corp **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

April 17, 2019

To,

BSE Limited Phiroze Jeejeebhoy Towers , Dalal Street, Mumbai – 400 001 **Email:** corp.relations@bseindia.com **Security Code: 540180**	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**

Sub: Submission of brief proceedings of 24th Annual General Meeting under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

In continuation to our letter dated February 26, 2019, please find enclosed the following:

a) Brief proceedings of Annual General Meeting of the Company held today i.e. Wednesday, April 17, 2019, as required under Regulation, 30, Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as Annexure I; and

b) Annual Report of the Company for the Financial Year ended on December 31, 2018 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as Annexure II.

Further, in accordance with Section 2(41) of the Companies Act, 2013, please note that our Company is following 1st January to 31st December as its Financial Year as approved by the Company Law Board.

This is for your kind information and records.

Yours faithfully
For Varun Beverages Limited

VARUN BEVERAGES LIMITED New Delhi

Ravi Batra
Chief Risk Officer and Group Company Secretary

Encl.: As Above

Regd. Office : F-2/7, Okhla Industrial Area Phase-I, New Delhi - 110 020
Tel. : 011-41706720-25 Fax. 26813665

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BRIEF PROCEEDINGS OF 24TH ANNUAL GENERAL MEETING (AGM) OF VARUN BEVERAGES LIMITED HELD ON WEDNESDAY, APRIL 17, 2019 AT 11:00 A.M. AT PHD CHAMBER OF COMMERCE AND INDUSTRY, 4/2, SIRI INSTITUTIONAL AREA, AUGUST KRANTI MARG, NEW DELHI- 110016.

The 24th Annual General Meeting (AGM) of the members of Varun Beverages Limited ('the Company') was held on Wednesday, April 17, 2019 at 11: 00 a.m. at PHD Chamber of Commerce and Industry, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi- 110016.

Mr. Ravi Kant Jaipuria, Chairman of the Company, took the Chair and extended a warm welcome to the Members, Directors, Officers and others present in the meeting. The requisite quorum being present, the Chairman called the meeting to order.

The Board Members sitting on the dais were introduced. Chairman further confirmed that Dr. Naresh Kumar Trehan- Independent Director, could not attend the AGM of the Company due to his pre-occupations. Thereafter, he delivered his speech addressing the members present.

Though there were no negative qualifications/ observations in the Auditors Report, the Company Secretary read the full Standalone Auditors' Report in order to follow good governance.

The Company Secretary informed that Statutory Registers, Proxy Registers, Annual Report and other statutory documents were made available for inspection by the Members. He further informed to the members that in terms of the provisions of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 & the Rules made thereunder, the Company had provided remote e-voting facility to its Members to cast votes electronically on all the resolutions set out in the Notice and the same commenced at 9.00 a.m. on Sunday, April 14, 2019 and ended at 5:00 p.m. on Tuesday April 16, 2019. The facility for voting through ballot paper was also available at the Meeting for Members who had not casted their vote through remote e-voting. He further informed that the Board of Directors had appointed Mr. Sanjay Grover, Practicing Company Secretary as Scrutinizer for the purpose of scrutinizing the remote e-voting and ballot process in a fair and transparent manner.

With the consent of members, Notice convening the AGM and Annual Report for the Financial Year 2018 were taken as read.

The following items of business, as per the Notice of AGM dated February 26, 2019 were transacted at the meeting:

A. Ordinary Business

i. Adoption of 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 including Auditors' Report thereon for the Financial Year ended December 31, 2018.

ii. Re-appointment of Mr. Varun Jaipuria (DIN 02465412), Director liable to retire by rotation.

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CIN No. : L74899DL1995PLC069839

iii. Re-appointment of Mr. Kamlesh Kumar Jain (DIN 01822576), Director liable to retire by rotation.

B. Special Business

iv. Re-appointment of Mr. Kapil Agarwal (DIN: 02079161) as a Whole Time Director and Chief Executive Officer of the Company for a period of up to 5 (Five) years with effect from January 1, 2019.

v. Re- appointment of Dr. Naresh Trehan (DIN: 00012148) as an Independent Director of the Company for a second term of up to 5 (Five) years with effect from December 1, 2018.

vi. Approval of raising of capital through Qualified Institutions Placement (QIP).

No query was raised by any member.

The Chairman then concluded the meeting at 11.20 a.m. with a vote of thanks to the Members, Directors, Officers and others present at the meeting.

The details of the voting results (remote e-voting and ballot) on all the resolutions as set out in the Notice of AGM along with Scrutinizer's Report shall be submitted separately in due course.

This is for your information and records.

For Varun Beverages Limited

VARUN BEVERAGES LIMITED New Delhi

Ravi Batra
Chief Risk Officer and Group Company Secretary

2018 ANNUAL REPORT

Varun Beverages Limited

Growing in Growing for India

What's inside this report?

Corporate Overview

Statutory Reports

Financial Statements

Our Business Model pg 12

Chairman's Message pg 14

Strengthening our societal bond pg 20

This Annual Report can be viewed online on www.varunpepsi.com

FORWARD-LOOKING STATEMENTS

This report may contain some statements on the Company's business or financials which may be construed as forward-looking based on the management's plans and assumptions. The actual results may be materially different from these forward-looking statements, although we believe we have been cautious in our assumptions.

ভাৰতত বিকশিত ভাৰতৰ কাৰণে বিকশিত

ভারতে বেড়ে উঠছে ভারতের জন্য বেড়ে উঠছে

ભારતમાં વિકાસ ભારતનો વિકાસ

ಭಾರತದಲ್ಲಿ ಬೆಳೆಯುತ್ತಿದೆ ಭಾರತಕ್ಕಾಗಿ ಬೆಳೆಯುತ್ತಿದೆ

انڈاہس خاطرہ ووپدان انڈیاہس منز ووپدان

भारतांत वाडटा भारतांत वाडटा

ഇന്ത്യയിൽ വളരുന്നു. ഇന്ത്യക്കായ് വളർത്തുന്നു.

भारतामध्ये विकास भरतासाठी विकास

भारतमा बढ्दै। भारतको लागि बढ्दै।

ଭାରତରେ ଉତ୍ପାଦିତ । ଭାରତ ପାଇଁ ଉତ୍ପାଦିତ ।

ਭਾਰਤ ਵਿੱਚ ਵੱਧਦੇ ਹੋਏ ਭਾਰਤ ਲਈ ਵੱਧਦੇ ਹੋਏ

भारते वर्धते भारताय वर्धते

ఇండియాలోనే పండుతోంది ఇండియా కోసమే పండుతోంది

இந்தியாவில் வளர்ப்பது இந்தியாவுக்காக வளர்ப்பது

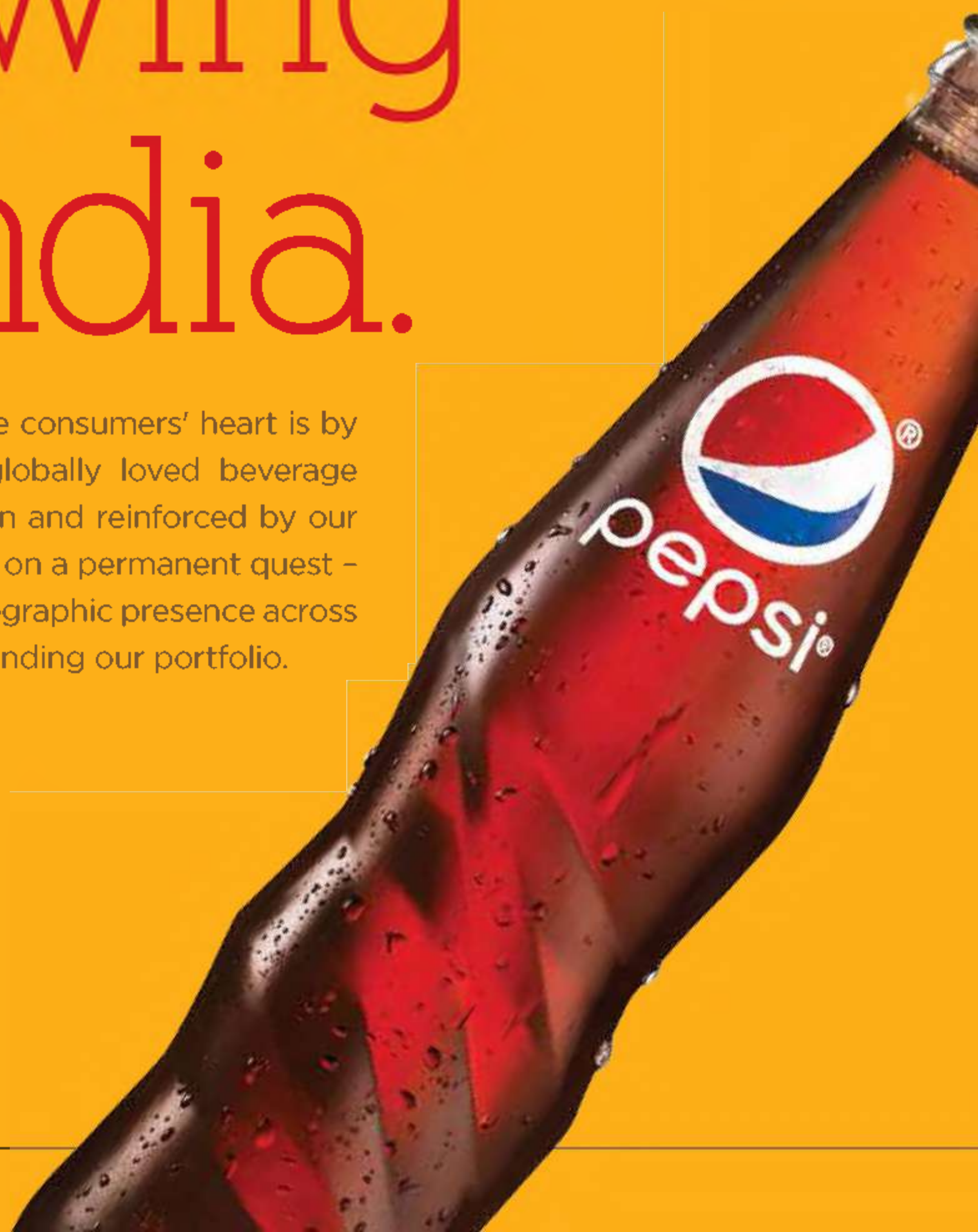
ہندوستان کیلئے ترقی۔ ہندوستان میں ترقی۔

This has led to refreshing 0.97 bn 1.35 bn* thirsty souls.

*Total population of regions where Varun Beverages is operational, including the regions that have been proposed for acquisition from PepsiCo India (subject to statutory approvals), for which a binding agreement has been entered in February 2019

Growing in India.

Since inception, our way to the consumers' heart is by quenching their thirst with globally loved beverage brands. Propelled by this vision and reinforced by our business model, we have been on a permanent quest – to continuously spread our geographic presence across India, and overseas; while expanding our portfolio.



Growing for India.

This quest has led us to refreshing 1.35* billion people, representing 1/6th of the global population, with our infrastructure.

*Total population of regions where Varun Beverages is operational, including the regions that have been proposed for acquisition from PepsiCo India (subject to statutory approvals), for which a binding agreement has been entered in February 2019

Rooted in India, branching out to the world.

Delving into our two-and-a-half decades journey wherein we established ourselves in Indian hearts and expanded overseas.

1991

- Bottling & Trademark License Agreement with PepsiCo through a group Company in 1991

1995

- Varun Beverages Limited incorporated as public Limited company
- Operations started under Devyani Beverages Limited in Greater Noida

1996

- Commenced operation in Jaipur

1998

- PepsiCo acquired 26% stake in Devyani Beverages Limited*

Merged in VBL in 2004

1999

- Started operations at Alwar, Jodhpur and Kosi

2011 & 2012

- Investment by Standard Chartered PE in Varun Beverages (International) Limited (VBIL)*
- PepsiCo sold 26% in VBL to VBIL*

Merged in VBL in 2012

2012

- Subsequent to a merger of a Group Company, sub-territories of Goa, three districts of Maharashtra and North East India got consolidated and three companies having territories of Sri Lanka, Nepal and Morocco became subsidiaries

2013

- Acquisition of Delhi (remaining part) sub-territory

2014 & 2015

- ₹ 4,500 million capital infusion by Promoter group

2015

- Investment by AION Investments
- Acquired PepsiCo's India sub-territories in parts of Uttar Pradesh, Uttarakhand, Himachal Pradesh, parts of Haryana, Punjab and the Union Territory of Chandigarh

2016

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

2017

- Acquired PepsiCo's India sub-territories across two States of Madhya Pradesh (certain parts) and Odisha

2018

- Acquired PepsiCo's India sub-territories in the State of Jharkhand (with manufacturing facilities), Chhattisgarh and Bihar
- Acquired sales & distribution rights of Tropicana, Gatorade and Quaker Oats Milk
- Established a greenfield production facility in Zimbabwe

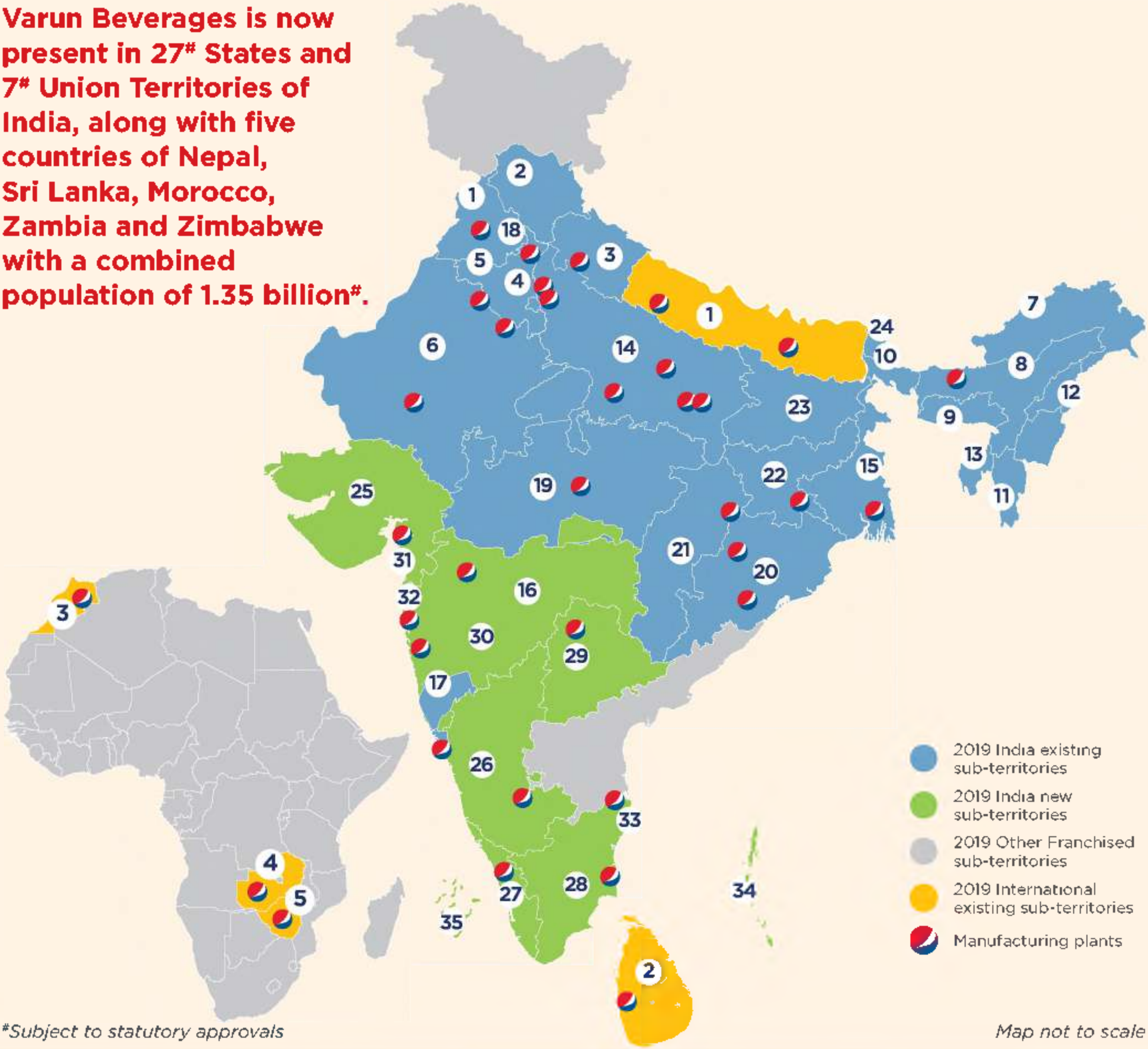
2019*

- Entered into binding agreement to acquire PepsiCo's India sub-territories across seven States of 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

(Post balance sheet date event, approved by the Board and subject to statutory approvals)

Rooted in India, branching out to the world.

Varun Beverages is now present in 27# States and 7# Union Territories of India, along with five countries of Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe with a combined population of 1.35 billion#.



#Subject to statutory approvals

Map not to scale

Our growth over the years

1995
- Certain designated parts of 2 States & 1 UT in India

2005
- 5 States & 1 UT in India
- 2 countries
- 38 million case sales

2015
- 17 States & 2 UTs in India
- 4 countries
- 240 million case sales

2016
- 17 States & 2 UTs in India
- 6 countries
- 276 million case sales

2018
- 21 States & 2 UTs in India
- 6 countries
- 340 million case sales

2019
- 27# States & 7# UTs in India

#Includes seven States and five Union Territories, which are under consolidation, subject to statutory approvals

2019 India existing sub-territories

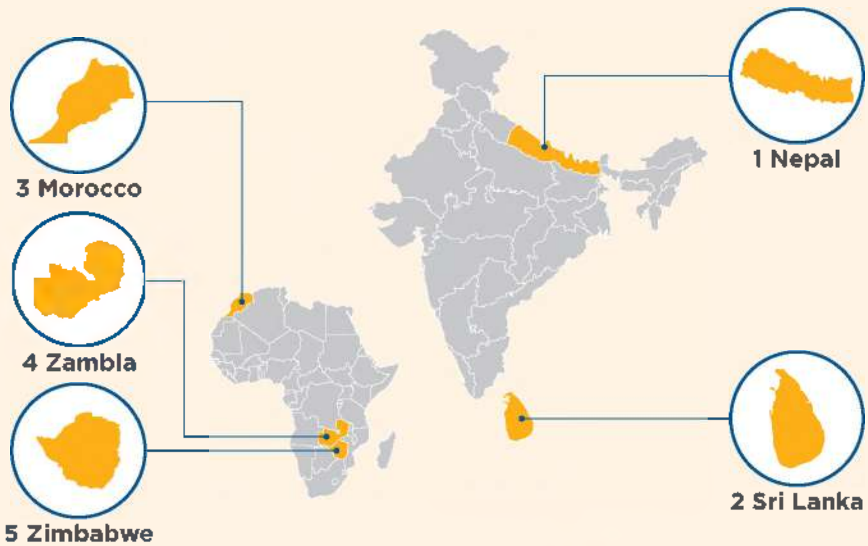
1 Punjab
2 Himachal Pradesh
3 Uttarakhand
4 Delhi
5 Haryana
6 Rajasthan
7 Arunachal Pradesh
8 Assam
9 Meghalaya
10 Manipur
11 Mizoram
12 Nagaland
13 Tripura
14 Uttar Pradesh
15 West Bengal
16 Certain designated parts in Maharashtra
17 Goa
18 Chandigarh
19 Madhya Pradesh
20 Odisha
21 Chhattisgarh
22 Jharkhand
23 Bihar
24 Sikkim

2019 India new sub-territories*

25 Gujarat
26 Karnataka
27 Kerala
28 Tamil Nadu
29 Telangana
30 Maharashtra (remaining parts)
31 Daman & Diu
32 Dadra and Nagar Haveli
33 Puducherry (except Yanam)
34 Andaman & Nicobar Islands
35 Lakshadweep

Subject to statutory approvals

2019 International existing sub-territories



Maps not to scale

Manufacturing Plants

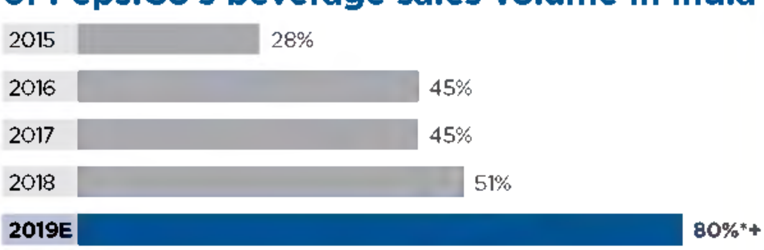
1 Phillaur
2 Greater Noida I
3 Greater Noida II
4 Jainpur
5 Jodhpur
6 Bhiwadi
7 Nuh
8 Panipat
9 Bazpur
10 Sathariya
11 Sathariya II
12 Kosi
13 Hardoi
14 Mandideep
15 Jamshedpur
16 Bargarh
17 Cuttack
18 Kolkata
19 Guwahati Unit I & II
20 Goa
21 Nepal I
22 Nepal II
23 Sri Lanka
24 Zambia
25 Zimbabwe
26 Morocco

Nine Manufacturing Plants which are under consolidation*

27 Bharuch
28 Roha
29 Aurangabad
30 Mahul#
31 Nelamangala
32 Palakkad
33 Mamandur
34 Sangareddy
35 Sri City

Subject to statutory approvals
#Only leasehold rights for land & building

VBL now accounting for growing proportion of PepsiCo's beverage sales volume in India



E: Estimated based on existing sales volumes of PepsiCo in the newly acquired regions

PepsiCo trusts Varun Beverages

Starting 2019, Varun Beverages will account for

80%*+

of PepsiCo's beverage sales volume in India.

Subject to statutory approvals

Built for the long-term.
We are the Indian thirst quenchers.

We are PepsiCo's second-largest global franchisee (outside of US)

We are PepsiCo's second largest carbonated soft drinks (CSDs) and non-carbonated beverages (NCBs) global franchisee (outside US) possessing rights to manufacture, distribute and sell CSDs, fruit juice based drinks, packaged drinking water, sports drinks and energy drinks. We are operational in 6 countries spanning 2 continents with access to combined population of 1.35 billion*.

We manufacture, distribute and sell beverages to customers ranging from distributors to large retailers to small outlets to restaurants. We have a proven track record of consistently growing sales. In the last five years, our sales volume have grown at a CAGR of 17.2% to 340 million cases in 2018.

2

Continents

1.35 billion*

Population access

*Includes population of regions proposed for acquisition from PepsiCo India, for which a binding agreement has been entered into in February 2019. *Subject to statutory approvals*

6

Countries

2.0 million*+

Retail outlet access

Subject to statutory approvals

17.2%

Sales volume CAGR 2013-18

We have symbiotic relation with PepsiCo.

We are an important and trusted business partner to PepsiCo. We combine their insights and resources with our expertise in manufacturing, packaging, distribution, and understanding of market dynamics to consistently increase sales volume and strengthen PepsiCo's brand equity. PepsiCo reciprocates this confidence by regularly granting us additional territories and product licenses.

Win-win partnership of

27+ years

PepsiCo

- Owner of trademark
- Provides formulation through concentrate
- Invests in research and development – product and packaging innovation
- Undertakes brand development and consumer pull management activities

VBL

- Investment in end-to-end execution infrastructure – plants, depots, distribution vehicles and visi-coolers
- Demand forecasting, production planning and efficient distribution management
- Customer management
- In-outlet execution
- Market share gains

Built for the long-term.
We are the Indian thirst quenchers.

We have a strong and diversified portfolio.

We have manufacturing, selling and distribution rights to several of PepsiCo's popular brands – Pepsi, Mountain Dew, Mirinda, 7UP, Tropicana, Aquafina, Slice, Evervess, and Gatorade. This provides us strong brand pull and opportunity to capture market share. Our wide portfolio across categories provides us the necessary diversity to de-risk business.

Carbonated soft drinks

Packaged drinking water

Fruit pulp/ juice-based drinks#

#includes Tropicana 100%, Tropicana Essentials and Tropicana Delight for which we have only distribution rights

We have optimal manufacturing footprint.

As on December 31, 2018, we have a total of 26 plants across our territories operating at a peak capacity utilization of under 70%, despite addition of new territories and products. This connotes adequacy of capacity without having to undertake further capital expenditure. Our presence in contiguous territories also provide scope to undertake capacity and logistics optimization initiatives to achieve better cost efficiencies.

