 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
		<b>15,950.17</b>	<b>12,414.78</b>	<b>16,077.26</b>	<b>7,987.84</b>	

## 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
<b>Non-current</b>		
Defined benefit liability (net)	1,382.99	1,449.15
Other long term employee obligations	593.62	545.46
	<b>1,976.61</b>	<b>1,994.61</b>
<b>Current</b>		
Defined benefit liability (net)	-	224.50
Other short term employee obligations	283.10	264.85
	<b>283.10</b>	<b>489.35</b>

### 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
	<b>2,981.82</b>	<b>27.10</b>	<b>190.89</b>	<b>3,199.84</b>

(₹ 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)
	<b>2,209.92</b>	<b>18.92</b>	<b>752.98</b>	<b>2,981.82</b>

\*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
	<b>5.94</b>	<b>6.73</b>

### 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
	<b>5,757.93</b>	<b>4,634.64</b>



## 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	
<b>Undisputed trade payable</b>							
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
<b>Disputed trade payable</b>							
Micro enterprises and small enterprises	-	-	-	0.01	0.15	-	0.16
Others	-	-	48.49	11.48	11.97	11.26	83.20
<b>Total</b>	<b>1,303.39</b>	<b>-</b>	<b>4,352.63</b>	<b>34.82</b>	<b>43.48</b>	<b>23.61</b>	<b>5,757.93</b>

### 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	
<b>Undisputed trade payable</b>							
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
<b>Disputed trade payable</b>							
Micro enterprises and small enterprises	-	-	-	0.08	0.07	-	0.15
Others	-	-	28.68	16.69	7.47	6.00	58.84
<b>Total</b>	<b>892.55</b>	<b>-</b>	<b>3,637.64</b>	<b>72.52</b>	<b>11.95</b>	<b>19.98</b>	<b>4,634.64</b>

## 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
	<b>4,943.36</b>	<b>3,289.14</b>

#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
	<b>2,724.71</b>	<b>1,339.71</b>

### 26. Current tax liabilities (Net)

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Provision for tax	674.37	78.17
	<b>674.37</b>	<b>78.17</b>

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
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>4,143.03</b>	<b>1,920.35</b>
(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)
<b>Income tax charged to OCI</b>	<b>(27.10)</b>	<b>(18.92)</b>

#### 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
<b>Accounting profit before tax</b>	<b>16,845.02</b>	<b>6,815.22</b>
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
<b>Income tax expense at effective tax rate reported in the Statement of Profit and Loss</b>	<b>4,143.03</b>	<b>1,920.35</b>

\* 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
	<b>105,958.25</b>	<b>65,957.42</b>

#### 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)
<b>Revenue from contracts with customers and Subsidiaries</b>	<b>103,472.47</b>	<b>64,201.14</b>

##### 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
<b>Total sale of products and rendering of services to subsidiaries</b>	<b>103,472.47</b>	<b>64,201.14</b>

(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	1,791.45	1,575.17
Less: Allowances for expected credit loss	(289.03)	(254.44)
<b>Net receivables</b>	<b>1,502.42</b>	<b>1,320.73</b>

## Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

### Contract liabilities

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Advance from customers	1,933.09	613.86
<b>Net receivables</b>	<b>1,933.09</b>	<b>613.86</b>

- 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)
<b>Balance at the closing of the year</b>	<b>1,933.09</b>	<b>613.86</b>

## 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
	<b>1,437.57</b>	<b>573.02</b>





## 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
<b>Raw material and packing material consumed</b>		
Inventories at beginning of the year	5,581.90	2,525.43
Purchases during the year (net)	61,156.63	36,956.43
	<b>66,738.53</b>	<b>39,481.86</b>
Less: Sold during the year	6,345.70	3,041.84
Less: Inventories at end of the year	5,799.79	5,581.90
	<b>54,593.04</b>	<b>30,858.12</b>

### 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
	<b>1,201.84</b>	<b>1,194.30</b>

### 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
<b>As at the beginning of the year</b>		
- Finished goods	1,798.97	1,205.16
- Intermediate goods	1,784.11	1,643.18
- Work in progress	63.57	81.57
	<b>3,646.65</b>	<b>2,929.91</b>
<b>As at the closing of the year</b>		
- Finished goods	3,180.12	1,798.97
- Intermediate goods	3,361.97	1,784.11
- Work in progress	55.50	63.57
	<b>6,597.59</b>	<b>3,646.65</b>
<b>Finished goods used as fixed assets*</b>	(72.52)	(43.92)
	<b>(3,023.46)</b>	<b>(760.66)</b>

\*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	-
	<b>9,204.68</b>	<b>7,411.15</b>

## 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
	<b>1,542.57</b>	<b>1,551.43</b>

### 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	-
	<b>4,831.32</b>	<b>3,998.34</b>

### 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
	<b>22,200.81</b>	<b>15,462.54</b>

### \*Payment to auditors

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
<b>Services rendered for:</b>		
- Audit and reviews	13.33	12.08
- taxation matters	2.30	-
- other matters	0.64	1.07
- reimbursement of expenses	0.92	0.74
	<b>17.19</b>	<b>13.89</b>

### 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
<b>Retained earnings</b>		
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)
	<b>80.60</b>	<b>56.25</b>

- 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

## Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

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
<b>Changes in present value are as follows:</b>				
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)
<b>Balance at the end of the year</b>	<b>1,801.42</b>	<b>1,739.26</b>	<b>876.72</b>	<b>810.31</b>

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<b>Change in fair value of plan assets are as follows:</b>				
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)	-	-
<b>Plan assets at the end of the year, at fair value</b>	<b>418.43</b>	<b>65.61</b>	<b>-</b>	<b>-</b>

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
<b>Reconciliation of present value of the obligation and the fair value of the plan assets:</b>				
Present value of obligation	1,801.42	1,739.26	876.72	810.31
Fair value of plan assets	(418.43)	(65.61)	-	-
<b>Net liability recognised in the Balance Sheet</b>	<b>1,382.99</b>	<b>1,673.65</b>	<b>876.72</b>	<b>810.31</b>



## 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
<b>Amount recognised in Statement of Profit and Loss:</b>				
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)
<b>Net cost recognised</b>	<b>284.85</b>	<b>271.26</b>	<b>138.54</b>	<b>123.50</b>

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<b>Amount recognised in Other Comprehensive Income:</b>				
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)	-	-
<b>Amount recognised</b>	<b>(107.70)</b>	<b>(75.17)</b>	<b>-</b>	<b>-</b>

	Gratuity		Compensated Absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<b>Assumptions used:</b>				
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
	<b>3,257.56</b>	<b>2,936.59</b>	<b>1,136.62</b>	<b>1,015.89</b>

#### 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
<b>I.</b>	<b>Remuneration paid</b>		
	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
<b>II.</b>	<b>Director sitting fees paid</b>		
	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
<b>III. Dividend paid</b>		
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*
<b>IV. Commission paid to non-executive director</b>		
Mr. Ravi Kant Jaipuria	180.45	73.46
<b>V. Defined benefit obligation (Cummulative) for KMP</b>		
<b>i. Gratuity</b>		
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
<b>ii. Compensated absences</b>		
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
<b>VI. Bonus share issued (Face value of ₹ 10 each)</b>		
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		
<b>VII. Balances (payable)/receivable outstanding at the end of the year, net</b>		
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
<b>Sale of goods</b>																		
- 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
<b>Sale of raw materials and stores</b>																		
- Varun Beverages (Nepal) Private Limited	-	-	126.06	6.96	-	-	-	-	-	-	-	-	-	-	-	-	126.06	6.96
- Ole Spring Bottlers (Private) Limited	-	-	24.07	-	-	-	-	-	-	-	-	-	-	-	-	-	24.07	-

# 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 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
<b>Purchase of goods</b>																		
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	525.89	488.79	-	-	-	-	525.89	488.79
- Devyani Food Industries Limited	-	-	-	-	464.64	279.02	-	-	-	-	-	-	-	-	-	-	464.64	279.02
<b>Purchase of raw materials and stores</b>																		
- 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	-
<b>Loan given</b>																		