26
Manufacturing facilities

550,000+
Visi-coolers

Our reputation

1997
- PepsiCo's International Bottler of the Year

2008
- Chairman's Club – PepsiCo SAMEA region

2009
- BU Best Quality Plant Team Awards for Kosi production facility

2010
- PepsiCo AMEA Food Safety – Bronze for Greater Noida 1 production facility

2011
- PepsiCo's Bottler of the Year – Beverages
- PepsiCo's AMEA Food Safety Award – Silver for Greater Noida 1 production facility
- PepsiCo Quality Excellence Bronze Award for Kosi production facility

2012
- PepsiCo AMEA Food Safety Award – Gold for Greater Noida 1 production facility

Mr. Ravi Kant Jaipuria, *the only Indian to have received PepsiCo's International Bottler of the Year Award in 1997 and PepsiCo's SAMEA region Chairman's Club Award in 2008.*

2014
- CII National Award for Food Safety for Nuh production facility
- PepsiCo Bottler of the Year

2015
- VB Sri Lanka – FOBO Unit of the Year

2016
- VBL India – FOBO Unit of the Year
- VB Sri Lanka – FOBO Country of the Year

2017
- VB Nepal – Best Unit of the Year
- VB Sri Lanka – Donald M Kendall Award by PepsiCo for Small Develop Markets
- VBL Sonarpur Plant – Best Plant of the Year
- VBL Sonarpur Plant – CII Award for Food Safety

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

2019
- Special Commendation for Golden Peacock National Quality Award 2019

Our business model

The success of our integrated business model is underscored by our growing portfolio and expanding territory of operation. Our business model is central to everything we do. It enables us to ensure excellence in execution, strengthen our relationships and improve outcomes. We fortify our business model to deliver sustained value creation for our stakeholders.

Our value creation

Beverage sold	Taxes paid	Employment provided
340 million cases	₹ **17,500+** million	**8,200+**

Pyaas ki haar. India ki jeet.
A glance into our winning portfolio

We have built a portfolio of multicategory beverages that resonate with the changing taste and preference of our customers. We promote healthy habits among all age groups by launching healthier product variants – zero calorie or no sugar.

Carbonated soft drinks

- Pepsi
- Pepsi Black
- Diet Pepsi
- 7Up
- Mountain Dew
- Mirinda Orange
- Mirinda Lemon
- Evervess
- Teem Soda

Juice-based drinks

- Tropicana Slice
- 7Up Nimbooz
- Tropicana Frutz
- Tropicana* (100%, Delight & Essentials)

Carbonated juices

- 7Up Nimbooz Masala Soda

Packaged drinking water

- Aquafina

Energy drink

- Sting

Sports drink*

- Gatorade

Dairy*

- Quaker Oats Milk

*Sales & Distribution only

Chairman's message

We have been able to drive this strong performance on the back of our end-to-end execution capabilities and presence across the beverage value chain.

"Varun Beverages is financially, operationally and strategically well-placed to deliver growth in the long-term."

Dear Shareholders,

It gives me immense pleasure to place before you the 24th Annual Report of the Company.

Overview

We are greatly enthused to report a year of strong performances with revenue growth at 28% reverting to historical levels. This was led by a robust volume growth of 21.9% and value growth of 5.6%, driven by the introduction of higher realization products. Our India business has delivered a strong organic volume growth of 13.3% for 2018. PAT increased by 40% YoY driven by strong volumes in India and Zimbabwe.

We have been able to drive this strong performance on the back of our end-to-end execution capabilities and presence across the beverage value chain. We have focused on every facet of business and put in place an effective decision-making framework and strategic building blocks, which, we believe, will continue to hold us in good stead in the long run. We have strengthened our distribution and reach, re-aligned portfolio in line with changing consumer trends, consolidated newly acquired contiguous sub-territories and added new ones, managed costs effectively, and continuously invested in people and process capability.

Acquisition of new territories

Your Company has furthered its strategic intent to expand into contiguous sub-territories in India when an opportunity has presented, and this reinforces our

VBL will become national bottler in India with presence in 27 States and 7 Union Territories, accounting for 80%*+ of PepsiCo India's beverage sales volumes from 51% earlier.

80%*+ of PepsiCo's beverage sales volumes in India up from 51% in 2018

(*Subject to statutory approvals)

partnership with PepsiCo India. Your Company recently concluded the acquisition of PepsiCo India's franchised sub-territories of parts of Maharashtra (14 districts), Karnataka (13 districts) and Madhya Pradesh (3 districts). We have also entered into a binding agreement with PepsiCo, subject to statutory approvals, to acquire franchise rights in South and West regions. This includes 7 States (Gujarat, parts of Maharashtra, parts of Karnataka, Telangana, parts of Andhra Pradesh, Kerala and Tamil Nadu) and 5 Union Territories (Daman & Diu, Dadra & Nagar Haveli, Andaman & Nicobar Islands, Lakshadweep and Puducherry, except Yanam).

These acquisitions are a part of our strategy to consolidate presence in contiguous sub-territories and garner market share. We believe that these are high potential markets with relatively low seasonality factor which should lead to better asset utilization and offer long term, sustainable growth opportunities. We are confident that our learnings, knowledge and mastery over processes will be a catalyst to this.

Acquisitions have always been a key component of our growth, accelerating our revenue growth rate, profitability and cash flow. We are confident that this development will do the same.

This move comes as a welcome force multiplier to our aggressive expansion efforts and consolidates our position as a dominant player in the beverage industry. Upon completion of these acquisitions, VBL will become national bottler in India with presence in 27 States and 7 Union Territories, accounting for 80%+ of PepsiCo India's beverage sales volumes from 51% earlier.

In our international operations, we have invested in greenfield production facilities in Zimbabwe and Nepal. We are delighted to report that your Company has recorded volumes of ~15 million cases in Zimbabwe in only 10 months of operations, capturing ~35% market share. This is an untapped market with huge potential and as the sole PepsiCo franchisee, we are confident of sustaining the momentum.

New product launches

Our solid track record of driving growth and gaining market share is driven by our ability to adapt to changing market dynamics. For this, we are constantly working towards building a winning multi-category product portfolio, which now includes a wide array of carbonated soft drinks, carbonated juices, juices and fruit pulp-based beverages, packaged water, and energy drinks. This is helping us better connect with customers and accelerating our quest for leadership across each beverage segment and category. We will continue to innovate and work with PepsiCo to roll-out new products to future-proof ourselves and to push our strategic intent of driving profitable growth.

During the year, we have strengthened our presence in the fast-growing categories. We entered into a strategic partnership for selling and distribution of the larger Tropicana portfolio that includes Tropicana Juices (100%, Delight, Essentials), sports drink Gatorade and Quaker Value-Added Dairy across North and East India. We will leverage our knowledge and infrastructure to expand this franchise. Currently, we have only a supply and distribution arrangement for this portfolio. However, we expect to start in-house production shortly at our Pathankot facility which is expected to be operational in March 2019. This will help us expand our margin.

We have also expanded our juice portfolio by launching Fizzy drink in seven flavors, leveraging the 'Slice' brand that has wider recognition and strong brand value. It will have 11% juice content and include both ethnic flavors (Jeera and Guava Chilli) and mainstream flavors (Apple, Orange, Lemon and Lime, Clear Lemon and Cream Soda). These drinks have lower calories and zero sugar content, in line with PepsiCo's plans to intensify focus on health and nutrition. They augur well for our long-term growth prospects and will reduce seasonality, thereby boosting profitability and return ratios.

Dividend

We operate our business in a sustainable way to benefit all our stakeholders. An important component of delivering value to our shareholders and earning their trust is returning capital in a consistent and transparent way. And so, based upon the financial performance of 2018 and the confidence in the future performance trajectory, the Board of Directors recommended an interim dividend of ₹ 2.5/share in Q3 FY 2018 (based on financial results of Q2 2018), which was approved by board as final dividend for FY 2018 and resulted in a cash outflow of ~ ₹ 511.29 million (including dividend distribution tax payable).

Message to stakeholders

We enter the new year on a strong footing. We have created a stronger franchise over the last few months, undertaking several business strengthening initiatives including value accretive acquisitions, product portfolio enhancement, greenfield expansion, and a successful foray into the Zimbabwean market. Our balance sheet, despite several investments, remains healthy on the back of strong cash flows and working capital efficiencies. Our peak capacity utilization, despite volume growth, has remained under 70%, providing significant scope for growth on existing investments. And, our newly territories acquired are highly under-penetrated, providing huge opportunity for growth.

With our fundamental strengths, we are well-positioned to satisfy the evolving consumer preferences and create sustainable value for many years to come.

We thank our employees for their commitment, energy and irrepressible drive to always improve our capability, and our customers, partners and shareholders for their ongoing trust and support. On behalf of the entire Varun Beverages team, we thank you for accompanying us on the exciting journey ahead.

Warm regards,

Ravi Kant Jaipuria
Chairman

A year of achievements

Financial highlights, 2018

27.5%
Revenue growth over 2017

20.4%
EBITDA growth over 2017

40.1%
PAT growth over 2017

12.9%
Net worth growth over 2017

Segment-wise sales volume mix 2018

75.6%
Carbonated soft drink

6.4%
Non-carbonated beverages

18.0%
Packaged drinking water

Sub-territories acquired in India

5

- Odisha
- Madhya Pradesh (certain designated parts)
- Bihar
- Chhattisgarh
- Jharkhand

Territory added

1

Zimbabwe

Ethnic flavored juices under the Slice brand added to portfolio

7

Lemon & Lime
Orange
Clear Lemon
Jeera
Apple
Guava Chilli
Cream Soda

New product categories added to portfolio

4

Sting - Energy drink
Gatorade – Sports drink
Quaker Oats Milk – Dairy-based beverage
Tropicana - 100%, Delight & Essentials

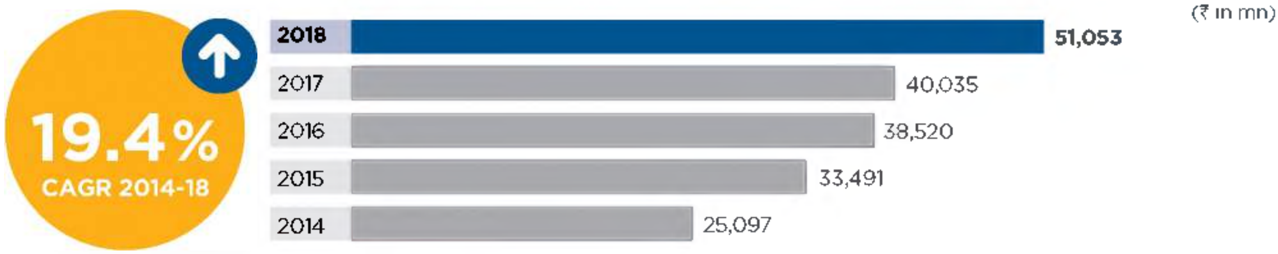
New plants added

2

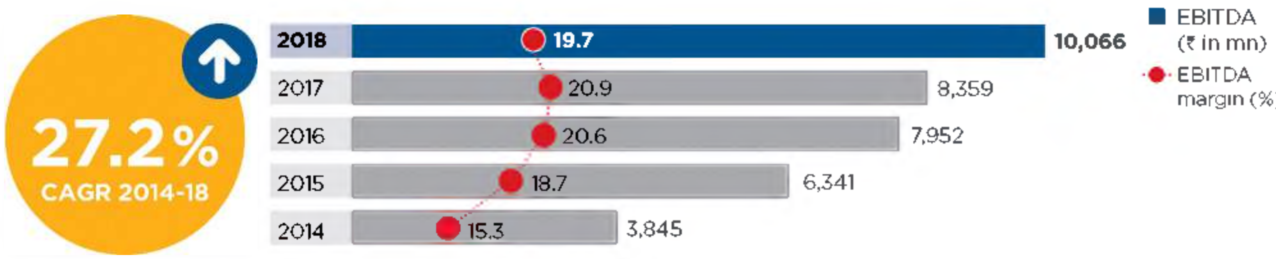
Zimbabwe
Nepal

Growing over the years

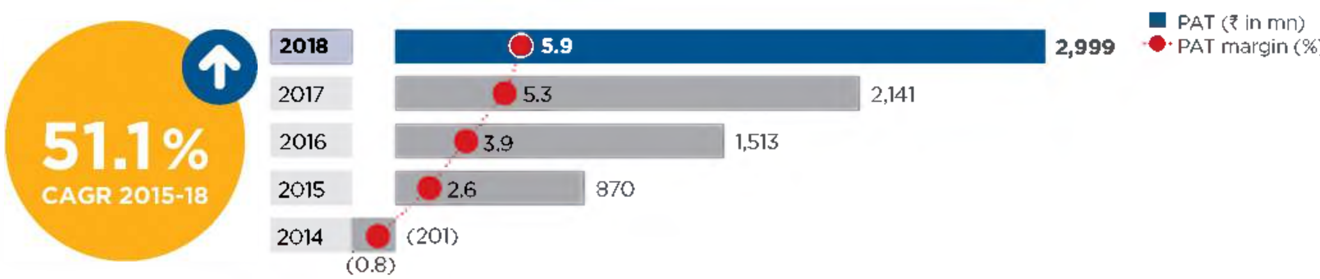
Net Revenue from operations



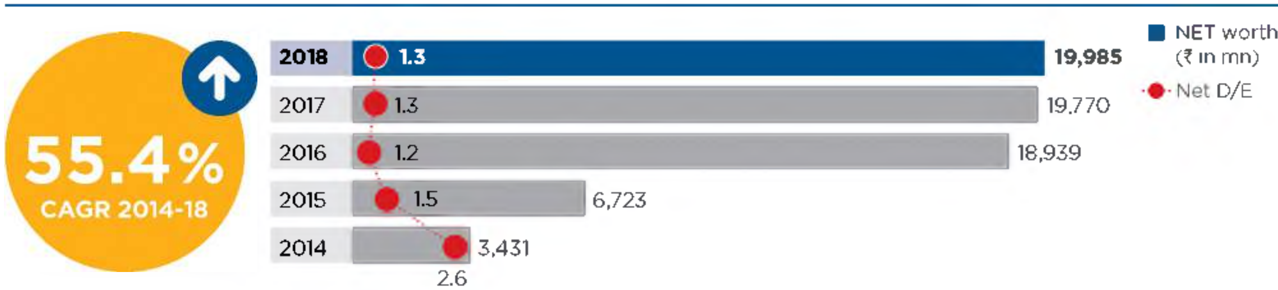
EBITDA & EBITDA margin



PAT & PAT margin



Net Worth & Net D/E



Note:

1. *Historically, till 2015, in debt equity ratio calculation, CCD's issued to Private Equity Investors were considered as Equity and deferred acquisition consideration to PepsiCo was excluded from the debt. From the year 2016, CCDs of private equity investors are converted into equity and interest free deferred acquisition consideration to PepsiCo has been considered in total debt.*
2. *2017 Net worth number is adjusted consequent upon Ind-As implementation in order to make it comparable with 2016 Net worth number.*
3. *CY2017 financials are as per Ind-AS and previous year numbers are as per IGAAP.*

Board of directors

Ravi Kant Jaipuria
Promoter & Chairman

He is the promoter of the Company with over three decades of experience in conceptualizing, executing, developing and expanding food, beverages and dairy business in South Asia and Africa. He holds immense reputation as an entrepreneur and business leader. He holds the distinction of being the only Indian to receive PepsiCo's award for International Bottler of the Year, awarded in 1997.

Varun Jaipuria
Whole-time Director

He attended Millfield School, Somerset, England and has 10 years of experience in the soft drinks industry. He has been with the Company for 10 years and has been responsible for the development of new business initiatives that includes implementation of sales automation tools.

Raj Pal Gandhi
Whole-time Director

He is a commerce graduate from University of Delhi, qualified chartered accountant, and has over three decades of rich experience in the field of finance, strategy, legal and M&A. He has been with the Group since 1993 and has been instrumental in strategizing its diversification, expansion, mergers and acquisitions, capex funding and institutional relationship. Prior to this, he was associated with a public sector undertaking under the department of electronics, Government of India.

Kapil Agarwal
Whole-time Director and CEO

He is a commerce graduate from Lucknow University and holds a post-graduate diploma in business management from the Institute of Management Technology, Ghaziabad. He has been with the Group since 1991 and currently heads the operations and management as CEO. He has nearly three decades of experience in sales and marketing.

Kamlesh Kumar Jain
Whole-time Director and CFO

He is a commerce graduate from Rajasthan University, a qualified chartered accountant. He has been with the Group since 1993 and was inducted to the current post and board in 2009. He possesses nearly three decades of experience in financial management, corporate tax management, financial reporting, cost control, acquisitions and project management. He has been awarded with prestigious CFO 100 Award 2018 presented by the coveted CFO India magazine for his exceptional contribution in the field of finance.

Dr. Naresh Trehan
Independent Director

He is a renowned Cardiovascular and Cardiothoracic surgeon, a graduate from King George Medical College and subsequently trained and practiced at New York University Medical Center Manhattan USA from 1971 to 1988, where he obtained a Diplomat from the American Board of Surgery and the American Board of Cardiothoracic Surgery.

He has received many prestigious awards, including the Padma Shree and the Padma Bhushan Award, presented by the Government of India.

Pradeep Sardana
Independent Director

He holds a bachelor's degree in mechanical engineering from Indian Institute of Technology, Delhi. He is presently the CEO of PM Consulting, a consultancy firm in the field of food, beverages, FMCG and other industries. He has almost 41 years of experience in the field of engineering and has 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 and Master's degree in commerce from University of Delhi, LLB from University of Delhi, PhD and MBA from Faculty of Management Studies, New Delhi. He is employed as Associate Professor in Commerce Department in Shri Ram College of Commerce (Delhi University). He is also appointed as Government Nominee on 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 ten years.

Rashmi Dhariwal
Independent Director

She holds a Bachelor's degree in Arts (Honours) from Lady Shri Ram College, University of Delhi and also done Attorney of Law from Calcutta High Court in 1979. She is presently the Chairperson of a hospitality focused Company running several restaurants in India. She is also the Chairperson of an NGO Prayatn, which provide education to underprivileged children.

She has also worked in several leading firms in India including Khaitan & Co, Calcutta and Delhi, Mulla & Mulla, Mumbai and also in the Philippines.

Sita Khosla
Independent Director

She holds a Bachelor's degree from St. Stephen College and LLB from the Facility 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.

Strengthening our societal bond

Empowering women in business and entrepreneurship

Holistic development of children

Promoting healthcare & sanitation

Educating India's backward communities

Women empowerment

We support women empowerment by assisting them to become financially independent. We achieve this by running a sewing center for women seeking this marketable skill. We also provide beautician courses to women which facilitate them to get jobs or become entrepreneurs.

Promoting education

We focus on holistic development and education of underprivileged children at Siksha Kendra, Haryana and Delhi Public School, Gurugram. We lend support by providing books, stationery, uniform, bus facility, mid-day snack and lessons in music and dance.

Harnessing the dream of a healthy India

In our mission towards a healthy India, we focus on preventive healthcare segment. We have been partners in the 'Mission TB Free Haryana' and promote the initiative to maximize its impact. We also organize free health check-up camps in the vicinity of our plants for the workers and villagers.

Drinking water

We provide clean drinking water to villages near our plants to prevent spread of diseases.

Corporate information

(as on December 31, 2018)

Board of Directors

Category	Name of Directors
Promoter Directors	Mr. Ravi Kant Jaipuria
	Mr. Varun Jaipuria
Executive/Whole-time Directors	Mr. Raj Pal Gandhi
	Mr. Kapil Agarwal
	Mr. Kamlesh Kumar Jain
Non-Executive, Independent Directors	Dr. Naresh Trehan
	Dr. Ravi Gupta
	Mr. Pradeep Sardana
	Ms. Rashmi Dhariwal
	Ms. Sita Khosla

Chief Executive Officer

Mr. Kapil Agarwal

Chief Financial Officer

Mr. Kamlesh Kumar Jain

Chief Risk Officer & Group Company Secretary

Mr. Ravi Batra

Joint Statutory Auditors

M/s. APAS & Co.
Chartered Accountants,
New Delhi

M/s. Walker Chandiok & 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 Transfer Agents

M/s. Karvy Fintech Private Limited
(Formerly known as Karvy
Computershare Private Limited)

Karvy Selenium Tower B,
Plot 31 and 32, Gachibowli
Financial District, Nanakramguda
Hyderabad - 500 032
Tel: +91 40 6716 2222
Fax: +91 40 2342 0814
Email: einward.ris@karvy.com
Website: www.karvyfintech.com
SEBI Registration No. INR000000221

Bankers

HDFC Bank Limited
Axis Bank Limited
Yes Bank Limited
IndusInd Bank Limited
RBL Bank Limited
DBS Bank Limited
Kotak Mahindra Bank Limited
IDFC Bank Limited
ICICI Bank Limited
The Federal Bank Limited

Board's Report

Dear Members,

Your Directors have pleasure in presenting the 24th (Twenty Fourth) Annual Report on the business and operations of your Company along with the Audited Financial Statements, for the Financial Year ended December 31, 2018.

Financial Results

The financial performance of your Company for the Financial Year ended December 31, 2018 is summarized below:

(₹ in Million)

Particulars	Standalone		Consolidated	
	Financial Year ended December 31, 2018	Financial Year ended December 31, 2017	Financial Year ended December 31, 2018	Financial Year ended December 31, 2017
Total Revenue	39,584.91	35,380.90	52,499.51	45,288.89
Total Expenses	34,955.33	32,338.97	48,191.73	42,392.85
Profit before tax after prior period items	4,629.58	3,041.93	4,337.98	2,909.54
Less: Tax Expenses	1,305.99	685.95	1,339.35	768.95
Profit after tax	3,323.59	2,355.98	2,928.41*	2,101.54*
Balance brought forward from last year	2,268.84	614.82	(594.12)	(2,007.59)
Balance carried over to Balance Sheet	4,972.54	2,268.84	1,720.41	(594.12)
Debenture Redemption Reserve	0.00	159.17	0.00	159.17
General Reserve	444.26	191.25	444.26	191.25
Other Reserves	18,646.17	18,521.80	15,993.95	16,111.03
Reserves & Surplus carried to Balance Sheet	24,062.97	21,141.06	18,158.62	15,867.33

*After adjustment on account of non-controlling interest and share profit of associate Companies.

Consolidated Financial Statements

The Consolidated Financial Statements of your Company for the Financial Year 2018, 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 be placed before the members in their forthcoming Annual General Meeting (AGM).

To comply with Section 129 (3) of the Act, a statement containing the salient features of the Financial Statement of subsidiary/ associate/ joint venture companies is provided as Annexure in Form AOC – 1 to the Consolidated Financial Statement of the Company and therefore not repeated hereby to avoid duplication.

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, the Company has transferred ₹ 253.01 Million to General Reserve.

Change in the Nature of Business, if any

During the year under review, there was no change in the nature of the 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 the 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 of the Company declared an interim dividend of ₹ 2.50 per Equity Share (face value of ₹ 10/- per Equity Share) for the year 2018. The Board of Directors do not recommend any final dividend for the Financial Year 2018.

Your Company has transferred the unpaid or unclaimed Interim Dividend to the Unclaimed Dividend Account – Varun Beverages Limited and the details of unpaid and unclaimed dividend amounts lying in the said Accounts (maintained with HDFC Bank Limited and Yes Bank Limited) are uploaded on the website of the Company at https://varunpepsi.com/wp-content/uploads/2019/02/Unclaimed-Dividend-Data-2018.pdf

Acquisition Guidelines

Your Company applies stringent strategic and financial criteria to any potential acquisition or partnership and to enhance transparency, the Board of Directors of the Company in their meeting held on August 9, 2017 approved and adopted Acquisition Guidelines for Company's M&A activities for viable acquisitions and the same is uploaded on the website of the Company at http://varunpepsi.com/wp-content/uploads/2017/08/VBL-Guidelines-for-Acquisition-in-India.pdf

Acquisitions

After the close of the Financial Year, your Company concluded acquisition of franchise rights from SMV Group to sell and distribute PepsiCo beverages in 13 Districts in the State of Karnataka, 14 Districts in the State of Maharashtra and 3 Districts in the State of Madhya Pradesh.

Further, the Board of Directors in their meeting held on February 18, 2019 considered and approved, its intent to enter into a binding agreement with PepsiCo India Holdings Private Limited ("PepsiCo") to acquire franchise rights in South and West regions of India from PepsiCo for a national bottling, sales and distribution footprint in 7 States and 5 Union Territories (subject to receipt of necessary statutory approvals). On completion of the acquisition and related formalities, the Company will be a franchise of PepsiCo's beverages business across 27 States and 7 Union Territories of India.

Credit Rating

During the year under review, CRISIL has re-affirmed your Company's credit ratings as below:

Long-Term Rating	CRISIL AA-/Positive (Outlook revised from 'Stable' and rating reaffirmed)
Short-Term Rating	CRISIL A1+ (Reaffirmed)
₹ 2500 Million Commercial Paper	CRISIL A1+ (Reaffirmed)

Share Capital

The Authorized Share Capital of the Company is ₹ 10,000,000,000/- (Rupees Ten Thousand Million only) divided into 500,000,000 (Five Hundred Million) equity shares of ₹ 10/- (Rupees Ten) each and 50,000,000 (Fifty Million) Preference Shares of ₹ 100/- (Rupees Hundred) each. During the year under review, there is no change in the Authorized Share Capital of the Company.

During the year under review, the paid up capital of the Company has been increased from ₹ 1,825,869,400/- (Rupees One Billion Eight Hundred and Twenty-Five Million Eight Hundred and Sixty-Nine Thousand Four Hundred) to ₹ 1,826,419,400/- (Rupees One Billion Eight Hundred and Twenty-Six Million Four Hundred and Nineteen Thousand Four Hundred) due to exercise of 55,000 Stock Options (equivalent to 55,000 equity shares having face value of ₹ 10 each) under Varun Beverages Limited Employee Stock Option Scheme 2013.

Employee Stock Option Schemes

Your Company has two Employee Stock Option Schemes viz. Varun Beverages Limited Employee Stock Option Scheme 2013 ("ESOP Scheme 2013") and Varun Beverages Limited Employee Stock Option Scheme 2016 ("ESOP Scheme 2016"). ESOP Scheme 2016 is in line with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014.

Your Company has received a certificate from the Statutory Auditors of the Company that ESOP Scheme 2016 has been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and the resolution(s) passed by the Members of the Company. The certificate would be placed at the ensuing AGM for inspection by Members of the Company.

Relevant disclosures pursuant to Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are attached to this report as **Annexure – A**.

Non-Convertible Debentures

During the year under review, pursuant to the exercise of put option by Debenture holders for redemption of 3,000

Secured, Rated, Listed, Redeemable, Non- Convertible Debentures ("Debentures"/ "NCD's") of a face value of ₹ 10,00,000 (Rupees Ten Lacs) each aggregating to ₹ 3,000,000,000 (Rupees Three Billion), your Company has made the full payment of principal and accrued interest on June 29, 2018.

Accordingly, as on the date of this report, the Company has no outstanding NCD's.

Related Party Transactions

To comply with the provisions of Section 188 of the Act, and Rules made thereunder read with Regulation 23 of SEBI (LODR) Regulations, your Company took necessary prior approval of the Audit and Risk Management Committee before entering into related party transactions. All contracts / arrangements / transactions entered into by the Company with related parties, as defined under the Act and SEBI (LODR) Regulations during the Financial Year 2018, were in the ordinary course of business and on arm's length basis.

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

None of the transactions with any of the related parties were in conflict with the interest of the Company rather, these were synchronised and synergised with the Company's operations. Attention of Members is drawn to the disclosure of transactions with the related parties set out in Note no. 45 of the Standalone Financial Statements, forming part of the Annual Report.

Your Company has framed a Policy on Related Party Transactions in accordance with SEBI (LODR) Regulations and as per the amended provisions of the Act. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and related parties. The policy is uploaded on the website of the Company at http://varunpepsi.com/wp-content/uploads/2016/09/Policy-On-Related-Party-Transactions.pdf

Since all transactions which were entered into during the Financial Year 2018 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 2018 as per Related Party Transactions Policy, 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, Securities and 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 companies:

Subsidiaries

- Varun Beverages (Nepal) Private Limited;
- Varun Beverages Morocco SA;
- Varun Beverages Lanka (Private) Limited;
- Ole Springs Bottlers (Private) Limited (step-down subsidiary);
- Varun Beverages (Zambia) Limited; and
- Varun Beverages (Zimbabwe) (Private) Limited.

Associate Company

- Angelica Technologies Private Limited

To comply with the provisions of Section 129 of the Act, a separate statement containing salient features of Financial Statements of Subsidiaries, Associates and Joint Ventures of your Company forms part of Consolidated Financial Statements.

Financial Statements of the aforesaid subsidiary companies are kept open for inspection by the Members at the Registered Office of your Company during business hours on all days except Saturday and Sunday up to the date of the AGM i.e. April 17, 2019 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 the website of the Company at https://varunpepsi.com/wp-content/uploads/2019/02/FinancialStatements31122018.pdf

To comply with the provisions of Regulation 16(c) of SEBI (LODR) Regulations, the Board of Directors of the Company have approved and adopted a Policy for determining Material Subsidiary and as on December 31, 2018 none of the subsidiary is a Material Subsidiary of the Company in terms of the said policy. The policy on Material Subsidiary has been uploaded on the website of the Company at http://varunpepsi.com/wp-content/uploads/2016/09/Policy-For-Determination-Of-Material-Subsidiary-And-Governance-Of-Subsidiaries.pdf

Directors and Key Managerial Personnel

Appointments

Dr. Naresh Trehan (DIN 00012148), was appointed as an Independent Director of the Company for a period of three years with effect from December 1, 2015. Accordingly, his first term of office expired on November 30, 2018. Pursuant to the provisions of Section 161 of the Companies Act, 2013 and based on the performance evaluation of Independent Directors and on the recommendations of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on October 25, 2018 re-appointed Dr. Naresh Trehan as an Independent Director of the Company (subject to the approval of members by a special resolution) with effect from December 1, 2018 for a period of up to 5 (Five) years.

Your Company has also received a declaration from Dr. Naresh Trehan that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the SEBI (LODR) Regulations. He has further affirmed that he is not debarred from holding the office of an Independent Director by virtue of any SEBI order or any other such Authority.

Your Company has received necessary declarations from Dr. Naresh Trehan that he fulfils the conditions specified in the Act and rules made thereunder for his re-appointment as an Independent Director of the Company and is independent of the management. The Board considered the same and is of the view that he fulfill / meets the criteria of independence and accordingly, recommends re-appointment of Dr. Naresh Trehan.

Dr. Naresh Trehan, being eligible and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for a second term of upto 5 (Five) years with effect from December 1, 2018.

Mr. Kapil Agarwal (DIN 02079161) was appointed as Whole Time Director of the Company for a period of three years with effect from January 1, 2016. Accordingly, his term of office expired on December 31, 2018. Pursuant to the provisions of Section 196 of the Companies Act, 2013 and based on the performance evaluation report and on the recommendations of Nomination and Remuneration Committee, the Board of Directors in their meeting held on October 25, 2018 re-appointed Mr. Kapil Agarwal as Whole Time Director and Chief Executive Officer of the Company (subject to the approval of members by an ordinary resolution) with effect from January 1, 2019 for a period of up to 5 (Five) years.

Your Company has also received a declaration from Mr. Kapil Agarwal as required under the Act and under the SEBI (LODR) Regulations. He has further affirmed that he is not debarred from holding the office of a Whole Time Director by virtue of any SEBI order or any other such Authority.

To comply with the provisions of Section 152 of the Act and in terms of the Articles of Association of the Company, Mr. Varun Jaipuria, Whole-time Director and Mr. Kamlesh Kumar Jain, Whole-time Director and Chief Financial Officer are liable to retire by rotation at the ensuing AGM and being eligible, seeks re-appointment. Your Board of Directors recommend their re-appointment.

Key Managerial Personnel

Mr. Kapil Agarwal, Whole-time Director and Chief Executive Officer, Mr. Kamlesh Kumar Jain, Whole-time Director and Chief Financial Officer and Mr. Ravi Batra - Chief Risk Officer and Group Company Secretary, continued to be the Key Managerial Personnel of your Company in accordance with the provisions of Section 2(51) and Section 203 of the Act read with 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 the 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 and Risk Management 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 Directors' 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 body at a separate meeting of Independent Directors.

Meetings of the Board and Committees

The number of meetings of the Board and various Committees of your Company 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 read with Rules made thereunder and Regulation 19 of SEBI (LODR) Regulations, the Company's Remuneration Policy for Directors, Key Managerial Personnel and Senior Management is uploaded on the website of the Company at http://varunpepsi.com/wp-content/uploads/2016/09/Remuneration-Policy.pdf

Remuneration of Directors, Key Managerial Personnel and Particulars of Employees

The information required to be disclosed in the Board's Report pursuant to Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached with this report as **Annexure – B.**

Statutory Auditors

Members in their 23rd Annual General meeting held on April 17, 2018 appointed M/s. Walker Chandiok & Co. LLP, (Firm Registration Number 001076N/N500013) as Joint Statutory Auditors of the Company to hold office for a period of up to 5 (Five) years i.e. till the conclusion of the 28th AGM of the Company to be held in the Financial Year 2023, subject to ratification by the Members at every AGM of the Company.

Further, Members of the Company in their 22nd Annual General Meeting held on April 17, 2017 appointed M/s. APAS & Co., Chartered Accountants (Firm Registration Number 000340C) as Joint Statutory Auditors of the Company to hold office for a period of up to 5 (five) years i.e. till the conclusion of the 27th AGM of the Company to be held in the Financial Year 2022, subject to ratification by the Members at every AGM of the Company.

Pursuant to the notification issued by the Ministry of Corporate Affairs on May 7, 2018 amending Section 139 of the Companies Act, 2013 and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted. Accordingly, the Notice of ensuing AGM does not include the proposal for seeking Members approval for ratification of appointment of Joint Statutory Auditors of the Company.

The Statutory Auditors' Report for the Financial Year 2018 does not contain any qualification, reservation or adverse remark.

The Statutory Auditors have not reported any frauds under Section 143(12) of the Act.

Cost Audit

In terms of Section 148 of the Act and the Companies (Cost Records and Audit) Rules, 2014 and any amendment thereto, Cost Audit is not applicable to the Company.

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

To comply with provisions of Section 134 of the Act and rules made there under, your Company has duly constituted Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

Secretarial Auditors

Your Board, on the recommendations of the Audit and Risk Management Committee, has appointed M/s. Sanjay Grover & Associates, Company Secretaries to conduct Secretarial Audit of your Company. The Secretarial Audit Report for the Financial Year 2018 is attached to this report as **Annexure - C** to this Report and does not contain any qualification, reservation or adverse remark.

Risk Management

Pursuant to the provisions of Regulation 21(5) of SEBI (LODR) Regulations, the top 500 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year shall constitute a Risk Management Committee. Accordingly, during the year under review, your Company has renamed its Audit Committee as Audit and Risk Management Committee and also updated the terms of reference of this Committee to cover provisions related to Risk Management review, as approved by the Board of Directors in their meeting held on August 9, 2018.

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

Internal Financial Controls

Your Company has in place adequate Internal Financial Controls. The report on the Internal Financial Controls issued by M/s. Walker Chandiok & Co. LLP, Chartered Accountants and M/s. APAS & Co., Chartered Accountants, the Joint Statutory Auditors of the

Company is annexed to the Audit Report on the Financial Statements of the Company and does not contain any reportable weakness of the Company.

Corporate Social Responsibility

Your Company has a Corporate Social Responsibility Policy which is uploaded on the website of the Company http://varunpepsi.com/wp-content/uploads/2016/09/Corporate-Social-Responsibility-Policy.pdf

Annual Report on CSR activities for the Financial Year 2018 as required under Section 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 with this report as **Annexure - D**.

Directors' Responsibility Statement

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

(a) that in the preparation of the annual accounts for the Financial Year ended December 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) that the Directors 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, 2018 and of the profits of the Company for the period ended on that date;

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

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

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

(f) that 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 and Analysis Report

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of SEBI (LODR) Regulations, is attached with this report.

Business Responsibility Report

Business Responsibility Report for the year under review, as stipulated under Regulation 34(2)(f) of SEBI (LODR) Regulations, is attached with this report.

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

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

Corporate Governance

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 forms an integral part of this Report and the same is attached with this report as **Annexure – F**. The requisite certificate from M/s. Sanjay Grover & Associates, Company Secretaries confirming compliance with the conditions of corporate governance is also attached with the Corporate Governance Report.

Listing

The Equity Shares of the Company are listed on the trading terminals of the National Stock Exchange of India Limited and BSE Limited.

Both these stock exchanges have nation-wide terminals. The Company has paid the listing fee to both the Stock Exchanges.

Extract of the Annual Return

The details forming part of the extract of the Annual Return in Form No. MGT – 9 in accordance with the provisions of Section 92 of the Act read with the Companies (Management and Administration) Rules, 2014, is attached with this report as **Annexure – G**.

Research and Development (R&D)

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

Cautionary Statement

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially 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. The Company is in regular compliance of the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India.

Acknowledgements

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

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

Place: Gurugram
Date : February 26, 2019

Ravi Kant Jaipuria
Chairman
DIN : 00003668

Annexure – A

Statement as at December 31, 2018 pursuant to Rule 12 (9) of Companies (Share Capital and Debentures) Rules, 2014 and the Regulations 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014:

The Company has two Employee Stock Option Schemes viz. Employee Stock Option Scheme – 2013 (ESOS-2013) and Employee Stock Option Scheme - 2016 (ESOS – 2016). All the relevant details of these schemes are provided below.

Following details are also available on the website of the Company and can be accessed at www.varunpepsi.com

A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.

Please refer Note no. 51 of Notes to the Standalone Financial Statements forming part of the Annual Report.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations in accordance with 'Indian Accounting Standard (Ind AS) - 33 - Earnings Per Share' or any other relevant accounting standards as prescribed from time to time:

Disclosure on diluted EPS

	ESOS - 2013	ESOS – 2016
Fully diluted EPS pursuant to issue of Equity Shares on exercise of options calculated in accordance with Ind AS - 33 'Earning Per Share'	₹ 18.20 on a standalone basis	Not Applicable

C. Details Relating to ESOS – 2013

Sl. No.	Particulars	Details
(i)	(a) Date of shareholders' approval	May 13, 2013
	(b) Total number of options approved/granted	26,75,400
	(c) Vesting requirements	25% - On the date of Grant of options (First Vesting); 25% - On the 1st day of January in the calendar year succeeding the calendar year of First Vest (Second Vesting); 25% - On the 1st day of January in the calendar year succeeding the calendar year of Second Vest (Third Vesting); and 25% - On the 1st day of January in the calendar year succeeding the calendar year of Third Vest (Fourth Vesting) All the options granted under this scheme have been vested on or before January, 2016.
	(d) Exercise price or pricing formula	₹ 149.51 per equity share
	(e) Maximum term of options granted	5 years for exercising the options from the date of vesting
	(f) Source of shares (primary, secondary or combination)	Primary

Sl. No.	Particulars	Details
	(g) Variation in terms of options	Under the erstwhile ESOS 2013, the vesting was to occur at the time of filing of the Red Herring Prospectus by the Company for the purpose of IPO and the exercise period was to commence only after the IPO. The vesting period got amended by the Board of Directors on December 1, 2015 in such a way that the 1st, 2nd and 3rd vesting occurred on December 1, 2015 and the restriction on exercise of the option after IPO was removed. Thereafter, the ESOS 2013 was amended on November 2, 2016 removing the restriction to exercise the Options in full in respect of the shares vested on a Vesting Date. During the year under review, there was no variation in terms of options.
(ii)	Method used to account for ESOS - 2013	Fair value
(iii)	Difference between the employee compensation cost using the intrinsic value of stock options and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company.	During the Financial Year 2018, the Company followed Fair Value accounting of stock options. All the options have been vested & there were no accounting charge to Statement of Profit & Loss for the year
(iv)	Option movement during Financial Year – 2018	
	Number of options outstanding at the beginning of the year	78,285
	Number of options granted during the year	Nil
	Number of options forfeited / lapsed during the year	Nil
	Number of options vested during the year	Nil
	Number of options exercised during the year	55,000
	Number of shares arising as a result of exercise of options	55,000
	Money realized by exercise of options, if scheme is implemented directly by the Company	₹ 8,223,050
	Loan repaid by the Trust during the year from exercise price received	Not Applicable
	Number of options outstanding at the end of the year	23,285
	Number of options exercisable at the end of the year	23,285
(v)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Please refer Note No. 51 of Notes to the Standalone Financial Statements forming part of the Annual Report.

Sl. No.	Particulars	Details			
(vi)	Employee wise details of the shares issued during the year to:				
		Name	**Designation**	**No. of Options granted**	**Exercise Price (₹)**
	(i) Senior Managerial Personnel –	Nil			
	(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year - Nil				
	(iii) identified employees who were granted option during any one year equal to or exceeding 1% of the issued capital of the Company (excluding outstanding warrants and conversions) at the time of grant	Nil	Nil	Nil	Nil
(vii)	Method and significant assumptions used during the year to estimate the fair value of options including the following information:	Kindly refer Note No. 51 to Standalone Financial Statements forming part of the Annual Report			
	(a) the weighted-average values of share price	₹ 721.66			
	(b) weighted average exercise price	Kindly refer Note No. 51 to Standalone Financial Statements forming part of the Annual Report			
	(c) expected volatility	-do-			
	(d) expected option life	-do-			
	(e) expected dividends	-do-			
	(f) risk-free interest rate and any other inputs to the model	-do-			
	(g) the method used and the assumptions made to incorporate the effects of expected early exercise;	-do-			
	(h) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	-do-			
	(i) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	-do-			

D. Details Relating to ESOS – 2016*

Sl. No.	Particulars	Details
(i)	(a) Date of shareholders' approval	April 27, 2016
	(b) Total number of options approved / granted	Nil
	(c) Vesting requirements	Unless otherwise specified in ESOS-2016, the continuation of the Grantee in the services of the Company shall be primary requirement of the Vesting
		25% - one year from the date of Grant (First Vesting)
		25% - On the 1st day of January in the calendar year succeeding the calendar year of First Vest (Second Vesting)
		25% - On the 1st day of January in the calendar year succeeding the calendar year of Second Vest (Third Vesting)
		25% - On the 1st day of January in the calendar year succeeding the calendar year of Third Vest (Fourth Vesting)

Sl. No.	Particulars	Details
	(d) Exercise price or pricing formula	Not applicable.
	(e) Maximum term of options granted	Not applicable.
	(f) Source of shares (primary, secondary or combination)	Not applicable.
	(g) Variation in terms of options	Not applicable.
(ii)	Method used to account for ESOS – 2016	Not applicable.
(iii)	Difference between the employee compensation cost using the intrinsic value of stock options and the employee compensation cost that shall have been recognized if it had used the fair value of the options.	Not applicable.
	The impact of this difference on profits and on EPS of the Company.	Not applicable.
(iv)	Option movement during Financial Year – 2018	
	Number of options outstanding at the beginning of the year	Nil
	Number of options granted during the year	Nil
	Number of options forfeited / lapsed during the year	Nil
	Number of options vested during the year	Nil
	Number of options exercised during the year	Nil
	Number of shares arising as a result of exercise of options	Nil
	Money realized by exercise of options, if scheme is implemented directly by the Company	Not applicable
	Loan repaid by the Trust during the year from exercise price received	Not Applicable
	Number of options outstanding at the end of the year	Nil
	Number of options exercisable at the end of the year	Nil
(v)	Weighted-average exercise prices and weighted-average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	Not applicable

(vi) Employee wise details of the shares issued to:

	Name	Designation	No. of Options granted	Exercise Price (₹)
(i) Senior Managerial Personnel	Not applicable.			
(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Not applicable.			
(iii) identified employees who were granted option during any one year equal to or exceeding 1% of the issued capital of the Company (excluding outstanding warrants and conversions) at the time of grant.	Not applicable.			

Sl. No.	Particulars	Details
(vii)	Description of the method and significant assumptions used during the year to estimate the fair value of options including the following information: (a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model; (b) the method used and the assumptions made to incorporate the effects of expected early exercise; (c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and (d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	Not applicable.

*The Company has not granted any stock options under ESOS 2016 till date.

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

Place: Gurugram
Date : February 26, 2019

Ravi Kant Jaipuria
Chairman
DIN : 00003668

Annexure – B

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

(i) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year 2018, the percentage increase in remuneration of each of the Director, Chief Financial Officer and Company Secretary during the Financial Year 2018:

(₹ in Million)

Sl. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year 2018	% increase in Remuneration in Financial Year 2018	Ratio of Remuneration of Director to Median Remuneration of employees
1.	Mr. Varun Jaipuria, Whole-time Director	31.22	6.11 %#	111.50
2.	Mr. Raj Pal Gandhi, Whole-time Director	48.68	26.96 %	173.85
3.	Mr. Kapil Agarwal, Whole-time Director & Chief Executive Officer	47.48	6.12 %	169.57
4.	Mr. Kamlesh Kumar Jain, Whole-time Director & Chief Financial Officer	12.27	9.07 %	43.82
5.	Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary	7.46	75.53 %*	26.64

There was no increase in the salary of Mr. Varun Jaipuria during the Financial Year 2018. However, the increase in Financial Year 2017 was effective from April 1, 2017, thereby indicating the increase.

* For calculation of percentage increase in Remuneration for Financial Year 2018 of Mr. Ravi Batra, remuneration figures from May 12, 2017 have been considered.

(ii) The number of permanent employees as on December 31, 2018 were 5,662 and the median remuneration was ₹ 0.28 Million annually. The median remuneration of employees (excluding above Directors and KMPs) in Financial Year 2018 has increased by 7.69 % as the Company had set an aggressive business targets and expansions for the year ahead.

(iii) The remuneration of Directors, KMPs and other employees is in accordance with the Remuneration Policy of the Company which is uploaded on the website of the Company at http://varunpepsi.com/wp-content/uploads/2016/09/Remuneration-Policy.pdf

(iv) The average percentile increase already made in the salaries of employees other than Managerial personnel in the last Financial Year was 7.60% and the average percentile increase in the remuneration of Managerial Personnel was 15.70%. The higher percentage in the increase of Managerial Personnel was based on external benchmarking, growth plans of the Company and individual performance of the Managerial Personnel.

Statement of particulars under Section 197(12) of the Act and Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended December 31, 2018 (also includes the details of top ten employees of the Company)

Sl. No.	Name	Designation	Remuneration Received (₹ in million)	Age	Qualification	Experience in years	Last Employment	Date of Commencement of Employment
1	Mr. Varun Jaipuria	Whole-time Director	31.22	31	Attended Millfield School, Somerset, England	10	-	July 01, 2009
2	Mr. Raj Pal Gandhi	Whole-time Director	48.68	61	FCA	38	Devyani Beverages Ltd.	November 01, 2004
3	Mr. Kapil Agarwal	Whole-time Director & Chief Executive Officer	47.48	54	PGDM	27	Devyani Beverages Ltd.	November 01, 2004
4	Mr. Vivek Gupta*	Executive Director	24.40	55	PGDM	31	Lunarmech Technologies Pvt. Ltd.	April 01, 2015
5	Mr. R.J.S. Bagga	Chief Operating Officer	24.23	56	M.Tech.	32	Eveready Industries	December 11, 1995
6	Mr. Kamlesh Kumar Jain	Whole-time Director & Chief Financial Officer	12.27	56	FCA	29	Devyani Beverages Ltd.	November 01, 2004
7	Mr. Sudin Kumar Gaunker	Chief Operating Officer	12.00	47	B.Com.	19	Goa Bottling Company Limited	June 21, 2000
8	Mr. Bhupinder Singh	Sr. Vice President	11.97	54	MBA	28	ABinbev India Private Limited	May 01, 2015
9	Mr. Kamal Karnatak	Sr. Vice President	10.44	46	MBA	23	Unitech Limited	October 01, 2008
10	Mr. Sugato Palit	Chief HR Officer	9.60	47	MBA	23	Accumen	March 31, 2017

* Not a member of the Board of Directors of the Company.

Notes:-

1. Mr. Varun Jaipuria is the son of Mr. Ravi Kant Jaipuria, Chairman of the Company and holds 39,175,500 (21.45%) equity shares in the Company. None of the other employees hold by himself or along with his/her spouse and dependent children, 2% or more of equity shares of the Company.
2. None of the employee receive remuneration during 2018 in excess of the remuneration of any of the Directors except the details of employees forming part of this annexure.
3. Nature of employment for all these employees are permanent.

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

Place: Gurugram
Date : February 26, 2019

Ravi Kant Jaipuria
Chairman
DIN : 00003668

Annexure – C

Secretarial Audit Report

For the Financial Year ended December 31, 2018

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

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

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

We report that-

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

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

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

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year started from 1st January, 2018 ended on 31st December, 2018 ("audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st December, 2018 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, 2009;

    (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) *The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

(g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

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

*No event took place under these regulations during the audit period.

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, with which the Company has generally complied with.

During the audit period, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines to the extent applicable, as mentioned above.

We further report that the Company was generally regular in filing with RBI and the Company was also generally regular in filing of requisite e-forms with Registrar of Companies, NCT of Delhi & Haryana.