## 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 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 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
<b>Interest received/(paid)</b>																			
- Varun Beverages Morocco SA	-	-	-	32.92	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32.92
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	-	48.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48.00
- Varun Beverages (Zambia) Limited	-	-	-	16.30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16.30
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	(2.00)	(4.00)	-	-	-	-	-	-	(2.00)
- Varun Beverages RDC SAS	-	-	-	9.87	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.87
- Varun Beverages International DMCC	-	-	-	19.45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19.45
<b>Contribution to corporate social responsibility activities</b>																			
- RJ Foundation (Trust)	-	-	-	-	-	-	-	-	-	-	85.04	67.54	-	-	-	-	-	-	85.04
<b>Guarantee commission income</b>																			
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	-	8.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8.60
- 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	
<b>Amount receivable for guarantee commission written off</b>																			
- Varun Beverages (Nepal) Private Limited	-	-	-	5.66	-	-	-	-	-	-	-	-	-	-	-	-	-	5.66	
<b>Dividend income</b>																			
- Varun Beverages (Nepal) Private Limited	-	-	539.49	303.46	-	-	-	-	-	-	-	-	-	-	-	-	-	539.49	303.46
<b>Equity investment</b>																			
- 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	
<b>Professional charges paid</b>																			
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	-	-	4.88	4.94	-	-	-	-	-	-	-	4.88	4.94
<b>Remuneration paid</b>																			
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30.66	-	-	30.66	
<b>Service rendered: management fees</b>																			
- Varun Beverages (Nepal) Private Limited	-	-	199.32	170.43	-	-	-	-	-	-	-	-	-	-	-	-	-	199.32	170.43
<b>Travelling expenses paid</b>																			
- Wellness Holdings Limited	-	-	-	-	146.40	109.20	-	-	-	-	-	-	-	-	-	-	-	146.40	109.20
<b>Licence fee paid</b>																			



## 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 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021
- Devyani Food Industries Limited	-	-	-	-	1.27	1.24	-	-	-	-	-	-	-	-	-	-	1.27	1.24
<b>Dividend paid</b>																		
- 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	-
<b>Service rendered: Technical know-how fees</b>																		
- Varun Beverages (Nepal) Private Limited	-	-	249.15	213.04	-	-	-	-	-	-	-	-	-	-	-	-	249.15	213.04
<b>Amount paid by Company on behalf of others/ (amount paid by others on behalf of the Company)</b>																		
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	-	-	0.02
<b>(Recovery of expenses incurred by the Company on behalf of others)/ expenses incurred by others on behalf of the Company</b>																		
- 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	-	
<b>Rent/ lease charges paid/ (received)</b>																			
- RJ Corp Limited	112.80	112.69	-	-	-	-	-	-	-	-	-	-	-	-	-	-	112.80	112.69	
- Ravi Kant Jaipuria & Sons (HUF)	-	1.28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.28	
- SVS India Private Limited	-	-	-	1.20	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	-	-	-	(3.97)	(8.82)	(3.97)	-	-	-	-	-	-	-	-	-	-	(8.82)	(3.97)	
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	(1.23)	(1.36)	-	-	-	-	(1.23)	(1.36)	
<b>Financial guarantees given</b>																			
- 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	-	
<b>Financial guarantees closed</b>																			
- 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 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	
<b>Purchase of property, plant and equipment</b>																			
- Cryoviva Biotech Private Limited	-	-	-	-	3.62	-	-	-	-	-	-	-	-	-	-	-	3.62	-	-
<b>Sale of property, plant and equipment</b>																			
- 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	-
<b>Contribution to gratuity trust</b>																			
- VBL Employees' Gratuity Trust	-	-	-	-	-	-	-	-	-	-	-	-	350.00	2.14	-	-	350.00	2.14	-
<b>IT infrastructure support fee</b>																			
- 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	-	-	-	1.20	1.77	1.20	-	-	-	-	-	-	-	-	-	-	1.77	1.20
- Varun Beverages RDC SAS	-	-	0.18	-	-	-	-	-	-	-	-	-	-	-	-	-	0.18	-
- Devyani Food Industries Limited	-	-	-	5.57	8.86	5.57	-	-	-	-	-	-	-	-	-	-	8.86	5.57
- Cryoviva Biotech Private Limited	-	-	-	-	0.89	-	-	-	-	-	-	-	-	-	-	-	0.89	-
*Rounded off to Nil.																		
<b>Advance paid for acquisition of assets</b>																		
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	50.40	-	-	-	-	-	50.40
<b>Capital commitments</b>																		
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	201.60	201.60	-	-	-	-	201.60	201.60
<b>Bonus share issued (Face value of ₹ 10 each)</b>																		
- 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	-
<b>Balances outstanding at the end of the year, (net) including loan outstanding</b>																		
<b>A. Receivable/(payable), net</b>																		
- 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 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 2022	2021	For year ended 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	-	-	0.02	(12.22)	-	-	-	-	-	-	-	-	-	-	35.60	35.82
- Wellness Holdings Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	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>B. Financial guarantees</b>																		
- 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 (Private) Limited	-	-	1,241.79	-	-	-	-	-	-	-	-	-	-	-	-	-	1,241.79	-
- Varun Beverages Lanka (Private) Limited	-	-	100.65	-	-	-	-	-	-	-	-	-	-	-	-	-	100.65	-
<b>C. Defined benefit obligation (Cumulative Payable)</b>																		
<b>(i) Gratuity</b>																		
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.82	-	9.82	-
<b>(ii) Compensated absences</b>																		
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	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	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
<b>Total</b>	<b>1,231.06</b>	<b>162.46</b>