The Company is engaged in the business of manufacturing, selling, bottling and distribution of beverages of Pepsi brand. 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, which needs to be further strengthened. Further, the quarterly report of compliance should be placed before the Board of Directors of the Company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the 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.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

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

We further report that during the audit period, the shareholders of the Company at their 23rd Annual General Meeting held on April 17, 2018 passed resolution pursuant to Section 4, 13 and other applicable provisions of the Act read with rules made thereunder, to alter the Memorandum of Association and Articles of company for aligning the same as per Table-A of the Act.

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No.: P2001DE052900

Sd/-
New Delhi **Sanjay Grover**
February 19, 2019 Managing Partner
CP No.: 3850

Annexure – D

Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2018

(1)	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programs and Composition of the CSR Committee.	Refer Section on Corporate Social Responsibility in Board's Report
(2)	Average net profit of the Company for last three Financial Years	₹ 2,070.81 Million
(3)	Prescribed CSR Expenditure (two per cent of the amount as in item 2 above)	₹ 41.42 Million
(4)	Details of CSR spent during the Financial Year 2018.	
	(a) Total amount to be spent for the Financial Year;	₹ 41.42 Million
	(b) Amount unspent, if any;	Nil
	(c) Manner in which the amount spent during the Financial Year	Details given below

(₹ in Million)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or Programs (1) Local area or (2) other Specify the state and district where projects or programs was undertaken**	**Amount outlay (budget) project or Program wise**	**Amount spent on the projects or Programs Sub Heads; (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure up to the reporting period**	**Amount spent direct or through implementing agency**
1.	Promoting education of poor and underprivileged children	Promoting Education	Ghaziabad, New Delhi, Gurugram, (Haryana) and Ernakulam (Kerala)	39.40	39.40	39.40	Through Implementing Agency
2.	Providing safe drinking water	Making available safe drinking water	Sandila (Hardoi, Uttar Pradesh) and Jainpur (Kanpur)	0.62	0.62	0.62	Direct
3.	Promoting Healthcare	Promoting Preventive Healthcare	Gurugram (Haryana) & Kolkata (West Bengal)	0.12	0.12	0.12	Direct
4.	Tree Guards, Tree Plantation and maintaining sanitation facilities	Environment Sustainability	Bhopal (Madhya Pradesh), Jainpur (Kanpur), Sandila (Hardoi, Uttar Pradesh), Panipat (Haryana)	0.27	0.27	0.27	Direct
5.	Providing Hearse Van	Slum Area Development	Sanguem, Goa	1.01	1.01	1.01	Through Implementing Agency

Responsibility Statement

A responsibility statement of the CSR Committee is reproduced below:

"The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR Objectives and Policy of the Company."

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

Place: Gurugram
Date : February 26, 2019

Ravi Kant Jaipuria
Chairman
DIN : 00003668

Annexure – E

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

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

(a) Conservation of energy

(i)	the steps taken or impact on conservation of energy	A multi-pronged approach is deployed in plants as well as products to infuse the concept of energy conservation. Some of the energy conservation measures adopted across the Company were: 1. Use of frequency drive in ammonia and air compressor which saves electric energy. 2. Heat recovery from hot compressed gases and used for heating water. 3. Beverage filling at higher temperature leading to power savings in refrigeration. 4. Replacement of CFL/FTL lamps with LED lamps. 5. Replacement of low efficiency pump with energy efficient pump. 6. Improving efficiency on critical resources like water and energy. 7. Optimizing the resource consumptions and minimizing wastages.
(ii)	the steps taken by the Company for utilizing alternate sources of energy	The Company has successfully utilized the environment friendly fuels like biomass for steam generation and solar energy.
(iii)	the capital investment on energy conservation equipments	1. Installation and commissioning of Solar Plant at Nuh Plant. 2. Air recovery system in Blow Moulding Machine. 3. Green Oven for Bottle Blowing machine.

(b) Technology absorption

(i)	the efforts made towards technology absorption	The Company has been continuously improving on resource use efficiencies, especially that of common resources such as water 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)	the benefits derived like product improvement, cost reduction, product development or import substitution	Over the past ten years Company reduced water usage around 10% on per case basis and significant reduction of energy consumption on per case basis. Some of the factories have also received the Green Factory certification from Indian Green Building Council (IGBC), Gold rating.
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	There is no imported technology involved in the operation of the Company.
	(a) the details of technology imported	N.A.
	(b) the 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)	the expenditure incurred on Research and Development	Due to the nature of its business, the Company need not to initiate specific research and development activities.

(c) Foreign Exchange Earnings & Outgo

(₹ in million)

S. No.	Particulars	As at December 31, 2018	As at December 31, 2017
(i)	Earnings in Foreign Currency	1,607.09	580.37
(ii)	Expenditure in Foreign Currency	3,171.75	2,376.02

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

Place: Gurugram
Date : February 26, 2019

Ravi Kant Jaipuria
Chairman
DIN : 00003668

Annexure - F

Corporate Governance Report

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

Company's Philosophy on Code of 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 to 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 have a code of conduct for ethical conduct of businesses.

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 in the following pages.

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 levels 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 independent Board Committees: Audit and Risk Management Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Allotment Committee, Stakeholders' Relationship Committee and Investment and Borrowing Committee.

- The Company also undergoes secretarial audit conducted by an independent Company Secretaries Firm. The Secretarial Audit Report is placed before the Board and is included in the Annual Report.

- Observance and adherence of the Secretarial Standards issued by the Institute of Company Secretaries of India.

Governance Policies

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

- Code of Conduct for Board of Directors and Senior Management Personnel;

- 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 and Members of Senior Management Personnel;
- Familiarization Programme for Independent Directors;
- Vigil Mechanism/Whistle Blower Policy;
- Policy for Preservation of Documents;
- Policy on Diversity of the Board of Directors;
- Policy on Risk Management;
- Dividend Distribution Policy;
- Archival Policy; and
- Guidelines for Acquisitions in India.

Board of Directors

As at December 31, 2018, 5 (Five) out of 10 (Ten) Directors on the Board are Independent Directors. At VBL, it is our belief that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board's actions and decisions are aligned with the Company's best interests. The Board critically evaluates the Company's strategic direction, management policies and their effectiveness.

Size and composition of the Board of Directors as on December 31, 2018 is given below:

Category	Name of Directors
Promoter Directors	Mr. Ravi Kant Jaipuria (Chairman/ Non-executive Director)
	Mr. Varun Jaipuria (Executive / Whole-time Director)
Executive / Whole-time Directors	Mr. Raj Pal Gandhi
	Mr. Kapil Agarwal
	Mr. Kamlesh Kumar Jain
Non-executive, Independent Directors	Dr. Naresh Trehan
	Dr. Ravi Gupta
	Mr. Pradeep Sardana
	Ms. Rashmi Dhariwal
	Ms. Sita Khosla

Inter-se Relationship among Directors

None of the Director is a relative of other director(s) except Mr. Ravi Kant Jaipuria and Mr. Varun Jaipuria. Mr. Varun Jaipuria is the son of Mr. Ravi Kant Jaipuria, Promoter and Chairman of the Company.

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 Directors on the Board. The Committee, inter alia, considers qualification as prescribed under the Companies Act, 2013 ("the Act") and SEBI (LODR) Regulations, 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 for selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision.

A statement, in connection with fulfilling the criteria of Independence and directorships as per the requirement of the provisions of the Act and Regulation 25 of SEBI (LODR) Regulations received from each of Independent Directors, is disclosed in the Board's Report. Your Company had also issued formal appointment letters to all the Independent Directors in the manner provided under the Act. Terms and Conditions for appointment of Independent Directors are available on the website of the Company at http://varunpepsi.com/wp-content/uploads/2018/05/Terms-and-conditions-of-appointment-of-the-Independent-Directors-Revised-March-19-2018.pdf

Directors' Induction and Familiarization

The provision of an appropriate induction programme for new Directors and ongoing training for existing Directors is a major contributor to the maintenance of high Corporate Governance standards of the Company. The Whole-time Director and the Company Secretary are jointly responsible for ensuring such induction and training programmes are provided to the Directors. The management provides such information and training either at the meeting of Board of Directors or otherwise. The details of such familiarization programmes for Independent Directors are posted on the website of the Company at http://varunpepsi.com/wp-content/uploads/2016/12/Familiarisation-Programme-For-Independent-Directors.pdf

Board Evaluation

The Board of Directors of the Company ensures formation and monitoring of robust Evaluation framework of the

Individual Directors including Chairman of the Board, Board as a whole and various Committees thereof and carries out the evaluation of the Board, the Committees of the Board and Individual Directors, including the Chairman of the Board on annual basis.

Board Evaluation for the Financial Year ended December 31, 2018 has been completed by the Company internally which included the Evaluation of the performance of the Board as a whole, Board Committees and Directors. Further, results of the Evaluation were shared with the Board.

Internal Audit

As recommended by the Audit and Risk Management Committee, the Board of Directors in their meeting held on February 16, 2018 appointed M/s. O.P. Bagla & Co., Chartered Accountants (now known as O. P. Bagla & Co., LLP, Chartered Accountants) as an Internal Auditor of the Company for the Financial Year 2018 to conduct internal audit of the Company and their report on findings is submitted to the Audit and Risk Management Committee on a quarterly 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, during the Financial Year 2018, the Independent Directors met once on December 26, 2018 without the presence of Executive Directors and Management Representatives and *inter alia* discussed:

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

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

Board Meetings, Board Committee Meetings and Procedures

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

As at the end of the year under review, the Board had 6 (Six) Committees, namely Audit and Risk Management Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Share Allotment Committee and Investment and Borrowing Committee.

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

Board Meetings

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

The agenda of the Board/Committee Meetings is set by the Chief Risk Officer & Group Company Secretary in consultation with the Whole-time Director 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 the shorter notice as per the provisions of the Secretarial Standards on Meetings of the Board of Directors. Usually meetings of the Board are held at the Corporate Office of the Company at Gurugram.

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

The Company also provides facility to the Directors to attend meetings of the Board and its Committees through Video Conferencing mode except in respect of those meetings wherein transactions are not permitted to be carried out by way of video conferencing, to enable their participation.

7 (Seven) Board meetings were held during the Financial Year 2018 on January 12, 2018, January 17, 2018, February 16, 2018, March 19, 2018, May 3, 2018, August 9, 2018 and October 25, 2018. 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 normal business of the Board 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 Annual Report including Audited Annual Financial Statements for adoption by the Members.
- Reviewing progress of various functions and businesses 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.
- Reviewing Board Remuneration Policy and Individual remuneration packages of the Directors.
- Advising on corporate restructuring such as merger, acquisition, joint venture or disposals, if any.
- Appointing directors on the Board and Key Managerial Personnel, if any.
- Reviewing various policies of the Company and monitoring implementation thereof.
- Reviewing details of risk evaluation and internal controls.
- Reviewing reports on progress made on the ongoing projects.
- Monitoring and reviewing board evaluation framework.

Board Support

The Chief Risk Officer & Group Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. He is also responsible for preparation of Agenda in consultation with the Whole-time Director 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 at Board and Committee meetings

The Chief Risk Officer & Group Company Secretary ensures appropriate recording of minutes of proceedings of each Board and Committee meeting. Draft minutes of the proceedings of the meeting are circulated to Board/ Board Committee members for their comments within 15 (fifteen) days of the meetings. 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 Board Committee meetings facilitate an effective post meeting follow-up, review and reporting process for decisions taken by the Board and Board Committees thereof. Important decisions taken at Board/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/Board Committees for noting.

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

Name and DIN	Category & Designation	Attendance in Financial Year 2018		Number of Directorships in other Companies as on December 31, 2018		Committee Membership and Chairmanship in other Companies$ as on December 31, 2018		Shareholding in the Company as on December 31, 2018
		Board Meetings	AGM	Private$$	Public	Chairman-ship	Member-ship	
Mr. Ravi Kant Jaipuria (00003668)	Promoter & Non-executive Director (Chairman)	6/7	Yes	4	9	Nil	Nil	Nil

Name and DIN	Category & Designation	Attendance in Financial Year 2018		Number of Directorships in other Companies as on December 31, 2018		Committee Membership and Chairmanship in other Companies$ as on December 31, 2018		Shareholding in the Company as on December 31, 2018
		Board Meetings	AGM	Private$$	Public	Chairman-ship	Member-ship	
Mr. Varun Jaipuria (02465412)	Promoter & Whole-time / Executive Director	5/7	Yes	2	4	Nil	Nil	39,175,500
Mr. Raj Pal Gandhi (00003649)	Whole-time / Executive Director	7/7	Yes	1	8	Nil	3	407,500
Mr. Kapil Agarwal (02079161)	Whole-time / Executive Director & Chief Executive Officer	7/7	Yes	Nil	Nil	Nil	Nil	406,976
Mr. Kamlesh Kumar Jain (01822576)	Whole-time / Executive Director & Chief Financial Officer	6/7	Yes	7	1	Nil	Nil	17,090
Dr. Naresh Trehan (00012148)	Non-executive & Independent Director	3/7	No	9	1	Nil	Nil	Nil
Mr. Pradeep Sardana (00682961)	Non-executive & Independent Director	3/7	Yes	Nil	Nil	Nil	Nil	858
Mr. Ravindra Dhariwal# (00003922)	Non-executive & Independent Director	2/4	NA	3	5	1	4	Nil
Dr. Girish Kumar Ahuja# (00446339)	Non-executive & Independent Director	2/4	NA	1	4	2	3	Nil
Ms. Geeta Kapoor# (07503864)	Non-executive & Independent Director	2/4	NA	Nil	Nil	Nil	Nil	Nil
Mr. Sanjoy Mukerji# (03122800)	Non-executive & Independent Director	3/4	NA	2	1	Nil	Nil	Nil
Ms. Sita Khosla* (01001803)	Non-executive & Independent Director	3/5	Yes	Nil	Nil	Nil	Nil	Nil
Dr. Ravi Gupta** (00023487)	Non-executive & Independent Director	3/3	Yes	13	1	Nil	1	Nil
Ms. Rashmi Dhariwal** (00337814)	Non-executive & Independent Director	3/3	Yes	5	4	1	2	Nil

Notes:-

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

$$ Does not include directorship in foreign companies

Ceased to be Directors of the Company with effect from March 19, 2018.

* Appointed with effect from February 16, 2018.

** Appointed with effect from March 19, 2018.

Committees of the Board

The Board Committees play a vital role in strengthening the Corporate Governance practices and focus effectively on the issues and ensure expedient resolution of the diverse matters. 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 supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the proceedings of the meetings of all Committees are placed before the Board for review. The Board Committees may request special invitees to join the meeting, as appropriate.

Procedure at Committee Meetings

The Company's guidelines relating to Board meetings are applicable to Committee meetings as far as practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its function. Minutes of proceedings of Committee meetings are circulated to the members and placed before the Board in Board Meetings for noting.

i) **Audit and Risk Management Committee**

Pursuant to the provisions of Regulation 21(5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the top 500 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year shall constitute a Risk Management Committee. Accordingly, during the year under review, your Company has renamed its Audit Committee as Audit and Risk Management Committee and also updated the terms of reference of this Committee to cover provisions related to Risk Management review, as approved by the Board of Directors in its meeting held on August 9, 2018.

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

Composition of the Committee as on December 31, 2018 is as follows:

S. No.	Name	Category	Designation
1.	Dr. Ravi Gupta	Independent Director	Chairman
2.	Ms. Rashmi Dhariwal	Independent Director	Member
3.	Mr. Raj Pal Gandhi	Executive Director	Member

The Audit and Risk Management Committee invites such executives, as it considers appropriate, representatives of Statutory Auditors and representatives of Internal Auditors to attend the meetings.

The Chief Risk Officer & Group Company Secretary acts as the Secretary of the Audit and Risk Management Committee.

Meetings

The Audit and Risk Management Committee met 4 (four) times during the Financial Year 2018 on February 16, 2018; May 3, 2018; August 09, 2018 and October 25, 2018.

The attendance of the members at the meetings held during the Financial Year 2018 are as follows:

S. No.	Name of the Member	No. of meetings attended
1.	Dr. Girish Kumar Ahuja*	1/1
2.	Mr. Ravindra Dhariwal*	1/1
3.	Mr. Raj Pal Gandhi	4/4
4.	Ms. Rashmi Dhariwal **	3/3
5.	Dr. Ravi Gupta**	3/3

* Ceased to be member of the Committee w.e.f March 19, 2018.

** Appointed as member of the Committee w.e.f March 19, 2018.

The Chairman of the Audit and Risk Management Committee was present at the last AGM held on April 17, 2018.

The brief terms of reference of Audit and Risk Management Committee are broadly 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 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 judgment by Management, significant adjustments made in the financial statements.
- Review the Management's Discussion and Analysis of financial condition and results of operations.
- Scrutiny of inter-corporate loans and investments.
- Evaluation of internal financial controls and risk management systems.
- Reviewing the functioning of the whistle blower / vigil mechanism.
- Evaluate and review the risk management plan, the Risk Management System, including Risk Policy, Risk Process (Risk Identification, Assessment, Mitigation and Monitoring), cyber security processes and Risk registers laid down by the Management.

ii) **Stakeholders' Relationship Committee**

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

Composition of the Committee as on December 31, 2018 is as follows:

S. No.	Name	Category	Designation
1.	Ms. Sita Khosla*	Independent Director	Chairperson
2.	Mr. Raj Pal Gandhi	Executive Director	Member
3.	Mr. Kamlesh Kumar Jain	Executive Director	Member

* Appointed w.e.f March 19, 2018

After close of the year under review, the Committee was reconstituted with the following members with effect from February 7, 2019:

S. No.	Name	Category	Designation
1.	Ms. Sita Khosla	Independent Director	Chairperson
2.	Mr. Raj Pal Gandhi	Executive Director	Member
3.	Mr. Kamlesh Kumar Jain	Executive Director	Member
4.	Ms. Rashmi Dhariwal	Independent Director	Member

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

Meetings

The Stakeholders' Relationship Committee met 6 (six) times during the Financial Year 2018 on May 4, 2018; May 28, 2018; June 14, 2018; June 28, 2018; December 10, 2018 and December 19, 2018.

The attendance of the members at the meetings held during the Financial Year 2018 are as follows:

S. No.	Name	No. of meetings attended
1.	Ms. Sita Khosla*	0/6
2.	Mr. Raj Pal Gandhi	6/6
3.	Mr. Kamlesh Kumar Jain	6/6
4.	Mr. Sanjoy Mukerji**	N.A.

* Appointed w.e.f March 19, 2018

** Resigned w.e.f March 19, 2018 and no meeting was held from January 1, 2018 till March 19, 2018.

The Chairperson of the Stakeholder Relationship Committee was present at the last AGM held on April 17, 2018.

The objective of the Stakeholders' Relationship Committee is to consider and resolve the grievances of security holders of the Company, including complaints related to transfer of shares, non- receipt of balance sheet, non-receipt of declared dividends or any other documents or information to be sent by the Company to its shareholders under the applicable laws.

Investor Grievances/ Complaints

The details of the Investor Complaints received and resolved during the Financial Year ended December 31, 2018 are as follows:

Opening Balance	Received	Resolved	Closing
0	17	17	0

All the complaints received during the year 2018 were resolved to the satisfaction of members.

Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary is designated as Compliance Officer of the Company.

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

iii) Nomination and Remuneration Committee

The Composition and terms of reference of the Nomination and Remuneration Committee satisfy the requirements of Section 178 of the Act and Regulation 19 of SEBI (LODR) Regulations and SEBI (Share Based Employee Benefits) Regulations, 2014 as amended from time to time.

Composition of the Committee as on December 31, 2018 is as follows:

S. No.	Name	Category	Designation
1.	Ms. Rashmi Dhariwal*	Independent Director	Chairperson
2.	Mr. Ravi Kant Jaipuria	Non-Executive Promoter Director	Member
3.	Dr. Ravi Gupta*	Independent Director	Member

* Appointed w.e.f March 19, 2018

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

Meetings

The Nomination and Remuneration Committee met 3 (three) times during the Financial Year 2018 on February 16, 2018; March 19, 2018 and October 25, 2018.

The attendance of the members at the meetings held during the Financial Year 2018 are as follows:

S. No.	Name	No. of meetings attended
1.	Ms. Rashmi Dhariwal*	1/1
2.	Mr. Ravi Kant Jaipuria	2/3
3.	Dr. Ravi Gupta*	1/1
4.	Mr. Ravindra Dhariwal**	1/2
5.	Dr. Girish Kumar Ahuja**	2/2

* Appointed w.e.f March 19, 2018

** Resigned w.e.f March 19, 2018.

The Chairperson of the Nomination and Remuneration Committee was present at the last AGM held on April 17, 2018.

Brief Terms of Reference

The Brief terms of Reference of Nomination and Remuneration Committee are broadly as under:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees, and for evaluation of the performance of independent directors and the Board of Directors;

2. Devising a policy on diversity of the Board of Directors;

3. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board of Directors their appointment and removal, and carrying out evaluation of every director's performance;

4. Determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and

5. 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.

Performance evaluation criteria for Independent Directors

The Nomination and Remuneration policy of the Company lays down the criteria for Directors/Key Managerial Personnel appointment and remuneration 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 as well as the performance evaluation criteria for Independent Directors is determined by the Nomination and Remuneration Committee. 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 judgment etc.

Remuneration of Directors

Details of remuneration paid to Directors of the Company for the Financial Year ended on December 31, 2018 are as follows:

(₹ in Million)

Sr. No.	Name	Sitting Fee	Salary	Perquisite	Bonus	Stock Option	Total
1	Mr. Varun Jaipuria	-	31.22	0.04	-	-	31.26
2	Mr. Raj Pal Gandhi	-	33.98	0.04	14.70	-	48.72
3	Mr. Kapil Agarwal	-	47.48	0.03	-	-	47.51
4	Mr. Kamlesh Kumar Jain	-	11.77	0.01	0.50	-	12.28
5	Ms. Rashmi Dhariwal*	0.80	-	-	-	-	0.80
6	Ms. Sita Khosla**	0.30	-	-	-	-	0.30
7	Mr. Pradeep Sardana	0.30	-	-	-	-	0.30
8	Dr. Ravi Gupta*	0.70	-	-	-	-	0.70
9	Mr. Ravindra Dhariwal#	0.40	-	-	-	-	0.40
10	Dr. Girish Kumar Ahuja#	0.50	-	-	-	-	0.50
11	Ms. Geeta Kapoor#	0.20	-	-	-	-	0.20

* Appointed with effect from March 19, 2018

** Appointed with effect from February 16, 2018

Resigned with effect from March 19, 2018.

During the year under review, no options have been exercised by any Director of the Company under Employee Stock Option Scheme – 2013.

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

Criteria of making payments to Non-Executive Directors including all pecuniary relationship or transactions of Non-Executive Directors

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

There has been no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company during the year except the sitting fees 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 the website of the Company at http://varunpepsi.com/wp-content/uploads/2017/05/Code-of-Conduct-for-Prohibition-of-Insider-Trading.pdf

Vigil Mechanism / Whistle Blower Policy

To comply with the provisions of Section 177 of the Act and Regulation 22 of SEBI (LODR) Regulations, the Company has adopted a Vigil Mechanism / Whistle Blower Policy for 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 and Risk Management Committee.

The Policy provides for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provides a direct access to the Vigilance Officer or the Chairperson of the Audit and Risk Management Committee, in exceptional cases. No personnel of the Company has been denied access to the Audit and Risk Management 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 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's 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 under the Whistle Blower Policy was received.

Compliance with the Code of Conduct

To comply with the provisions of Regulation 17(5) of SEBI (LODR) Regulations the Company has adopted the "Code of Conduct for Board of Directors and Senior Management" (Code). The Code is available on the website of the Company at www.varunpepsi.com

On the basis of declarations received from Board Members and Senior Management Personnel, the Whole-time Director & Chief Executive Officer have 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 2018. A Copy of such declaration is also attached with this report.

General Body Meetings

Annual General Meeting

The Annual General Meetings (AGM) of the Company during the preceding three years were held at the following venues, dates and times, wherein the following special resolutions were passed:

AGM	Year	Date, Day & Time	Venue	Brief Description of Special Resolution
23rd	2017	Tuesday, April 17, 2018 at 11:00 a.m.	PHD Chamber of Commerce and Industry, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi - 110016	• Re-appointment of Mr. Pradeep Sardana as an Independent Director. • Ratification of Re-appointment of Ms. Geeta Kapoor as an Independent Director. • Ratification of Re-appointment of Mr. Sanjoy Mukerji as an Independent Director. • Alteration of Memorandum of Association of the Company for aligning the same as per Table- A of the Companies Act, 2013. • Alteration of Articles of Association of the Company for aligning the same as per the provisions of the Companies Act, 2013.
22nd	2016	Monday, April 17, 2017 at 11.00 a.m.	Sri Sathya Sai International Center, Pragati Vihar, Bhishm Pitamah Marg, Lodhi Road, New Delhi 110 003	• Ratification of Employee Stock Option Scheme (ESOS) 2013 & ESOS 2016. • Approval for issuance of Non-Convertible Debentures of ₹ 10,000,000,000 on Private Placement Basis.
21st	2015	Monday, May 30, 2016 at 4.00 p.m.	Registered Office of the Company at F-2/7, Okhla Industrial Area, Phase – I, New Delhi – 110 020	No Special Resolution was passed.

None of the Special Resolutions were passed during last year through postal ballot.

Extraordinary General Meeting

Apart from the Annual General Meeting, no other General Meeting was held during the Financial Year 2018.

Postal Ballot

During the year, no special resolution was passed through postal ballot. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require special resolution through postal ballot.

Further, Resolutions (if required) shall be passed by Postal Ballot as per the prescribed procedure under the Act and SEBI (LODR) Regulations.

Means of Communication

Information like Quarterly / Half Yearly / Annual Financial Results and press releases on significant developments in the Company that have been made available from time to time have been submitted to the Stock exchanges to enable them to put on their websites and communicate to their members. The same is also made available to Institutional Investors or to the Analysts, if any and are also hosted on the Company's website at www.varunpepsi.com. The Quarterly / Half Yearly / Annual Financial Results are published in English and Hindi language newspapers normally in Business Standard. Moreover, a report on Management Discussion and Analysis as well as Business Responsibility Report also forms a part of the Board's Report. The Company is electronically filing all reports / information including Quarterly Results, Shareholding Pattern and Corporate Governance Report and so on, on NSE website www.connect2nse.com and on BSE website www.listing.bseindia.com

General Shareholders Information

A) Annual General Meeting

Date: April 17, 2019

Time: 11.00 a.m.

Venue: PHD Chamber of Commerce and Industry, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi - 110016

B) Financial Year

The Financial Year of the Company starts from January 1 and ends on December 31 every year.

C) Financial Calendar 2019 (tentative)

First Quarter Results	: On or before May 15, 2019
Second Quarter Results	: On or before August 14, 2019
Third Quarter Results	: On or before November 14, 2019
Audited Annual Results for the year ending on December 31, 2019	: On or before February 29, 2020
Annual Book Closure	: April 10, 2019 to April 17, 2019 (both days inclusive)

D) Dividend and its Payment

During the year under review, the Board of Directors in their meeting held on August 9, 2018 declared an interim dividend of ₹ 2.50 per equity share (face value of ₹ 10/- per equity share) dividend to the eligible equity shareholders of the Company.

The Company has transferred the unpaid or unclaimed Interim Dividend to the Unclaimed Dividend Account – Varun Beverages Limited and the details of unpaid and unclaimed dividend amounts lying in the said Account (maintained with HDFC Bank and Yes Bank) are uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2019/02/Unclaimed-Dividend-Data-2018.pdf

E) Listing of Shares on Stock Exchanges and Stock Code

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

Annual listing fee for the financial year 2018-19 has been paid to the BSE Limited and the National Stock Exchange of India Limited.

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

G) Market Price Data for the period January 1, 2018 to December 31, 2018

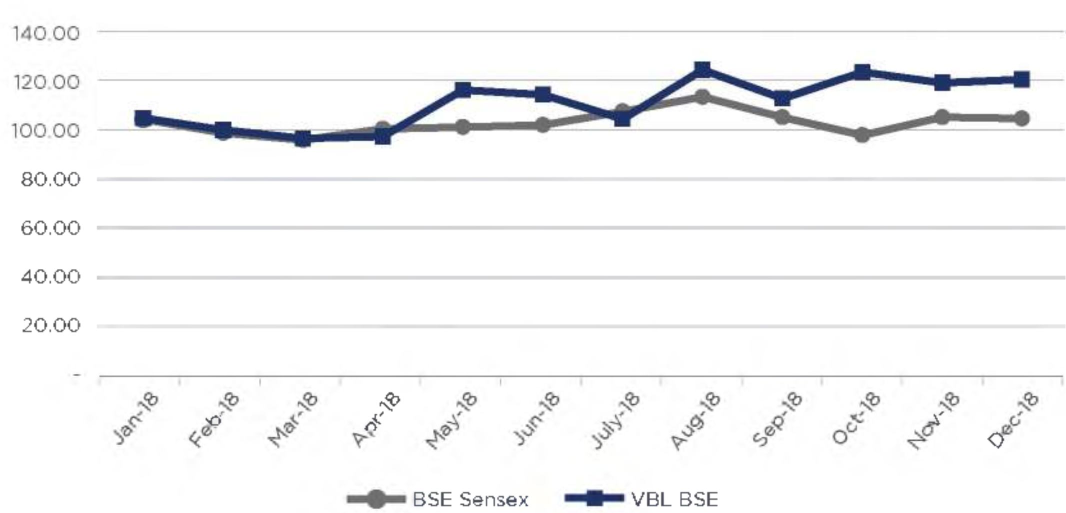
Month	BSE			NSE		
	High	Low	Volumes (Nos.)	High	Low	Volumes (Nos.)
Jan-18	761.55	623.40	4,197,551	758.80	624.00	10,973,365
Feb-18	724.50	626.70	157,076	726.00	626.15	1,325,790
Mar-18	662.00	592.80	140,828	662.00	589.90	1,212,111
Apr-18	681.70	626.70	44,646	680.00	625.30	1,295,345
May-18	777.00	656.00	146,558	795.00	654.05	3,884,843
Jun-18	789.00	713.70	376,647	789.95	710.00	1,666,130
Jul-18	783.00	670.10	1,539,583	778.95	666.80	3,063,759
Aug-18	839.00	722.65	127,815	839.80	722.10	2,129,429
Sep-18	849.00	694.00	445,796	835.00	685.55	714,005
Oct-18	841.40	708.35	69,688	845.05	715.00	890,403
Nov-18	820.05	735.15	1,207,440	823.50	735.40	1,345,599
Dec-18	798.00	682.60	64,899	797.25	682.80	1,302,146

Performance in comparison to broad - based indices

Performance on BSE

Comparison of share price of VBL has been made with BSE Sensex.

Performance on BSE (Indexed)

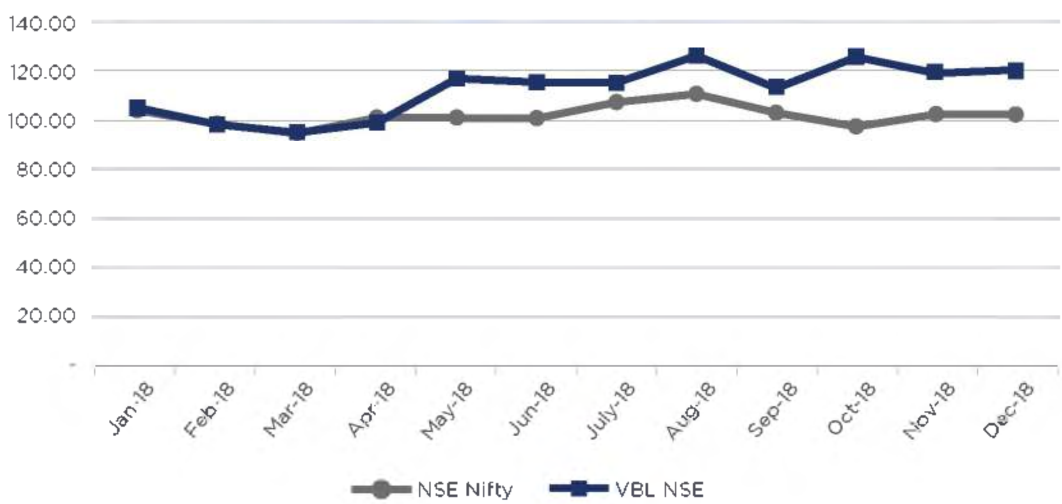


	Jan'18	Feb'18	Mar'18	Apr'18	May'18	Jun'18	July'18	Aug'18	Sept'18	Oct'18	Nov'18	Dec'18
VBL Share (Closing Price)	691.05	649.05	617.40	652.20	766.35	753.25	752.30	816.70	739.80	808.40	782.20	787.15
BSE Sensex	35,965.02	34,184.04	32,968.68	35,160.36	35,322.38	35,423.48	37,606.58	38,645.07	36,227.14	34,442.05	36,194.30	36,068.33

Performance on NSE

Comparison of share price of VBL has been made with NSE Nifty.

Performance on NSE (Indexed)



	Jan'18	Feb'18	Mar'18	Apr'18	May'18	Jun'18	July'18	Aug'18	Sept'18	Oct'18	Nov'18	Dec'18
VBL Share (Closing Price)	690.70	649.10	629.40	654.05	763.25	753.60	752.6	819.30	738.85	815.65	775.55	784.40
NSE Nifty	11,027.70	10,492.85	10,113.70	10,739.35	10,736.15	10,714.30	11,356.50	11,680.50	10,930.45	10,386.60	10,876.75	10,862.55

H) Registrar and Transfer Agents

All the work relating to the shares held in the physical form as well as the shares held in the electronic (demat) form is being done at one single point and for this purpose SEBI registered category I Registrar and Transfer Agents (R&T Agents) has been appointed, whose details are given below:

Karvy Fintech Private Limited
(formerly known as Karvy Computershare Private Limited)
Karvy Selenium Tower B,
Plot 31 and 32, Gachibowli
Financial District, Nanakramguda, Hyderabad 500 032
Tel: +91 40 6716 2222
Fax: +91 40 2343 1551
Email: einward.riskarvy.com
Website: www.karvyfintech.com
SEBI Registration No. INR000000221

I) Share Transfer System

As on December 31, 2018- 182,641,910 (One Hundred Eighty-Two Million, Six Hundred Forty-One Thousand, Nine Hundred and Ten) equity shares of the Company were in dematerialized form and 30 (Thirty) equity shares were held in physical form. Transfer of Equity Shares in dematerialized form are done through depositories with no involvement of the Company. With regard to transfer of Equity Shares in Physical Form, the Share transfer instruments, received in physical form, are processed by our R&T Agents, M/s Karvy Fintech Private Limited and the share certificates are dispatched within a period of 15 (fifteen) days from the date of receipt thereafter subject to the documents being complete and valid in all respects. The Company obtains a half-yearly certificate from a Company Secretary in Practice in respect of the share transfers as required under Regulation 40(9) of SEBI (LODR) Regulations and files a copy of the said certificate with the Stock Exchanges.

J) Distribution of Shareholding

The shareholding distribution of equity shares as on December 31, 2018 is given hereunder:

(Nominal Value ₹ 10 per share)

Shareholding of Nominal Value of ₹ 10/-	No. of Shareholders	% of Total	Amount (₹)	% of Total
1 - 5000	28113	95.25	20,930,080.00	1.15
5001 - 10000	676	2.29	4,813,670.00	0.26
10001 - 20000	314	1.06	4,430,010.00	0.24
20001 - 30000	110	0.37	2,760,760.00	0.15
30001 - 40000	52	0.18	1,848,030.00	0.10
40001 - 50000	46	0.16	2,155,460.00	0.12
50001 - 100000	77	0.26	5,430,710.00	0.30
100001 & Above	127	0.43	1,784,050,680.00	97.68
Total:	**29,515**	**100.00**	**1,826,419,400.00**	**100.00**

K) Categories of Shareholders (as on December 31, 2018)

Sl. No.	Description	Total No. of Equity Shares	% age
1	Alternative Investment Fund	26,197	0.01
2	Banks	18,402	0.01
3	Bodies Corporates	937,852	0.51
4	Clearing Members	36,484	0.02
5	Directors	832,424	0.46
6	Employees	426,890	0.23
7	Foreign Portfolio - Corp	22,900,177	12.54
8	Foreign Institutional Investors	897,259	0.49
9	Foreign Corporate Bodies	6,813,916	3.73
10	H U F	131,648	0.07
11	Mutual Funds	10,450,747	5.72
12	Non Resident Indians	188,693	0.10
13	Non Resident Indian Non Repatriable	86,897	0.05
14	NBFC	68	0.00
15	Promoters	134,185,715	73.47
16	Promoter Group	171,780	0.09
17	Resident Individuals	4,534,623	2.48
18	Trusts	2,168	0.00
	Total:	**182,641,940**	**100.00**

L) Dematerialisation of Shares and Liquidity

As on December 31, 2018, 99.99% of the total equity shares were held in dematerialised form.

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

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

The details for the same have been provided in the Notes to Financial Statements of the Company for the Financial Year 2018.

N) Plant locations

The Plant locations have been provided at page no. 7 of the Annual Report.

O) 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 dematerialised form (held with Depositories) and that the requests for dematerialization of shares are processed by the R&T Agents within stipulated period of 21 (Twenty One) days and uploaded with the concerned depositories.

P) Equity Shares in the Suspense Account

The Company has, in accordance with the procedure laid down in Schedule VI of SEBI (LODR) Regulations, opened a dematerialization account namely, 'UNCLAIMED SUSPENSE SHARES DEMAT ACCOUNT - VARUN BEVERAGES LIMITED'. The details of shares transferred to shareholders out of this account are given below:

Particulars	Number of shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on January 1, 2018	Nil	Nil
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	Nil	Nil
Number of shareholders to whom shares were transferred from suspense account during the year	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on December 31, 2018	Nil	Nil

Q) Compliances under SEBI (LODR) Regulations

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

The Company has also complied with all the mandatory requirements of SEBI (LODR) Regulations.

Further, the Company has also adopted voluntary requirement of the SEBI (LODR) Regulations relating to the "Separate posts of Chairperson and Chief Executive Officer".

R) CEO and CFO Certification

To comply with Regulation 17(8) of SEBI (LODR) Regulations, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company have given Compliance Certificate stating therein matters prescribed under Part B of Schedule II of the said regulations.

To comply with Regulation 33(2) (a) of SEBI (LODR) Regulations, the CEO & the CFO have certified the Quarterly Financial Results while placing the Financial Results before the Board.

S) Information on Deviation from Accounting Standards, if any

The Company has adopted Indian Accounting Standards (Ind ASs) in preparation of annual accounts for the Financial Year 2018.

T) Investor Correspondence

Mr. Ravi Batra
Chief Risk Officer & Group Company Secretary
Plot No. 31, Sector - 44, Institutional Area,
Gurugram 122 002 (Haryana)
Tel: +91 124 4643100;
Fax: +91 124 4643303
Email: ravi.batra@rjcorp.in

U) 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 Listing Regulations.

The Company submits a quarterly compliance report on corporate governance signed by Compliance Officer to the Stock Exchange within 15 (fifteen) days from the close of every quarter. Such quarterly compliance reports on corporate governance are also posted on the website of the Company.

Compliance of the Conditions of Corporate Governance have also been audited by an Independent Firm of Practising Company Secretaries.

After being satisfied of the above compliances, they have issued a compliance certificate in this respect. The said certificate is annexed with this report and the same will be forwarded to the Stock Exchanges alongwith the Annual Report of the Company.

DISCLOSURES

(i) The Company has not entered into any materially significant related party transactions which have potential conflict with the interests of the Company at large. Your Board of Directors had approved a Policy on Related Party Transactions and the same is uploaded at http://varunpepsi.com/wp-content/uploads/2016/09/Policy-On-Related-Party-Transactions.pdf

(ii) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the Financial Year 2018. No penalties have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to the above.

(iii) Policy for Determination of Material Subsidiary and Governance of Subsidiaries can be accessed at http://varunpepsi.com/wp-content/uploads/2016/09/Policy-For-Determination-Of-Material-Subsidiary-And-Governance-Of-Subsidiaries.pdf

Green Initiative

Pursuant to Section 101 and 136 of the Act read with Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014, the Company can send Notice of Annual General Meeting, Financial Statements and other communication in electronic form. Your Company is sending the Annual Report including the Notice of Annual General Meeting, Audited Financial Statements, Board's Report along with their annexure etc. for the Financial Year 2018 in electronic mode to the shareholders who have registered their email ids with the Company and/or their respective Depository Participants (DPs).

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

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

Ravi Kant Jaipuria
Chairman
DIN : 00003668

Place : Gurugram
Date : February 26, 2019

CORPORATE GOVERNANCE CERTIFICATE

To

The Members

Varun Beverages Limited

We have examined the compliance of conditions of Corporate Governance by Varun Beverages Limited ("the Company"), for the financial year ended December 31, 2018 as stipulated under regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has substantially 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

Sanjay Grover
Managing Partner
CP No.: 3850

February 19, 2019
New Delhi

CODE OF CONDUCT

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

It is further confirmed that all the Directors and Senior Management have affirmed their compliance with the Code for the year ended December 31, 2018.

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

Sd/-
Kapil Agarwal
Whole-time Director & Chief Executive Officer
DIN : 02079161

Place : Gurugram
Date : February 20, 2019

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION UNDER REGULATION 17(8) OF SEBI (LODR) REGULATIONS, 2015

We, Kapil Agarwal, Whole-time Director & Chief Executive Officer and Kamlesh Kumar Jain, Whole-time Director & 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 to the best of our knowledge and belief, hereby certify that:-

A) We have reviewed financial statements and the cash flow statement for the year ended December 31, 2018 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 year which are fraudulent, illegal or violative of the Company's Code of Conduct.

C) We accept 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 and Risk Management 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 and Risk Management Committee:

(i) significant changes in internal control over financial reporting during the financial year 2018;

(ii) significant changes in accounting policies during the said 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.

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

Sd/-
Kapil Agarwal
Whole-time Director &
Chief Executive Officer
DIN : 02079161

Sd/-
Kamlesh Kumar Jain
Whole-time Director &
Chief Financial Officer
DIN : 01822576

Place : Gurugram
Date : February 20, 2019

Annexure – G

Form No. MGT-9

Extract of Annual Return

As on the Financial Year ended on – December 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other Details:

i) **Corporate Identity Number :-** L74899DL1995PLC069839

ii) **Registration Date -** 16.06.1995

iii) **Name of the Company -** Varun Beverages Limited

iv) **Category/Sub-Category of the Company -** Public Company / Limited by Shares

v) **Address of the Registered office and Contact Details -** F-2/7, Okhla Industrial Area, Phase – I, New Delhi – 110020; Tel: +91 11 41706720; E-mail: complianceofficer@rjcorp.in

vi) **Whether Listed Company -** Yes. Equity shares are listed on The National Stock Exchange of India Limited and the BSE Limited

vii) **Name, Address and Contact Details of Registrar and Transfer Agent -** M/s Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot 31 and 32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032; Tel: +91 40 6716 2222; Fax: +91 40 2342 0814; Email: einward.ris@karvy.com Website: www.karvyfintech.com

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1	Manufacturing of Beverages	1104	96.90%

III. Particulars of Holding, Subsidiary And Associate Companies

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiaries/ Associate	% of shares held	Applicable Section
1	Varun Beverages (Nepal) Private Limited, Sinamangal - 35, Koteshwar, Kathmandu, Nepal	NA	Subsidiary	100.00	2(87)
2	Varun Beverages Morocco SA, Z. I. Bouskoura, 27182, B.P.408, Casablanca, Morocco	NA	Subsidiary	100.00	2(87)
3	Varun Beverages Lanka (Private) Limited, No. 140, Low Level Road, Embulgama, Ranala, Sri Lanka	NA	Subsidiary	100.00	2(87)
4	Ole Springs Bottlers (Private) Limited, No. 140, Low Level Road, Embulgama, Ranala, Sri Lanka	NA	Subsidiary	99.99	2(87)
5	Varun Beverages (Zambia) Limited; Plot number 37426, Mungwi Road, Box 30007, Lusaka, Zambia	NA	Subsidiary	90.00	2(87)
6	Varun Beverages (Zimbabwe) (Private) Limited; 7 Normandy Road, Alexandra Park, Harare, Zimbabwe	NA	Subsidiary	85.00	2(87)
7	Angelica Technologies Private Limited, F-2/7, Okhla Industrial Area, Phase – I, New Delhi – 110020	U30005DL2006PTC147252	Associate	47.30	2(6)

IV. Shareholding Pattern (Equity Share Capital Break Up as Percentage of Total Equity)

i) Category wise Shareholder:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters & Promoter Group									
(1) Indian									
(a) Individual / HUF	78,535,150	-	78,535,150	43.02	78,535,150	-	78,535,150	43.00	-0.02
(b) Central Govt	-	-	-	0.00	-	-	-	0.00	0.00
(c) State Govt(s)	-	-	-	0.00	-	-	-	0.00	0.00
(d) Bodies Corp.	55,822,345	-	55,822,345	30.57	55,822,345	-	55,822,345	30.56	-0.01
(e) Banks/FI	-	-	-	0.00	-	-	-	0.00	0.00
(f) Any Other...	-	-	-	0.00	-	-	-	0.00	0.00
Sub-Total (A)(1):-	**134,357,495**	**-**	**134,357,495**	**73.59**	**134,357,495**	**-**	**134,357,495**	**73.56**	**-0.03**
(2) Foreign									
(a) NRIs - Individuals	-	-	-	0.00	-	-	-	0.00	0.00
(b) Other - Individuals	-	-	-	0.00	-	-	-	0.00	0.00
(c) Bodies Corporate	-	-	-	0.00	-	-	-	0.00	0.00
(d) Banks/ FI	-	-	-	0.00	-	-	-	0.00	0.00
(e) Any Other	-	-	-	0.00	-	-	-	0.00	0.00
Sub-Total (A)(2):-	**-**	**-**	**-**	**0.00**	**-**	**-**	**-**	**0.00**	**0.00**
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	**134,357,495**	**-**	**134,357,495**	**73.59**	**134,357,495**	**-**	**134,357,495**	**73.56**	**-0.03**
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	2,169,118	-	2,169,118	1.19	10,450,747	-	10,450,747	5.72	4.53
(b) Banks/FI	4,514	-	4,514	0.00	18,402	-	18,402	0.01	0.01
(c) Central Govt.	-	-	-	0.00	-	-	-	0.00	0.00
(d) State Govt.(s)	-	-	-	0.00	-	-	-	0.00	0.00
(e) Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	0.00
(f) Insurance Companies	-	-	-	0.00	-	-	-	0.00	0.00
(g) FIIs	842,922	-	842,922	0.46	897,259	-	897,259	0.50	0.04
(h) Foreign Portfolio Investors	22,761,068	-	22,761,068	12.47	22,900,177	-	22,900,177	12.54	0.07
(i) Others (specify)- Alternate Investment Fund	-	-	-	0.00	26,197	-	26,197	0.01	0.01
Sub-total (B)(1):-	**25,777,622**	**-**	**25,777,622**	**14.12**	**34,292,782**	**-**	**34,292,782**	**18.78**	**4.66**
(2) Non- Institutions									
(a) Bodies Corp.									
(i) Indian	399,747	-	399,747	0.22	937,852	-	937,852	0.51	0.29
(ii) Overseas	-	-	-	0.00	-	-	-	0.00	0.00
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	2,826,214	10	2,826,224	1.55	3,827,216	30	3,827,246	2.10	0.55
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	2,099,617	-	2,099,617	1.15	1,966,691	-	1,966,691	1.08	-0.07
(c) Others (specify)									
(i) Trusts	8,113,798	-	8,113,798	4.44	2,168	-	2,168	0.00	-4.44

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(ii) NRIs	166,419	-	166,419	0.09	188,693	-	188,693	0.10	0.01
(iii) NRIs (Non-Repatriation)	56,313	-	56,313	0.03	86,897	-	86,897	0.05	0.02
(iv) Clearing Members	178,827	-	178,827	0.10	36,484	-	36,484	0.02	-0.08
(v) HUF	129,332	-	129,332	0.07	131,648		131,648	0.07	0.00
(vi) Foreign Bodies	8,479,713	-	8,479,713	4.64	6,813,916		6,813,916	3.73	-0.91
(vii) NBFC	1,833	-	1,833	0	68		68	0.00	0.00
Sub-total (B)(2):-	**22,451,813**	**10**	**22,451,823**	**12.30**	**13,991,633**	**30**	**13,991,663**	**7.66**	**-4.63**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**48,229,435**	**10**	**48,229,445**	**26.41**	**48,284,415**	**30**	**48,284,445**	**26.44**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**182,586,930**	**10**	**182,586,940**	**100.00**	**182,641,910**	**30**	**182,641,940**	**100.00**	**0.00**

ii) Shareholding of Promoters & Promoter Group

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
Promoters								
1	Ravi Kant Jaipuria & Sons (HUF)	39,187,870	21.46	0	39,187,870	21.46	0	-0.01
2	Varun Jaipuria	39,175,500	21.46	0	39,175,500	21.45	0	-0.01
3	RJ Corp Limited	55,822,345	30.57	0	55,822,345	30.56	0	-0.01
Promoter Group								
4	Devyani Jaipuria	1,765	0.00	0	1,765	0.00	0	0.00
5	Dhara Jaipuria	2,015	0.00	0	2,015	0.00	0	0.00
6	Vivek Gupta	168,000	0.09	0.09	168,000	0.09	0.09	0.00
	Total	**134,357,495**	**73.59**	**0.09**	**134,357,495**	**73.56**	**0.09**	**-0.03**