- 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	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)
<b>Balance at the end of the year</b>	<b>8,267.06</b>	<b>5,204.88</b>

- iii. The following are amounts recognised in Standalone Statement of Profit and Loss:

(₹ in million)

Particulars	For the year ended	
	31 December 2022	31 December 2021
Depreciation charge on right of use assets	159.77	152.28
Interest expense on lease liabilities	10.03	12.54
<b>Total</b>	<b>169.80</b>	<b>164.82</b>

\*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 millions).

## 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
<b>Total</b>	<b>2,164.84</b>	<b>933.78</b>	<b>1,231.06</b>

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
<b>Total</b>	<b>591.69</b>	<b>429.23</b>	<b>162.46</b>

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.

## Summary of significant accounting policies and other explanatory information on the Standalone 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](http://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 (₹)
<b>Number of options granted, exercised and forfeited</b>			-	
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.

## Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

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
	<b>35,949.56</b>	<b>31,855.79</b>
Less: Cash and cash equivalents (Refer note 12)	(473.89)	(241.47)
<b>Net debt (A)</b>	<b>35,475.67</b>	<b>31,614.32</b>
Equity share capital (Refer note 17)	6,495.50	4,330.33
Other equity (Refer note 18)	48,678.51	39,655.88
<b>Total capital (B)</b>	<b>55,174.01</b>	<b>43,986.21</b>
<b>Capital and net debt (C=A+B)</b>	<b>90,649.68</b>	<b>75,600.53</b>
<b>Gearing ratio (A/C)</b>	<b>39.13%</b>	<b>41.82%</b>

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
<b>31 December 2022</b>						
<b>Financial assets</b>						
(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	-	-	-	-	-
<b>Total financial assets</b>	<b>71.53</b>	-	-	-	-	-
<b>Financial liabilities</b>						
(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	-
<b>Total financial liabilities</b>	<b>11.41</b>	<b>0.03</b>	-	-	<b>6.38</b>	<b>0.02</b>
*Rounded off to Nil.						
<b>31 December 2021</b>						
<b>Financial assets</b>						
(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	-	-	-	-	-
<b>Total financial assets</b>	<b>41.55</b>	-	-	-	-	-
<b>Financial liabilities</b>						
(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	-
<b>Total financial liabilities</b>	<b>7.96</b>	-	<b>0.00*</b>	<b>16.59</b>	<b>0.72</b>	-

\*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	
	+1%	-1%				
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	
<b>31 December 2021</b>						
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
	<b>25,958.47</b>	<b>21,137.24</b>

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
<b>Balance at the end of the year</b>	<b>289.03</b>	<b>254.44</b>

## Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

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	-	-
<b>Total</b>	<b>46,650.85</b>	<b>29,133.02</b>	<b>17,601.48</b>	<b>997.69</b>

(₹ 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	-	-
<b>Total</b>	<b>38,867.79</b>	<b>21,664.65</b>	<b>16,866.35</b>	<b>988.38</b>

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
<b>Financial assets</b>					
(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
<b>Total</b>		<b>0.01</b>	<b>25,958.47</b>	<b>0.01</b>	<b>21,137.24</b>
<b>Financial liabilities</b>					
(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
<b>Total</b>		<b>-</b>	<b>46,650.85</b>	<b>25.58</b>	<b>39,753.99</b>

#### 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)
<b>Assets measured at fair value:</b>					
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)
<b>Liabilities measured at fair value:</b>					
(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)
<b>Assets measured at fair value:</b>					
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)
<b>Liabilities measured at fair value:</b>					
(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	As at 31 December 2021	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)	0.75	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

## Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2022

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:
- 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
  - 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:
- 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,
- 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 Chandio & 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



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