Note: There is no change in the shareholding of Promoters / Promoters Group except as stated above. Due to allotment of 55,000 equity shares under ESOS - 2013, 0.03 percentage of promoter's shareholding has been reduced.

iii) Change in Promoters and Promoter Group's Shareholding

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
Ravi Kant Jaipuria & Sons (HUF)				
At the beginning of the year	39,187,870	21.46		
Increase / (Decrease) in Shareholding during the year:	-	-		
At the end of the year			**39,187,870**	**21.46**
Varun Jaipuria				
At the beginning of the year	39,175,500	21.46		
Increase / (Decrease) in Shareholding during the year:	-	-		
At the end of the year			**39,175,500**	**21.45**
RJ Corp Limited				
At the beginning of the year	55,822,345	30.57		
Increase / (Decrease) in Shareholding during the year:	-	-		
At the end of the year			**55,822,345**	**30.56**

Note: There is no change in the shareholding of Promoters / Promoters Group except as stated above. Due to allotment of 55,000 equity shares under ESOS - 2013, 0.03 percentage of promoter's shareholding has been reduced.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1. Marina III (Singapore) PTE. Ltd.				
At the beginning of the year	8,479,713	4.64		
Increase / (Decrease) in Shareholding during the year:				
05/01/2018 (Transfer)	(1,820,500)	(1.00)	6,659,213	3.65
12/01/2018 (Transfer)	(2,419,356)	(1.33)	4,239,857	2.32
24/08/2018 (Transfer)	(207,000)	(0.11)	4,032,857	2.21
31/08/2018 (Transfer)	(70,000)	(0.04)	3,962,857	2.17
07/09/2018 (Transfer)	(16,000)	(0.01)	3,946,857	2.16
21/09/2018 (Transfer)	(10,000)	(0.01)	3,936,857	2.16
02/11/2018 (Transfer)	(3,755)	(0.00)	3,933,102	2.15
At the end of the year			**3,933,102**	**2.15**
2. AION Investments II Singapore PTE Limited				
At the beginning of the year	8,111,630	4.44		
Increase / (Decrease) in Shareholding during the year:				
12/01/2018 (Transfer)	(210,000)	(0.12)	7,901,630	4.33
26/01/2018 (Transfer)	(4,000,000)	(2.19)	3,901,630	2.14
16/11/2018 (Transfer)	(120,811)	(0.07)	3,780,819	2.07
23/11/2018 (Transfer)	(900,005)	(0.49)	2,880,814	1.58
At the end of the year			**2,880,814**	**1.58**

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
3. Smallcap World Fund, Inc				
At the beginning of the year	6,884,988	3.77		
Increase / (Decrease) in Shareholding during the year:				
03/08/2018 (Transfer)	(635,000)	(0.35)	6,249,988	3.43
30/11/2018 (Transfer)	1,000,000	0.55	7,249,988	3.97
At the end of the year			**7,249,988**	**3.97**
4. Nordea 1 SICAV - Emerging Stars Equity Fund				
At the beginning of the year	3,153,613	1.73		
Increase / (Decrease) in Shareholding during the year:				
16/03/2018 (Transfer)	(122,822)	(0.07)	3,030,791	1.66
18/05/2018 (Transfer)	(74,932)	(0.04)	2,955,859	1.62
25/05/2018 (Transfer)	(69,793)	(0.04)	2,886,066	1.58
01/06/2018 (Transfer)	(247,422)	(0.14)	2,638,644	1.44
15/06/2018 (Transfer)	(23,357)	(0.01)	2,615,287	1.43
30/11/2018 (Transfer)	(123,497)	(0.07)	2,491,790	1.36
07/12/2018 (Transfer)	(8,659)	0.00	2,483,131	1.36
At the end of the year			**2,483,131**	**1.36**
5. Stichting Depositary APG Emerging Markets Equity Pool				
At the beginning of the year	3,096,969	1.70		
Increase / (Decrease) in Shareholding during the year:				
12/01/2018 (Transfer)	(91,543)	(0.05)	3,005,426	1.65
26/01/2018 (Transfer)	(16,970)	(0.01)	2,988,456	1.64
02/02/2018 (Transfer)	(7,345)	0.00	2,981,111	1.63
05/10/2018 (Transfer)	83,000	0.05	3,064,111	1.68
12/10/2018 (Transfer)	166,910	0.09	3,231,021	1.77
19/10/2018 (Transfer)	6,611	0.00	3,237,632	1.77
26/10/2018 (Transfer)	28,481	0.02	3,266,113	1.79
02/11/2018 (Transfer)	4,556	0.00	3,270,669	1.79
At the end of the year			**3,270,669**	**1.79**
6. American Funds Insurance Series Global Small Capital				
At the beginning of the year	2,504,974	1.37		
Increase / (Decrease) in Shareholding during the year:				
20/07/2018 (Transfer)	(559,987)	(0.31)	1,944,987	1.07
27/07/2018 (Transfer)	(250,000)	(0.14)	1,694,987	0.93
02/11/2018 (Transfer)	(97,381)	(0.05)	1,597,606	0.87
09/11/2018 (Transfer)	(52,619)	(0.03)	1,544,987	0.85
At the end of the year			**1,544,987**	**0.85**
7. Mondrian Emerging Markets Small Cap Equity Fund, L.P.				
At the beginning of the year	1,670,977	0.92		
Increase / (Decrease) in Shareholding during the year:				
02/03/2018 (Transfer)	(40,847)	(0.02)	1,630,130	0.89
09/03/2018 (Transfer)	(31,643)	(0.02)	1,598,487	0.88
06/04/2018 (Transfer)	(1,026)	0.00	1,597,461	0.87
13/04/2018 (Transfer)	(5,866)	0.00	1,591,595	0.87
20/04/2018 (Transfer)	(28,981)	(0.02)	1,562,614	0.86
27/04/2018 (Transfer)	(18,836)	(0.01)	1,543,778	0.85
04/05/2018 (Transfer)	(443)	0.00	1,543,335	0.85

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
08/06/2018 (Transfer)	(40,654)	(0.02)	1,502,681	0.82
15/06/2018 (Transfer)	(28,977)	(0.02)	1,473,704	0.81
29/06/2018 (Transfer)	(97,509)	(0.05)	1,376,195	0.75
20/07/2018 (Transfer)	(116,101)	(0.06)	1,260,094	0.69
27/07/2018 (Transfer)	(74,075)	(0.04)	1,186,019	0.65
28/09/2018 (Transfer)	(30,000)	(0.02)	1,156,019	0.63
05/10/2018 (Transfer)	(30,000)	(0.02)	1,126,019	0.62
At the end of the year			**1,126,019**	**0.62**
8. Sundaram Mutual Fund A/C Sundaram Select Midcap				
At the beginning of the year	1,029,979	0.56		
Increase / (Decrease) in Shareholding during the year:				
05/01/2018 (Transfer)	(17,469)	(0.01)	1,012,510	0.56
26/10/2018 (Transfer)	(137,485)	(0.08)	875,025	0.48
02/11/2018 (Transfer)	(2,515)	(0.00)	872,510	0.48
At the end of the year			**872,510**	**0.48**
9. Ontario Pension Board - Mondrian Investment Partners Limited				
At the beginning of the year	988,091	0.54		
Increase / (Decrease) in Shareholding during the year:				
13/07/2018 (Transfer)	(101,333)	(0.06)	886,758	0.49
20/07/2018 (Transfer)	(24,636)	(0.01)	862,122	0.47
27/07/2018 (Transfer)	(25,925)	(0.01)	836,197	0.46
At the end of the year			**836,197**	**0.46**
10. CLSA Global Markets PTE. Limited				
At the beginning of the year	672,106	0.37		
Increase / (Decrease) in Shareholding during the year:				
31/08/2018 (Transfer)	(93,914)	(0.05)	578,192	0.32
26/10/2018 (Transfer)	(14,407)	(0.01)	563,785	0.31
02/11/2018 (Transfer)	(53,422)	(0.03)	510,363	0.28
09/11/2018 (Transfer)	(24,018)	(0.01)	486,345	0.27
16/11/2018 (Transfer)	(19,800)	(0.01)	466,545	0.26
At the end of the year			**466,545**	**0.26**

Note: a. List of top 10 shareholders were taken as on 31.12.2018. The increase / (decrease) in shareholding as stated above is based on details of benefical ownership furnished by the depository.

b. Figures under () denotes sale while other denotes purchase.

v) Shareholding of Directors and Key Managerial Personnel:

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Mr. Ravi Kant Jaipuria, Non-executive Chairman				
At the beginning of the year	Nil	Nil		
Increase/(Decrease) in Shareholding during the year:				
No change during the year				
At the end of the year			**Nil**	**Nil**
Mr. Varun Jaipuria, Whole-time Director				
At the beginning of the year	39,175,500	21.46		
Increase/(Decrease) in Shareholding during the year:				
No change during the year				
At the end of the year			**39,175,500**	**21.45**
Mr. Raj Pal Gandhi, Whole-time Director				
At the beginning of the year	411,429	0.23		
Increase/(Decrease) in Shareholding during the year:				
26/01/2018 (Transfer)	(1,429)	0.00	410,000	0.22
01/06/2018 (Transfer)	(2,500)	0.00	407,500	0.22
At the end of the year			**407,500**	**0.22**
Mr. Kapil Agarwal, Whole-time Director & Chief Executive Officer				
At the beginning of the year	411,476	0.23		
Increase/(Decrease) in Shareholding during the year:				
26/01/2018 (Transfer)	(2,000)	0.00	409,476	0.22
01/06/2018 (Transfer)	(2,500)	0.00	406,976	0.22
At the end of the year			**406,976**	**0.22**
Mr. Kamlesh Kumar Jain, Whole-time Director & Chief Financial Officer				
At the beginning of the year	19,090	0.01		
Increase/(Decrease) in Shareholding during the year:				
24/08/2018 (transfer)	(2,000)	0.00	17,090	0.01
At the end of the year			**17,090**	**0.01**
Mr. Ravindra Dhariwal*, Independent Director				
At the beginning of the year	Nil	Nil		
Increase/(Decrease) in Shareholding during the year:				
No change during the year				
At the end of the year			**Nil**	**Nil**
Mr. Pradeep Sardana, Independent Director				
At the beginning of the year	858	0.00		
Increase/(Decrease) in Shareholding during the year:				
No change during the year				
At the end of the year			**858**	**0.00**
Dr. Girish Kumar Ahuja*, Independent Director				
At the beginning of the year	Nil	Nil		
Increase/(Decrease) in Shareholding during the year:				
No change during the year				
At the end of the year			**Nil**	**Nil**
Mr. Sanjoy Mukerji*, Independent Director				
At the beginning of the year	Nil	Nil		
Increase/(Decrease) in Shareholding during the year:				
No change during the year				
At the end of the year			**Nil**	**Nil**

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Ms. Geeta Kapoor*, Independent Director				
At the beginning of the year	Nil	Nil		
Increase/(Decrease) in Shareholding during the year:				
No change during the year				
At the end of the year			**Nil**	**Nil**
Dr. Naresh Trehan, Independent Director				
At the beginning of the year	Nil	Nil		
Increase/(Decrease) in Shareholding during the year:				
No change during the year				
At the end of the year			**Nil**	**Nil**
Ms. Sita Khosla, Independent Director**				
At the beginning of the year	Nil	Nil		
Increase / (Decrease) in Shareholding during the year:				
No change during the year				
At the end of the year			**Nil**	**Nil**
Dr. Ravi Gupta*, Independent Director**				
At the beginning of the year	Nil	Nil		
Increase / (Decrease) in Shareholding during the year:				
No change during the year				
At the end of the year			**Nil**	**Nil**
Ms. Rashmi Dhariwal*, Independent Director**				
At the beginning of the year	Nil	Nil		
Increase / (Decrease) in Shareholding during the year:				
No change during the year				
At the end of the year			**Nil**	**Nil**
Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary				
At the beginning of the year	Nil	Nil		
Increase/(Decrease) in Shareholding during the year:				
No change during the year				
At the end of the year			**Nil**	**Nil**

Notes:-
*Resigned from the directorship with effect from March 19, 2018.

**Appointed with effect from February 16, 2018.

***Appointed with effect from March 19, 2018.

Figures under () denotes sale.

V. Indebtedness

Indebtedness of the Company including interest outstanding /accrued but not due for payment

(₹ in million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	23,171.19	676.47	-	23,847.66
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	56.19	-	-	56.19
Total (i+ii+iii)	**23,227.38**	**676.47**	**-**	**23,903.85**
Change in Indebtedness during the financial year				
Addition	**12,946.67**	**548.61**	**-**	**13,495.28**
Reduction	**(11,249.78)**	**(691.40)**	**-**	**(11,941.18)**
Others*	**(17.91)**	**14.93**	**-**	**(2.98)**
Net Change	**1,678.98**	**(127.86)**	**-**	**1,551.12**
Indebtedness at the end of the financial year				
i) Principal Amount	24,805.78	548.61	-	25,354.39
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	100.58	-	-	100.58
Total (i+ii+iii)	**24,906.36**	**548.61**	**-**	**25,454.97**

Note:

1. Indebtedness includes deferred payment liabilities.

2. *includes impact of fair value changes and exchange fluctuation.

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in million)

Sr. No.	Particulars of Remuneration	Mr. Varun Jaipuria, Whole-time Director	Mr. Raj Pal Gandhi, Whole-time Director	Mr. Kapil Agarwal, Whole-time Director & Chief Executive Officer	Mr. Kamlesh Kumar Jain, Whole-time Director & Chief Financial Officer	Total Amount
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	31.22	48.68	47.48	12.27	139.65
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.04	0.04	0.03	0.01	0.12
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit					
	- others, specify...					
5	Others, please specify	-	-	-	-	-
	Total (A)	**31.26**	**48.72**	**47.51**	**12.28**	**139.77**
	Ceiling as per the Act	Total ₹ 422.47 Million as per Section 197 of the Companies Act, 2013				

B. Remuneration to other directors:

1. Independent Directors

(₹ in million)

Sr. No.	Particulars of Remuneration	Name of Directors									
		Mr. Ravindra Dhariwal*	Dr. Girish Kumar Ahuja*	Dr. Naresh Trehan	Mr. Pradeep Sardana	Mr. Sanjoy Mukerji*	Ms. Geeta Kapoor*	Ms. Rashmi Dhariwal##	Ms. Sita Khosla#	Dr. Ravi Gupta##	Total Amount
	• Fee for attending Board/Committee Meetings	0.40	0.50	-	0.30	-	0.20	0.80	0.30	0.70	3.20
	• Commission	-	-	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total	**0.40**	**0.50**	**-**	**0.30**	**-**	**0.20**	**0.80**	**0.30**	**0.70**	**3.20**
	Overall Ceiling as per the Act	Maximum amount of ₹ 1 Lakh for each director as sitting fee for attending each meeting of the Board or its Committee is allowed under the Act.									

* Resigned with effect from March 19, 2018.

Appointed with effect from February 16, 2018.

Appointed with effect from March 19, 2018.

C. Remuneration to Key Managerial Personnel Other than MD/ Manager/ WTD

(₹ in million)

Sr. No.	Particulars of Remuneration	Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in section17(1) of the Income Tax Act, 1961	7.46	7.46
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission	0	0
	- as % of profit	0	0
	- others, specify...	0	0
5	Others, please specify	0	0
	Total	**7.46**	**7.46**

VII. Penalties / Punishment / Compounding of Offences:

(₹ in million)

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give details)
A. Company					
Penalty			None		
Punishment					
Compounding					
B. Directors					
Penalty			None		
Punishment					
Compounding					
C. Other Officers in Default					
Penalty			None		
Punishment					
Compounding					

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

Place: Gurugram
Date : February 26, 2019

Ravi Kant Jaipuria
Chairman
DIN : 00003668

Management Discussion & Analysis

Economic Overview & Outlook

Global Economy

The global economy grew at an estimated 3.7% in 2018 amidst global trade policy uncertainty and weaker performance in some major economies in Europe and Asia. Emerging market and developing economies have witnessed a challenging environment in the second half of 2018 owing to trade tensions, rising interest rates, dollar appreciation, capital outflows, and volatile oil prices. Some of these challenges are expected to carry over in 2019. So, while the global economy is still anticipated to expand, the growth is projected to be softer at 3.5% in 2019 and 3.6% in 2020.

Indian Economy

The Indian economy continued to remain resilient and recorded a GDP growth of 7.3% for the calendar year 2018 as compared to 6.7% recorded in 2017. The performance is commendable as the economy overcame the initial slowdown owing to the implementation of the Goods and Services Tax (GST) in the previous year as well as the overall uncertainty and weakness in the global economy. Several path-breaking reforms have been implemented over the past few years including GST, the Insolvency and Bankruptcy Code, liberalization of FDI norms, reforms in Ease of Doing Business and Labor. These economic reforms have improved the investment and business climate and supported the overall pace of economic growth.

India's economic growth is poised to accelerate further to 7.5% in 2019 and 7.7% in 2020, according to the IMF, retaining its tag as the world's fastest growing large economy. India will benefit from lower oil prices and a slower pace of monetary tightening. The Gross Fixed Capital Formation, a key indicator of investment demand, is expected to register a growth of 12.4% at current prices and 10% at constant prices during 2018-19.

Further, the proposal of direct cash transfer program for farmers and tax relief measures for the middle-class in the Interim Budget 2019-20 will provide a significant fiscal stimulus. In the current financial year, the Union Government has renewed its efforts towards enhancing rural incomes with highest ever hike in the MSP along with thrust on rural spending, infrastructure creation and irrigation spending. India's favorable demographics should continue to assist its economic momentum and the roadmap has been laid to propel India to become a US$ 5 trillion economy over the next few years.

Soft Drinks Market Overview & Outlook

The global soft drinks market comprising carbonates, packaged juices, bottled water, sports/energy drinks, ready-to-drink tea and coffee is a mature and penetrated market growing at steady volumes. Countries in Asia and Africa (VBL's key markets) consume significantly lower soft drinks than those in the mature and developed markets. Resultantly, the forecasted per capita volume consumption CAGR in these countries is expected to be higher.

In India, the soft drinks industry is relatively under-developed with low penetration. The per capita consumption is far lower than global averages, despite double-digit growth rates. The main segments constituting the soft drinks market in India are carbonates, juices and bottled water, which together accounted for over 99% of the total volumes sold in 2016. In value terms, carbonates are the largest category while bottled water is the largest in volume terms. Segments such as concentrates, ready-to-drink tea/coffee, sports and energy drinks are still at a nascent stage of evolution with negligible share of overall volumes.

Going forward, the soft drink industry is expected to continue its robust growth trajectory led by broad-based growth across the various categories, especially juices and bottled water. Within carbonates, non-cola carbonates, especially lemon-based ones are expected to grow faster. The bottled water category is expected to see robust volume growth with increasing awareness among consumers about water-borne diseases and shortages in drinking water in the urban areas. Rising health awareness is driving juice consumption and it is increasingly becoming a part of the regular breakfasts and social gatherings. In India, there is a steady decline in rural-urban consumer gap driven by increasing interest and readiness to spend in the rural markets.

Key Growth Drivers & Opportunities

The Indian soft drinks market is in its growth phase. Favorable demographics, low per capita consumption, long summers and higher spending on packaged products makes it an attractive market. This coupled with continued innovations towards product packaging and sizing to enhance product affordability are likely to strengthen growth rates.

Various factors driving the Indian soft drinks market include:

Low per capita consumption: India's soft drinks consumption at 44 bottles per capita in 2016, is relatively lower compared to matured markets like the U.S. (1,496 bottles), Mexico (1,489 bottles) and Germany (1,221 bottles) and even the developing markets like Brazil (537 bottles). This under-penetration is likely to correct with consumption expected to almost double to 84 bottles by 2021. Most of the categories in which the Company operates in are under-penetrated and therefore it is continuously investing in market development.

Growing middle-class: India is home to one of the largest and fastest growing middle-class populations anywhere in the world. The rising aspirations of this segment will boost demand for premium products including beverages.

Electrification in India: With 100% electrification of all villages in India, the soft drink industry will benefit with increased penetration of cooling infrastructure in these regions.

Rising affordability and urbanization: During 2010 to 2020, India's aggregate consumer expenditure is likely to grow over threefold from ₹ 45 trillion in 2010 to nearly ₹ 150 trillion by 2020 and its affluent and aspiring households from 48 million to more than 100 million. The growing aspirations combined with rising affordability and urbanization are expected to drive beverages growth in India.

Continuous and aggressive focus on innovations and hyper-localization: Higher spending on packaged products and continuous innovations towards specific requirements, especially in rural India, in terms of pack sizes and glass bottles is likely to enhance product affordability and strengthen growth rates. Greater thrust has been made on developing products in India for the local market that are more suited to regional palates, or income class, or even parts of an Indian state. With changing population demographics, higher spending capacity of consumers and wider reach of products, there is an increasing need to constantly innovate to meet the needs of all consumers.

Location: Majority of the Indian population reside in hot and dry climatic regions or temperate regions being potential consumers for Varun Beverages.

Shift from unorganized to organized: The advent of the Goods and Services Tax has led to several consolidation in the beverage sector, and hence, market share gains for organized players like Varun Beverages.

Execution: VBL's continued and relentless focus on flawless execution across the value chain is a key differentiator and growth driver. The Company will continue to leverage this opportunity by making appropriate investments.

Business Overview – A KEY PLAYER IN THE BEVERAGE INDUSTRY

VBL Presence

Varun Beverages Limited (VBL) is a key beverage player. It has presence across 6 countries, 3 in the Indian Subcontinent (India, Sri Lanka, Nepal) contributing ~80% to revenues, while 3 in Africa (Morocco, Zambia and Zimbabwe) contributing ~20%.

Symbiotic Relationship with PepsiCo

The Company enjoys a strong, symbiotic and long-standing relationship with PepsiCo spanning over 25 years, since their entry in India, accounting for ~51% of its sales volumes in India.

VBL – Demand Delivery

- Investment in Production Facilities - Manufacturing Plants.
- Sales & Distribution - Vehicles
- In-outlet Management - Visi-Coolers
- Market Share Gains - Consumer Push Management

PepsiCo – Demand Creation

- Owner of Trademarks
- Investment in R&D - Product & Packaging Innovation
- Concentrate Supply
- Brand Development - Consumer Pull Management

It engages in the manufacture, sell and distribution of products under trademarks and brands owned by PepsiCo which includes carbonated soft drinks, carbonated juices, juice-based drinks, energy drinks and packaged bottled water through its extensive manufacturing facilities and well-entrenched distribution network. VBL strategically combines its extensive manufacturing and distribution infrastructure, and market understanding of market dynamics with PepsiCo's insights, resources and experience to consistently grow volumes and margins.

The Company has been granted franchise rights for various PepsiCo products across 21 States and two Union Territories in India, as well as for the territories of Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe.

Business Model

VBL's 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) makes it an undisputed leader in the industry. Other than the concentrate and the consumer marketing provided by PepsiCo and the brands, VBL charters its own success through having complete control over the manufacturing and supply chain process. Having reached to ~1/8th of the world's population, the Company continuously strives for category value/volume growth, market share gains, cost efficiencies and judicious capital allocation strategies.

The soft drinks distribution, entailing complex logistics because of the nature of the packaging, and refrigeration requirements, is an area where the Company has expertise. It procures raw material (concentrate from PepsiCo and sugar/other raw materials from chosen local suppliers), manages manufacturing, bottling and packaging at its production facilities, and transports finished goods to the warehouses in trucks. These goods are delivered to the retail outlets either through the Company's extensive distribution network or in some cases directly. The products are stored by the retailer in visi-coolers provided and owned by VBL.

The Company has invested significantly in creating a solid infrastructure. As on December 31, 2018, it has 20 state-of-the-art manufacturing facilities in India, six internationally. Further, nine more production facilities are currently under consolidation (subject to receipt of statutory approvals). It has also invested in backward integration for production of preforms, crowns, corrugated boxes and pads, plastic crates and shrink-wrap films to ensure operational efficiencies and quality standards. Integration advantage along with strategic location of plants near target markets, facilitates logistics costs optimization and VBL is constantly looking for avenues to further optimize these costs.

VBL has a robust supply chain with 80+ owned depots, 2,400+ owned vehicles and 1,100+ primary distributors as on December 31, 2018. Another 10+ depots, 100+ vehicles and 300+ primary distributors are under consolidation. The Company, with its dedicated and experienced sales staff, focuses on driving growth and expanding market share across categories through consumer push management within its designated sales regions 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. The Company has presently installed 550,000+ visi-coolers and further 275,000+ under consolidation across various markets (subject to receipt of statutory approvals).

VBL has also significantly invested in technology to maximize its distribution efficacy, and automate field work processes. It has empowered sales team with a GPRS-enabled handheld device system called SAMNA (Sales Automation Management for the New Age) for real-time sales information from production facilities, warehouses and distribution centers.

The Company has recently also entered into a binding agreement with PepsiCo, subject to receipt of statutory approvals to acquire franchisee rights in South and West regions. This includes seven states and five union territories in India. Upon completion of this the company will have a presence in twenty seven states and seven union territories of India. It leverages its strong execution track record for expanding operations through acquisition of several new sub-territories from PepsiCo, contiguous to existing operations, offering economies of scale advantage. As far as the International expansion is concerned, the Company has a growing presence in emerging markets characterized by low per capita consumption and expected to deliver volume growth significantly above the world average. The Company plans to further explore opportunities into new geographical markets where it could leverage its operational experience or where the market offers significant volume growth.

Key Business Developments – 2018

Acquisition of New Territories

- Consolidation of 5 new sub-territories acquired in 2018 has yielded positive results with significant volume and margin expansion. Given deep under-penetration, these territories have significant potential to further drive market share gains and margins.

- Concluded the acquisition of PepsiCo India's previously franchised territories of parts of Maharashtra (14 districts), parts of Karnataka (13 districts) and parts of Madhya Pradesh (3 districts) w.e.f. February 14, 2019.

- Entered into a binding agreement with PepsiCo India Holdings Private Limited ('PepsiCo') on February 18, 2019 to acquire franchise rights in South and West regions, subject to statutory approvals.
  - These regions include 7 States (Gujarat, parts of Maharashtra, parts of Karnataka, Telangana, parts of Andhra Pradesh, Kerala and Tamil Nadu) and 5 Union Territories [Daman & Diu, Dadra & Nagar Haveli, Andaman & Nicobar Islands, Lakshadweep and Puducherry (except Yanam)].
  - Given the growth prospects and promising earnings potential, the acquisition comes at a reasonable valuation, which is in line with the Board approved strategic and financial guidelines and offers an attractive payback. It will be funded partly through internal accruals, debt and the rest through equity.
  - The acquisition is a part of the Company's strategy to consolidate its presence in contiguous territories and garner market share. These are high potential markets which offer long-term, sustainable growth opportunities. They will help in achieving greater scale, operational productivity and better asset usage as the seasonality in these regions is relatively lower, leading to higher revenues and profitable growth.

New Product Launches

- Entered into a strategic partnership for selling and distribution of the larger Tropicana portfolio that includes Tropicana Juices (100%, Delight, Essentials) as well as Gatorade in the sports drink category and Quaker Value-Added Dairy in territories across North and East India in 2018:
  - Focused on effectively leveraging knowledge of the supply chain process, existing distribution network and chilling infrastructure to expand the franchise for Brand Tropicana.
  - Invested in setting-up a manufacturing facility in Pathankot to commence in-house production. The facility is expected to be operational in March 2019 and will help expand margin profile in this category, as presently the Company is only executing supply and distribution arrangement.
- Expanded juice portfolio with the launch of Fizzy drink in seven different flavors, leveraging the 'Slice' brand with wider recognition and strong brand value:
  - Fizzy Slice will have 11% juice content and will include both ethnic flavors like Jeera and Guava Chilli as well as mainstream flavors such as Apple, Orange, Lemon and Lime, Clear Lemon and Cream Soda.
  - It will have lower calories and zero sugar content, in line with PepsiCo's plans to intensify focus on health and nutrition and reduction in sugar content. All flavors are available in 250 ml PET bottles at an attractive price point of ₹ 12.
  - These product categories with lower seasonality factor augurs well for long-term growth. It will augment profitability and return ratios.

Capacity Expansion

- Net capex for 2018 stood at ₹ 7,915.2 million. In addition, CWIP of ₹ 3,523.6 million pertains mostly to upcoming Pathankot facility.
- Capex during the period July '17 - Jun '18 include – ~₹ 2,900 million for acquisition of 5 new sub-territories in India, ~₹ 1,300 million for new plant in Nepal, ~₹ 1,400 million for foraying into the new geography of Zimbabwe and ~₹ 2,000 million for organic capex. All these investments have been made through internal accruals.
- Despite robust volume growth, capacity utilization during the peak month remained under 70%, providing significant scope for growth on existing investments.

Awards & Accolades

- Winner of Special Commendation for Golden Peacock National Quality Award – 2019.
- National Best Employer Brand Award for 2018, by ET Now in collaboration with World HRD Congress.
- Mr. Ravi Kant Jaipuria – Distinguished Entrepreneurship Award in the PHD Annual Awards for Excellence 2018.

Dividend

With the listing of the Company in November 2016, the Board of Directors of the Company formalized a dividend policy, in line with good Corporate Governance practices.

Salient Features of the Policy are as follows:

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

For CY2018, the Board of Directors has recommended an interim dividend of ₹ 2.5/share in Q2 CY2018. This has been approved by the Board as the final dividend for the year, resulting in a cash outflow of ~ ₹ 511.29 million (including dividend distribution tax payable).

Performance Highlights – 2018 vs 2017

P&L

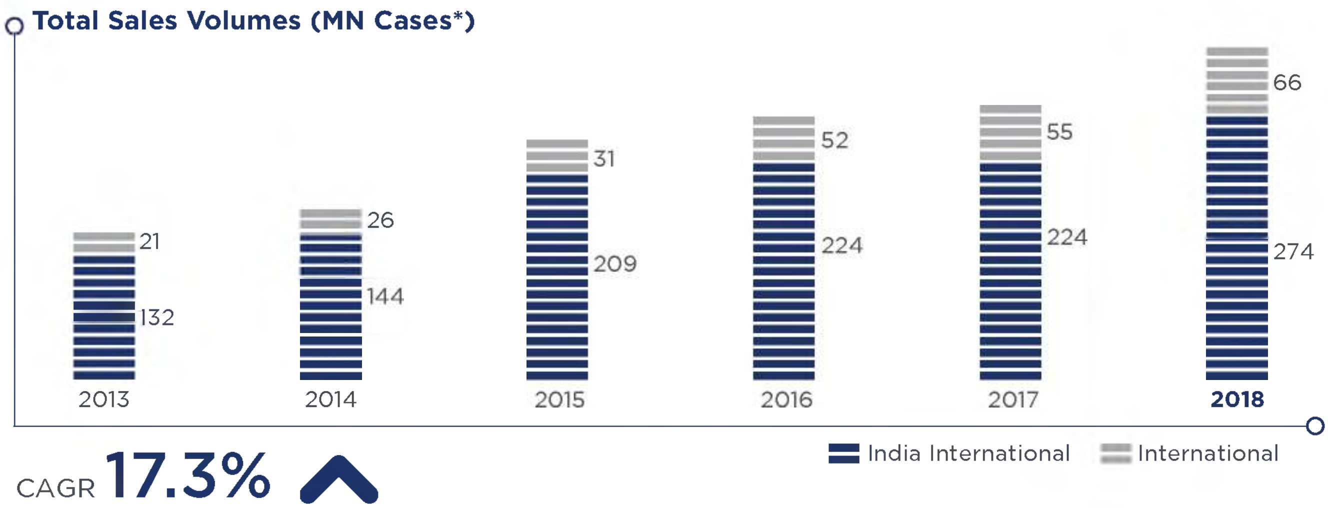
Particulars (₹ million)	CY 2018	CY 2017	YoY (%)
1. Income			
(a) Revenue from operations	52,281.27	45,163.77	15.8%
(b) Excise duty	1,228.72	5,128.37	-76.0%
Net Revenues	**51,052.55**	**40,035.40**	**27.5%**
(c) Other income	218.24	125.12	74.4%
2. Expenses			
(a) Cost of materials consumed	21,122.78	18,555.09	13.8%
(b) Purchase of stock-in-trade	1,942.18	277.69	599.4%
(c) Changes in inventories of FG, WIP and stock-in-trade	-623.97	-732.22	-14.8%
(d) Employee benefits expense	5,829.51	4,628.44	25.9%
(e) Finance costs	2,125.63	2,121.75	0.2%
(f) Depreciation and amortization expense	3,850.70	3,466.41	11.1%
(g) Other expenses	12,716.18	8,947.32	42.1%
Total expenses	**46,963.01**	**37,264.48**	**26.0%**
EBITDA	**10,065.87**	**8,359.08**	**20.4%**
3. Profit/(loss) before tax and share of profit in associate (1-2)	4,307.78	2,896.04	48.7%
4. Share of profit in associate	30.2	13.5	123.7%
5. Profit/(loss) before tax (3+4)	**4,337.98**	**2,909.54**	**49.1%**
6. Tax expense	1,339.35	768.95	74.2%
7. Net profit/(loss) for the period (5-6)	**2,998.63**	**2,140.59**	**40.1%**

Balance Sheet

Particulars (₹ million)	31-Dec-18	31-Dec-17
Equity and liabilities		
Equity		
(a) Equity share capital	1,826.42	1,825.87
(b) Other equity	18,158.62	15,868.41
(c) Non-controlling interest	77.68	(14.32)
Total equity	**20,062.72**	**17,679.96**
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	19,800.69	16,913.68
(b) Provisions	1,052.55	732.64
(c) Deferred tax liabilities (Net)	1,921.66	1,501.51
(d) Other non-current liabilities	67.75	119.81
Total non-current liabilities	**22,842.65**	**19,267.64**
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	3,776.55	3,533.65
(ii) Trade payables	3,167.97	1,909.46
(iii) Other financial liabilities	8,512.43	8,736.41
(b) Other current liabilities	1,466.55	1,473.11
(c) Provisions	160.19	167.50
(d) Current tax liability	325.02	68.35
Total current liabilities	**17,408.71**	**15,888.48**
Total liabilities	**40,251.36**	**35,156.12**
Total equity and liabilities	**60,314.08**	**52,836.08**

Particulars (₹ million)	31-Dec-18	31-Dec-17
Assets		
Non-current assets		
(a) Property, plant and equipment	38,601.77	35,411.66
(b) Capital work-in-progress	3,523.57	1,454.38
(c) Goodwill	19.40	19.40
(d) Other intangible assets	5,248.57	4,374.15
(e) Investment in associates	112.43	82.23
(f) Financial assets	209.27	202.16
(g) Deferred tax assets (Net)	334.00	80.04
(h) Other non-current asset	857.60	1,525.85
Total non-current assets	**48,906.61**	**43,149.87**
Current assets		
(a) Inventories	5,783.97	4,388.94
(b) Financial assets		
(i) Trade receivables	1,280.25	1,502.45
(ii) Cash and cash equivalents	429.36	649.46
(iii) Other bank balances	505.44	295.14
(iv) Loans	15.53	0.26
(v) Others	1,404.78	932.40
(c) Current assets (net)	4.10	0.13
(d) Other current assets	1,984.04	1,532.48
Total current assets	**11,407.47**	**9,301.26**
Assets held for sale	-	384.95
Total assets	**60,314.08**	**52,836.08**

Sales Volume



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

The Company follows a calendar year of reporting. Owing to the seasonality aspect of the soft drinks business, whereby majority of the sales happen in the summer months, it is best to monitor the Company's performance on an annual basis. Revenues and profits follow a bell-curve with significant portion accruing in the April-June quarter.

The Company has delivered a strong performance in 2018 with revenue growth of 27.5% YoY to ₹ 51,052.5 million. Total sales volumes were up 21.9% YoY at 340 million cases in 2018 as compared to 278.8 million unit cases in 2017. Introduction of higher realization products, MRP increase in select SKU's and reclassification of freight cost (instead of netting off from revenue) amounting to ₹ 530.8 million have resulted in ~5.6% value growth during the year. India business saw traction recording strong organic volume growth of 13.3% in 2018 in contrast to 9.6% growth achieved on a consolidated basis. A broad-based growth was recorded across all product categories. CSD constituted 76%, Juice 6% and Packaged Drinking water 18% of total sales volumes in 2018.

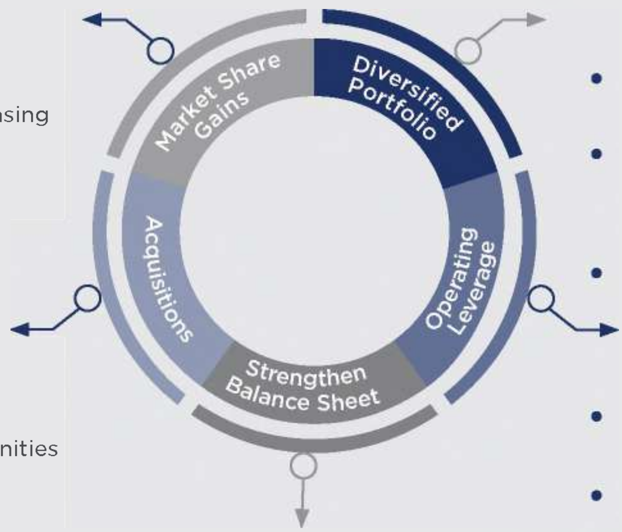
Gross margins expanded 126 bps YoY to 56% in 2018. EBITDA increased by 20.4% to ₹ 10,065.9 million in 2018 from ₹ 8,359.1 million in 2017. Underlying EBITDA margins have improved in both existing and recently acquired territories on the back of operational efficiencies, increase in organic volumes and consolidation of contiguous territories. However, blended EBITDA margins reduced by 116 bps YoY to 19.7% due to sub-optimal volumes/ margins in acquired sub-territories, and lower contribution from the Tropicana juice portfolio, where at present the Company only has a supply and distribution arrangement, and is not manufacturing the product. Depreciation during the year has increased on account of inorganic expansion. Finance cost has remained stagnant even after considerable organic and inorganic expansion during 2018. The robust volume growth in India and strong volumes in Zimbabwe have resulted in 40.1% YoY increase in profit after tax to ₹ 2,998.6 million in 2018 from ₹ 2,140.6 million in 2017.

Net debt stood at ₹ 26,715 million as on December 31, 2018 as against ₹ 25,572 million as on December 31, 2017. Net debt as on December 31, 2018 includes the debt of ₹ 4,000 million availed for the Pathankot facility which is expected to operationalize in March 2019. Working capital days have come down to ~26 days as on December 31, 2018 from ~30 days as on December 31, 2017 on account of efficient working capital management despite consolidation of 5 new sub-territories in India during the period.

Growth Outlook

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

- Penetrate newer geographies - to compliment existing operations in India
- Identify strategic consolidation opportunities in South Asia / Africa



- To periodically launch innovative products in select markets in line with changing consumer preferences
- Focus on non-Cola carbonated beverages and NCB's
- Bottled water provides significant growth opportunity

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

- Operational leverage to result in strong cash generation
- To enable significant interest cost saving

VBL's sales volumes has grown at a 17.3% CAGR over the last 5 years. The Company has demonstrated strong cash flow generation, working capital efficiencies and ability to grow and gain market share. As it enters 2019, it is on a strong footing with encouraging growth prospects. VBL has created a stronger business with several value accretive acquisitions, continuously enhanced its product portfolio, and is well-poised to capitalize on the significant growth potential in its target markets for many years. This growth will be supported by its end-to-end execution capabilities and presence across the entire beverage value chain.

The Company will be focused on concluding and unlocking value from the recently acquired underpenetrated sub-territories in India by strengthening distribution, installing visi-coolers and increasing availability. The acquired sub-territories provide huge opportunity for driving volumes, gaining market share and provide significant operating leverage going forward.

With consumer demands and preferences continuously changing, VBL strongly values flexibility to adapt its proposition to remain relevant. It will remain agile by keeping on top of macroeconomic trends and changes in consumer preferences and adjust its portfolio and processes accordingly to offer innovation and choice.

The Company is confident to further accelerate the historical trend of strong performance delivered by the business in the coming years. It is confident that the efficient execution of its strategy will translate into profitable, sustainable and responsible growth in the years to come.

Threats, Risks and Concerns

Risks and opportunities are inevitable and inseparable components of all businesses. The Company's Directors and management take proactive decisions to protect stakeholder interests. The Company has in place a Risk Management Policy which is monitored and reviewed under the guidance of 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.	The Company has demonstrated ability of driving significant growth in sales volumes over the years by seeking to offer the right brand, at the right price, in the right package, and through the right channel. Moreover, the Company has presence in relatively underpenetrated markets having favorable demographics, climatic conditions and rising population facilitating steady growth in demand. 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.	The Company has been associated with PepsiCo for over two decades during which it has consolidated its business association with them – increasing the number of licensed territories and sub-territories, producing and distributing a wider range of PepsiCo beverages, introducing various SKUs in the portfolio, and expanding distribution network. The Company's demonstrated ability of significantly enhancing PepsiCo's market share makes it a favorable partner. The Company enjoys a symbiotic relationship with PepsiCo, working closely together as effective partners for growth, engaging in joint projects and business planning with a focus on strategic issues.
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, governments and regulatory authorities to ensure that the facts are clearly understood and that its products are not singled out unfairly. VBL adheres to best manufacturing practices and takes the issues of sustainability relating to packaging and waste recovery very seriously. It works closely and constantly engages with stakeholders, including NGOs and the communities in which it operates, to develop sustainable strategies focused on protecting the environment. PepsiCo's strategy of introducing healthier and zero sugar variant of products pose well for the Company's future.
4. Business Viability Risk	An 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.	VBL's stringent strategic and financial criteria ensures all potential acquisition or partnership is value accretive, and in line with the Board's acquisition guidelines. Further, to ensure success of the newly acquired operations, the Company invests significant management time and financial resources, develop local market strategies (including that for potential cultural and language barriers), and assimilate business practices to ensure business viability. Acquisition of new territories has always been a key to the Group's growth and substantially accelerates its revenue growth, making positive contribution to net income and cash flow.
5. Concentrate Pricing Risk	PepsiCo is entitled to various rights under the PepsiCo India and PepsiCo International Agreements, including the right to unilaterally determine the price of the PepsiCo beverage concentrates. An adverse exercise of such rights may materially and adversely affect business prospects and future financial performance.	VBL is PepsiCo's important long-term strategic partner, and has emerged as its the second-largest franchisee in the world (outside the USA), accounting for ~51% of its sales volumes in India. VBL has a strong track of execution and delivering market share gain in its territories of operation. As a result of this key role played by VBL, the concentrate price is determined by PepsiCo after discussions with VBL, taking into account factors such as selling price, taxation, input costs and market conditions.

Risk	Description	Mitigation
6. Consumer Preference Risk	Failure to adapt to changing consumer health trends and address misconceptions relating to impact of soft drinks consumption on the health may adversely impact demand.	VBL's sales team works closely with PepsiCo to ascertain the changing consumer habits and constantly focus on product innovation and expanding range of products to remain relevant. In fact, PepsiCo's new product strategy includes focusing more on healthier products with zero calorie and sugar content.
7. 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.	Maximizing cost efficiencies is an integral part of VBL's strategy, whereby it constantly focuses on reducing cost of goods sold, effectively managing operating expenses and enhancing cash flows. For this, the Company has undertaken several initiatives including backward integration and centralized material procurement. It leverages its scale of operations to achieve better bargaining power with suppliers resulting in better working capital management. The Company's ability to improve asset utilization enables it to achieve higher operating leverage and amortize overheads on a wider base. Additionally, the Company continues to invest in advanced technologies to improve operational efficiencies and work processes in its operations, thereby ensuring integrated operational data from manufacturing, planned procurement and superior tracking of transportation of products from distributors to final delivery to the retail point-of-sale.

Human Resources

As of December 31, 2018, VBL employed 8,200+ full-time employees globally (5,662 in India and 2,550+ in international subsidiaries). The Company recognizes the need for change management and talent management throughout the business and their criticality to its future growth and success as any other element of its commercial strategy. A significant emphasis is placed on training personnel, increasing their skill levels, and fostering ongoing employee engagement. VBL organizes in-house training for employees through skill-building programs and professional development programs at all levels and across all functions. Key employees also attend management and staff development programs organized by PepsiCo as well as at leading management institutions of India.

Risk Management, Audit and Internal Control System

The Company has well-equipped and operative internal control systems in place commensurate to the size of its business and nature of the industry in which it operates. These stringent and comprehensive controls put in place ensures optimal and efficient utilization of resources to an extent that the assets and interests of the Company are safeguarded, transactions are authorized, recorded and properly reported, and reliability and correctness of accounting data is warranted with checks and balances. An extensive program of internal audits and regular reviews by the Audit and Risk Management Committee is carried out to ensure compliance with the best practices. The Company has employed Walker Chandiok & Co. LLP, Chartered Accountants & M/s APAS & Co., Chartered Accountants, the Joint Statutory Auditors of the Company to report on the Financial Controls of the Company.

Business Responsibility Report 2018

Section A: General information about the Company

Sl. No.	Particulars	Details
1	Corporate Identity Number (CIN) of the Company	L74899DL1995PLC069839
2	Name of the Company	Varun Beverages Limited
3	Registered address	F-2/7 Okhla Industrial Area, Phase – I, New Delhi - 110020
4	Website	www.varunpepsi.com
5	E-mail id	complianceofficer@rjcorp.in
6	Financial Year reported	January 1, 2018 to December 31, 2018
7	Sector(s) that the Company is engaged in (industrial activity code wise)	ITC Code - 220600 Manufacturing and Distribution of Carbonated, Non-carbonated beverages and packaged drinking water.
8	List three key products / services that the Company manufactures / provides (as in balance sheet)	Pepsi, Mountain Dew & Aquafina
9	Total number of locations where business activity is undertaken by the Company	
	(i) Number of International Locations (Provide details of major 5):	Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe as on date.
	(ii) Number of National Locations	Presence in 27 States and 7 Union Territories as on the date*.
10	Markets served by the Company – Local / State / National / International	India, Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe.

* Includes 7 States and 5 Union Teritories, which are under consolidation, subject to statutory approvals.

Section B: Financial details of the Company

Sl. No.	Particulars	Details	
1	Paid up Capital	₹ 1,826.42 million	
2	Total Turnover	₹ 38,622.76 million	
3	Total profit after taxes	₹ 3,323.59 million	
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	2% of average profit for previous three years in respect of standalone VBL	
5	List of activities in which expenditure in 4 above has been incurred:	**Category**	**(₹ in million)**
		Promoting education of poor and underprivileged children	39.40
		Providing safe drinking water	0.62
		Promoting Healthcare	0.12
		Tree Guards, Tree Plantation and maintaining sanitation facilities	0.27
		Providing Hearse Van	1.01

Section C: Other details

Sl. No.	Particulars	Details
1	Does the Company have any Subsidiary Company/ Companies?	Yes
2	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	No
3	Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

Section D: Business Responsibility information

1. Details of Director/Directors responsible for BR:

Sl. No.	Particulars	Details	
1	Details of the Director/Directors responsible for implementation of the BR policy/policies	DIN	02079161
		Name	Mr. Kapil Agarwal
		Designation	Whole-Time Director and Chief Executive Officer
2	Details of the BR head	DIN	01822576
		Name	Mr. Kamlesh Kumar Jain
		Designation	Whole-Time Director and Chief Financial Officer
		Telephone Number	+91-124-4643100
		E-mail id	Kamlesh.jain@rjcorp.in

2. Principle wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

P1	Business should conduct and govern themselves with ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

3. Details of Compliance (Reply in Y/N)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/ international standards?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/ CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online.	*	**	***	**	***	****	****	**	****
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

*VBL Code of Conduct for Board of Directors and Senior Management at https://varunpepsi.com/wp-content/uploads/2019/03/Code-Of-Conduct-For-Board-Of-Directors-and-Senior-Management-Revised.pdf

** VBL Philosophy at https://varunpepsi.com/philosophy/

*** Employee Code of Conduct at www.varunpepsi.com

****VBL- EHS Policy at www.varunpepsi.com

4. Governance related to BR

Sl. No.	Particulars	Details
1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
2	Does the Company publish a BR or Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes, it is published annually. The same may be accessed at www.varunpepsi.com as part of annual report 2017.

Section E: Principle-wise performance

Principle 1:

Sl. No.	Particulars	Details
1	Does the policy relating to ethics, bribery, and corruption cover only the Company?	Yes
2	Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs/Others?	No
3	How many stakeholder complaints have been received in the past Financial Year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	No complaint was received from any stakeholder of the Company during Financial Year 2018.

Principle 2:

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:**

   VBL is in the business of providing high quality products to consumers such as carbonated, non-carbonated sweetened beverages and packaged drinking water with endeavor to make its business and ecosystem sustainable. The Company tries to embed the principles of sustainability into various stages of product, procurement of raw material, manufacturing of products, transportation of raw materials and supply of finished goods. In order to continuously reduce the Company environmental footprint, the Company is improving efficiencies, especially on critical resources such as water and energy, optimizing the resource consumption and minimizing wastages, increasing green cover in manufacturing plants and also developing outside establishments. The Company has implemented the guidelines provided by international standards such as Environment Management System ISO 14001, OHSAS 18001 and all our units are AIB and FSSAI certified.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   The Company follows number of key Environmental Indicators to monitor the efficiency and consumption of natural resources in manufacturing such as water consumption and recycling, fuel consumption, energy consumption, raw materials yield and waste generation. The Company regularly track these consumptions patterns of critical nature resources.

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   Reduction in Greenhouse Gases emission which is measured in units of carbon dioxide. Number of initiatives have already been implemented across various units. Some of the key improvements done are use of fuels like biomass for steam generation, Usage of Solar energy and Optimizing the water requirements at manufacturing plants.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? Yes**

   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   With a responsible supply chain, the Company has developed a comprehensive and dynamic model, to engage with its suppliers and transporters on material aspects. Regular capacity building and assessments are carried out for key suppliers. However, currently, it is not feasible to measure the same in percentage.

4. **Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? Yes**

   (a) **If yes, what steps have been taken to improve the capacity and capability of local and small vendors?**

   The Company has tried to create new paths and provide opportunities to the entrepreneurs and establish local vendors by uplifting their skills in effective manner. The Company also strive to provide opportunities in distressed areas and has devised unique models for empowerment of people in such areas. These sort of interventions not only improve the efficiency and enhance productivity but also contribute to substantial employment creation in communities surrounding the workplaces.

5. **Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so:**

   The Company is committed towards reduction of environmental footprint of its products, waste and packaging materials. The Company focuses on the 3R's: REDUCE, RECYCLE and RECOVER. Such practices include segregation of different types of waste material so as to regulate the recyclability, anti-litter and recyclable marks on products to remind consumers to dispose in a safe and environment friendly way. The Company supports initiatives to recycle materials and has installed small machineries for shredding the waste; which helps to minimize the volume and also ease the transportation to the recycling agencies. Majority of the waste generated at plant levels are recyclable i.e. plastic bottles, metal scrap, broken glass, empty bags, cartons etc. One of the major product segment consists of returnable glass bottle which after consumption of its product is returned and reused after taking care of thorough food safety. Recycling of waste is approximate 8-10%.

Principle 3:

Sl. No.	Particulars	Details
1	Please indicate the Total number of employees:	5662 employees as on December 31, 2018 (Only for India)
2	Please indicate the Total number of employees hired on temporary/ contractual/casual basis	5415 employees as on December 31, 2018
3	Please indicate the Number of permanent women employees	156 employees as on December 31, 2018
4	Please indicate the Number of permanent employees with disabilities	Nil
5	Do you have an employee association that is recognized by the management	Yes
6	What percentage of your permanent employees are members of this recognized employee association?	9.63 %
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment, discriminatory employment in the last financial year and pending, as on the end of the Financial Year	Nil
8	What percentage of your employees were given safety & skill upgradation training in the last year?	a) Permanent Employees - 90 %; b) Permanent Women Employees – 90 %; c) Casual/Temporary/Contractual Employees – 60 %.

Principle 4:

Sl. No.	Particulars	Details
1	Has the Company mapped its internal and external stakeholders?	Yes. Details of Shareholders/ Investors, Banks, Employees and Business Partners are available with the Company.
2	Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?	No
3	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable, and marginalized stakeholders? If so, provide details thereof, in about 50 words or so?	These are covered under the CSR policy of our Company.

Principle 5:

Sl. No.	Particulars	Details
1	Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/Suppliers/ Contractors/NGOs/ Others?	Policy is applicable to the Company.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	No complaint of any stakeholder was received.

Principle 6:

1 **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/ others.**

The policy is applicable to VBL and vendors as protection of the environment, health and safety carries very high importance. The Company's EHS policy speaks about the best practices and offers safe and healthy operations for employees, contractors and visitors. Same is displayed in the form of posters and instructions. Having ISO 14001 and OHSAS 18001 certifications at many plants demonstrates VBL's commitment towards reaching the industries best levels. We also communicate our EHS policies and other requirements to suppliers and customers.

2 **Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, please give hyperlink for webpage etc.:**

Yes, the Company is committed to reach the industry best standards in terms of water usage, fuel and energy consumption as well as other environmental parameters. The performance progress is documented at plant and Corporate level which is reviewed at regular intervals. For hyperlink, please refer Section D on page no. 80 of BRR.

3 **Does the Company identify and assess potential environmental risks?**

Yes. Identification of potential environment risk is part of our Environment management system- ISO 14001 which is implemented in most of our plants.

4 **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

The Company has undertaken initiatives to reduce Carbon footprint through reduction in the amount of Greenhouse Gases emissions. Some of the key renewable energy projects contributing to GHG savings include installation and commissioning solar plant at the Company's NUH and Greater Noida plant and other energy saving projects. Use of fuels like biomass for steam generation at number of plants. The Company files annual and other environment compliance reports as per Pollution Control Board requirements.

5 **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Yes. If yes, please give hyperlink for web page etc.:**

The Company is proactive in adopting new technologies that use cleaner fuels and forms energy. Having commissioned a solar power at its manufacturing set up at NUH and Greater Noida and redesigned the power generation units at many locations, to use the BIO Mass instead of the non-renewable natural resources. For hyperlink, please refer Section D on page no. 80 of BRR.

6 **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes. Our most of the Plants has also installed on line monitoring systems Effluent Treatment Plant as well as Boiler emissions for all time compliance.

7 **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil

Principle 7:

Sl. No.	Particulars	Details
1	Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with	Yes, the Company is a member of Federation of Indian Chambers of Commerce and Industry.
2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	No.

Principle 8:

1. **Does the Company have specified program/initiatives/ projects in pursuit of the policy related to Principle 8? If yes, details thereof?**

   The Company do have various initiatives and programs for community development and their wellbeing. Some of them are giving scholarship to school children especially for girls, providing reading material and stationery to poor children, providing fund for safe drinking water facility and wash rooms facilities, providing basic food safety and hygiene training and awareness to school children, pond cleaning in different villages, creating awareness for water conservation and prevention of water pollution along with rural and slum area development etc.

2. **Are the programs/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   All the community development initiatives were undertaken by in-house team of professionals and often with the help of external agencies/ organizations.

3. **Have you done any impact assessment of your initiative?**

   Yes. Informal feedback is being taken and frequent visits were carried out to establish impact of the initiatives and to reestablish that such initiatives are worth and effective.

4. **What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

   The Company has spent INR 41.42 Million towards various development projects under environment protection, cleaning, availability of resources and community safety and wellbeing. The Company has significantly contributed to environment and community development by taking various initiatives like rain water harvesting via ponds development , creating awareness for water harvesting and water pollution, celebration of Sandi Bird festival, solar lights installation at villages, tree plantations in villages , Nukkad naatak for environment protection, providing clean water facility by installation of hand pumps and water coolers at schools and villages, driving Swachh Bharat Abhiyaan by involving villagers, promoting sports, blood donation and health checkup camps, driving food safety and personal hygiene sessions at school, road safety awareness in community, books distribution and drawing competition in schools.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.**

   Yes. The Company ensures the community development initiative through internal tracking mechanisms and field visits. Informal feedbacks are also obtained from the community on such initiatives for example., before cleaning of pond for rain water harvesting, community training and awareness sessions were executed on the topic of water conservation and water pollution prevention, do not dump trash in ponds so that ponds remain cleaned throughout year.

Principle 9:

Sl. No.	Particulars	Details
1	What percentage of customer complaints/ consumer cases are pending as on the end of financial year?	70.52 % of consumer complaints are pending before various consumer forums.
2	Does the Company display product information on the product label, over and above what is mandated as per local laws?	Yes, the Company give information relating to storage conditions and consumption days.
3	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anticompetitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so?	Yes, there are two appeals pending before State Consumer Dispute Redressal Forums, Chandigarh filed by VBL challenging order of District Consumer Forum, Chandigarh wherein on a complaint filed by a consumer held that declaration of higher MRP on products being sold at Select Channels amounts to Unfair Trade Practice and imposed fine/compensation. In addition to this, Legal Metrology Department, Delhi has filed three cases before Karkardooma Court alleging dual MRP on declaration of higher MRP on bottles packed for Select Channels. VBL filed writ petitions before Delhi High Court for quashing of these complaints which are still pending. There are no cases alleging irresponsible advertising and/ or anti-competitive behavior.
4	Did your Company carry out any consumer survey/ consumer satisfaction trends?	No

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

Place: Gurugram
Date : February 26, 2019

Ravi Kant Jaipuria
Chairman
DIN : 00003668

Independent Auditor's Report

To the Members of
Varun Beverages Limited

Report on the Consolidated Financial Statements

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') and its associates, which comprise the Consolidated Balance Sheet as at 31 December 2018, 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.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors of the subsidiaries included in the Group, and its associates are responsible for the design, implementation and maintenance of internal control 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. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group, and its associate companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

Independent Auditors' Report to the members of Varun Beverages Limited, on the Consolidated Financial Statements for the year ended 31 December 2018 (Cont'd)

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. 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 and associates, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group and its associates as at 31 December 2018, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matter(s)

9. We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of ₹ 16,066.54 million and net assets of ₹ 2,282.94 million as at 31 December 2018, total revenues of ₹ 15,980.73 million and net cash inflows amounting to ₹ 74.81 for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 30.20 million for the year ended 31 December 2018, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, 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 and associates, is 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.

10. The consolidated financial statements of the Company for the year ended 31 December 2017 were jointly audited by the predecessor joint auditor, Walker Chandiok & Associates, Chartered Accountants and current joint auditor, APAS & Co., Chartered Accountants, who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 16 February 2018.

Report on Other Legal and Regulatory Requirements

11. 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 9, on separate financial statements of the subsidiaries and associates, we report that the Holding Company and two associate companies covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to six subsidiaries companies, since none of such companies are covered under the Act.

12. 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 other financial information of the subsidiaries and associates, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

Independent Auditors' Report to the members of Varun Beverages Limited, on the Consolidated Financial Statements for the year ended 31 December 2018 (Cont'd)

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;

e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its associate companies covered under the Act, none of the directors of the Group companies and its associate companies covered under the Act, are disqualified as on 31 December 2018 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 over financial reporting of the Holding Company and its associate companies covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure 1'; 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 Auditor's) 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 as also the other financial information of the subsidiaries and associates:

   (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates as detailed in Note 46 to the consolidated financial statements.

   (ii) Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, or material foreseeable losses, if any, on long-term contracts including derivative contracts, as detailed in Note 28 to the consolidated financial statements;

   (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its associate companies covered under the Act during the year ended 31 December 2018; and

   (iv) The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531

Place: Gurugram
Date: 20 February 2019

L-41
Connaught Place,
New Delhi 110 001

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership No: 520078

Place: Gurugram
Date: 20 February 2019

8/14
Basement, Kalkaji Extension,
New Delhi 110 019

Annexure 1 to the Independent Auditors' Report of even date to the members of Varun Beverages Limited on the Consolidated Financial Statements for the year ended 31 December 2018

Annexure 1

Independent Auditor's Report on the Internal Financial Controls 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') and its associates as at and for the year ended 31 December 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company and its two associate companies, which are companies covered under the Act, as at that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its two associate companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective 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

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company and its two associate companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, 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 IFCoFR 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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 IFCoFR of the Holding Company and its two associate companies as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR 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.

Annexure 1 to the Independent Auditors' Report of even date to the members of Varun Beverages Limited on the Consolidated Financial Statements for the year ended 31 December 2018 (Cont'd)

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on IFCoFR of the two associate companies, the Holding Company and its two associate companies which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 December 2018, based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal financial controls stated in the Guidance Note issued by the ICAI.

Other Matters

9. We did not audit the IFCoFR in so far as it relates to two associate companies, which are companies covered under the Act, in respect of which, the Group's share of net profit (including other comprehensive income) of ₹ 30.20 million for the year ended 31 December 2018, has been considered in the consolidated financial statements. The IFCoFR in so far as it relates to such associate companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company and its two associate companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such associate companies is based solely on the reports of the auditors of such companies. 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 auditor.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.:
001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531

Place: Gurugram
Date: 20 February 2019

L-41
Connaught Place,
New Delhi 110 001

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.:
000340C

Sumit Kathuria
Partner
Membership No: 520078

Place: Gurugram
Date: 20 February 2019

8/14
Basement, Kalkaji Extension,
New Delhi 110 019

Consolidated Balance Sheet

As at 31 December 2018

(₹ in million)

	Notes	As at 31 December 2018	As at 31 December 2017
Assets			
Non-current assets			
(a) Property, plant and equipment	4	38,601.77	35,411.66
(b) Capital work-in-progress	4	3,523.57	1,454.38
(c) Goodwill	5	19.40	19.40
(d) Other intangible assets	6	5,248.57	4,374.15
(e) Investment in associates	7	112.43	82.23
(f) Financial assets			
(i) Investments	8	0.01	0.04
(ii) Loans	9	200.92	193.16
(iii) Others	10	8.34	8.96
(g) Deferred tax assets (Net)	11	334.00	80.04
(h) Other non-current assets	12	857.60	1,525.85
Total non-current assets		**48,906.61**	**43,149.87**
Current assets			
(a) Inventories	13	5,783.97	4,388.94
(b) Financial assets			
(i) Trade receivables	14	1,280.25	1,502.45
(ii) Cash and cash equivalents	15	429.36	649.46
(iii) Bank balances other than (ii) above	16	505.44	295.14
(iv) Loans	17	15.53	0.26
(v) Others	18	1,404.78	932.40
(c) Current tax assets (Net)	19	4.10	0.13
(d) Other current assets	20	1,984.04	1,532.48
Total current assets		**11,407.47**	**9,301.26**
Assets classified as held for sale	21	-	384.95
Total assets		**60,314.08**	**52,836.08**
Equity and liabilities			
Equity			
(a) Equity share capital	22	1,826.42	1,825.87
(b) Other equity	23	18,158.62	15,868.41
Equity attributable to owners of the Holding Company		**19,985.04**	**17,694.28**
Non-controlling interest		77.68	(14.32)
Total equity		**20,062.72**	**17,679.96**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	24A	19,800.69	16,913.68
(b) Provisions	25	1,052.55	732.64
(c) Deferred tax liabilities (Net)	11	1,921.66	1,501.51
(d) Other non-current liabilities	26	67.75	119.81
Total non-current liabilities		**22,842.65**	**19,267.64**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24B	3,776.55	3,533.65
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	27	2.47	8.71
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	27	3,165.50	1,900.75
(iii) Other financial liabilities	28	8,512.43	8,736.41
(b) Other current liabilities	29	1,466.55	1,473.11
(c) Provisions	25	160.19	167.50
(d) Current tax liabilities (Net)	30	325.02	68.35
Total current liabilities		**17,408.71**	**15,888.48**
Total liabilities		**40,251.36**	**35,156.12**
Total equity and liabilities		**60,314.08**	**52,836.08**
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 and on behalf of the Board of Directors of Varun Beverages Limited

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership no.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership no.: 520078

Varun Jaipuria
Whole-Time Director
DIN 02465412

Raj Pal Gandhi
Whole-Time Director
DIN 00003649

Kapil Agarwal
Chief Executive Officer and Whole-Time Director
DIN 02079161

Kamlesh Kumar Jain
Chief Financial Officer and Whole-Time Director
DIN 01822576

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

Place : Gurugram
Dated : 20 February 2019

Consolidated Statement of Profit and Loss

For the year ended 31 December 2018

(₹ in million)

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Income			
Revenue from operations	31	52,281.27	45,163.77
Other income	32	218.24	125.12
Total income		**52,499.51**	**45,288.89**
Expenses			
Cost of materials consumed	33	21,122.78	18,555.09
Excise duty		1,228.72	5,128.37
Purchases of stock-in-trade	34	1,942.18	277.69
Changes in inventories of finished goods, stock-in-trade and work-in-progress	35	(623.97)	(732.22)
Employee benefits expense	36	5,829.51	4,628.44
Finance costs	37	2,125.63	2,121.75
Depreciation and amortisation expense	38	3,850.70	3,466.41
Other expenses	39	12,716.18	8,947.32
Total expenses		**48,191.73**	**42,392.85**
Profit before tax and share of profit in associate		**4,307.78**	**2,896.04**
Share of profit in associate		30.20	13.50
Profit before tax		**4,337.98**	**2,909.54**
Tax expense			
(a) Current tax	30	1,094.09	547.85
(b) Adjustment of tax relating to earlier periods	30	14.35	1.60
(c) Deferred tax	11	230.91	219.50
Total tax expense		**1,339.35**	**768.95**
Net profit for the year		**2,998.63**	**2,140.59**
Other comprehensive income	40		
(a) Items that will not to be reclassified to profit or loss:			
(i) Re-measurement gains/(losses) on defined benefit plans		(16.53)	10.83
(ii) Income tax relating to items that will not be reclassified to statement of profit and loss		7.78	(3.39)
(b) Items that will be reclassified to profit or loss:			
(i) Exchange differences arising on translation of foreign operations		(234.44)	(94.27)
(ii) Income tax relating to items that will be reclassified to statement of profit and loss		54.62	21.75
Total other comprehensive income		**(188.57)**	**(65.08)**
Total comprehensive income for the year (including non-controlling interest)		**2,810.06**	**2,075.51**
Net profit attributable to:			
(a) Owners of the Company		2,928.41	2,101.54
(b) Non-controlling interest		70.22	39.05
Other comprehensive income attributable to:			
(a) Owners of the Company		(188.57)	(65.08)
(b) Non-controlling interest		-	-
Total comprehensive income attributable to:			
(a) Owners of the Company		2,739.84	2,036.46
(b) Non-controlling interest		70.22	39.05
Earnings per equity share of face value of ₹ 10 each			
Basic (₹)	44	16.04	11.52
Diluted (₹)	44	16.03	11.51
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 and on behalf of the Board of Directors of Varun Beverages Limited

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership no.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

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DIN 01822576

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

Place : Gurugram
Dated : 20 February 2019

Consolidated Cash Flow Statement

For the year ended 31 December 2018

(Indirect Method) (₹ in million)

Particulars	Year ended 31 December 2018	Year ended 31 December 2017
A. Operating activities		
Profit before tax and share of profit in associate	4,307.78	2,896.04
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation on property, plant and equipment	3,807.56	3,412.46
Amortisation of intangible assets	43.14	53.95
Interest expense at amortised cost	2,043.57	2,026.05
Interest income at amortised cost	(57.67)	(53.93)
Profit on sale of current investments	-	(0.44)
Business combination expenses	-	33.20
Excess provisions written back	(58.21)	(1.02)
Gain on dilution of control in a subsidiary	-	(2.75)
Property, plant and equipment written off	137.22	77.94
Loss/(gain) on disposal of property, plant and equipment (Net)	52.43	(21.91)
Bad debts and advances written off	66.86	81.36
Allowance for expected credit loss	257.40	156.74
Unrealised exchange fluctuation	631.08	76.44
Operating profit before working capital changes	**11,231.16**	**8,734.13**
Working capital adjustments		
(Increase)/decrease in inventories	(1,514.67)	449.97
Decrease/(increase) in trade receivables	(129.95)	(344.30)
Increase in current and non-current financial assets and other current and non-current assets	(1,135.34)	(999.04)
Increase/(decrease) in current financial liabilities and other current and non-current liabilities and provisions	2,279.46	(1,072.04)
Total cash from operations	**10,730.66**	**6,768.72**
Income tax paid	(732.88)	(571.11)
Net cash flows from operating activities (A)	**9,997.78**	**6,197.61**
B. Investing activities		
Purchase of property, plant and equipment and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors)	(8,586.45)	(5,329.88)
Proceeds from disposal of property, plant and equipment and intangible assets	498.81	165.08
Acquisition under business combination	(491.80)	(1,395.79)
Advance given for purchase of business	-	(260.60)
Purchase of controlling stake in subsidiaries (Net of cash acquired)	-	(719.16)
Dilution of controlling stake in subsidiary (Net of cash)	-	(2.24)
Interest received	55.50	53.09
Purchase of current investments	-	(350.00)
Proceeds from sale of current investments	0.03	350.44
(Increase)/decrease in other bank balances	(210.30)	36.39
Net cash used in investing activities (B)	**(8,734.21)**	**(7,452.67)**

(Indirect Method) (₹ in million)

Particulars	Year ended 31 December 2018	Year ended 31 December 2017
C. Financing activities		
Proceeds from borrowings	13,758.54	7,472.04
Repayments of borrowings	(6,435.10)	(2,629.47)
Repayment of deferred payment liabilities	(3,020.71)	(3,619.65)
Proceeds/(repayments) from/(of) short term borrowings (Net)	242.90	(572.96)
(Redemption)/proceeds of non-convertible debentures	(3,000.00)	3,000.00
Proceeds from issue of share capital (including share premium thereon)	7.15	41.01
Share application money received	-	1.08
Interest paid	(1,886.00)	(1,556.53)
Dividends paid	(455.98)	(456.29)
Dividend distribution tax paid	(54.71)	(92.89)
Net cash (used in)/flows from financing activities (C)	**(843.91)**	**1,586.34**
Net change in cash and cash equivalents (D=A+B+C)	**419.66**	**331.28**
Cash and cash equivalents at the beginning of year (E)	649.46	325.00
Unrealised exchange loss on translation of cash and cash equivalent in subsidiaries (F)	(639.76)	(6.82)
Cash and cash equivalents at the end of year (G= D+E+F) (Refer note 15)	**429.36**	**649.46**

Notes:

(a) Amendment to Ind AS 7

The amendments to Ind AS 7 'Statement of Cash Flows' require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from 01 January 2018 and the required disclosure is made below.

(₹ in million)

	Non-current borrowings*	Current borrowings
Balance as at 01 January 2018	23,003.37	3,533.65
Cash flows	1,302.73	242.90
Non-cash changes:		
Impact of fair value changes	(105.56)	-
Impact of exchange fluctuations	101.58	
Balance as at 31 December 2018	**24,302.12**	**3,776.55**

*includes current maturity of long-term debts and current portion of deferred payment liabilities amounting to ₹ 4,501.43 (01 January 2018: ₹ 6,089.69)

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date attached.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership no.: 501531

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DIN 01822576

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

Place : Gurugram
Dated : 20 February 2019

Statement of Changes in Equity

For the year ended 31 December 2018

A. Equity share capital

(₹ in million)

Particulars	Notes	Number of shares	Amount
Balance as at 01 January 2017		182,312,525	1,823.13
Changes in equity share capital during the year 2017	22	274,415	2.74
Balance as at 31 December 2017		**182,586,940**	**1,825.87**
Changes in equity share capital during the year 2018	22	55,000	0.55
Balance as at 31 December 2018		**182,641,940**	**1,826.42**

B. Other Equity

(₹ in million)

Particulars	Notes	Attributable to Owners of the Company											Non-controlling interests	Total
		Reserve and surplus								Share application money pending allotment	Exchange differences on translating the financial statements of foreign operations*	Total attributable to owners of the Company		
		Capital reserve on consolidation	Capital reserve	Debenture redemption reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation difference account (FCMITDA)					
Balance as at 01 January 2017	**23**	**(1,533.21)**	**189.50**	**-**	**18,349.39**	**5.86**	**191.25**	**(2,007.59)**	**11.80**	**-**	**(94.18)**	**15,112.82**	**(129.06)**	**14,983.76**
Profit for the year		-	-	-	-	-	-	2,101.54	-	-	-	2,101.54	39.05	2,140.59
Other comprehensive income for the year														
Re-measurement losses on defined benefit plans (Net of deferred taxes)		-	-	-	-	-	-	7.44	-	-	-	7.44	-	7.44
Exchange differences arising on translation of foreign operations (Net of deferred taxes)		-	-	-	-	-	-	-	-	-	(72.52)	(72.52)	-	(72.52)
Dividend paid**		-	-	-	-	-	-	(456.29)	-	-	-	(456.29)	-	(456.29)
Dividend distribution tax		-	-	-	-	-	-	(92.89)	-	-	-	(92.89)	-	(92.89)
Share application money received pending allotment		-	-	-	-	-	-	-	-	1.08	-	1.08	-	1.08
Transfer to debenture redemption reserve		-	-	159.17	-	-	-	(159.17)	-	-	-	-	-	-

(₹ in million)

Particulars	Notes	Attributable to Owners of the Company											Non-controlling interests	Total
		Reserve and surplus								Share application money pending allotment	Exchange differences on translating the financial statements of foreign operations*	Total attributable to owners of the Company		
		Capital reserve on consolidation	Capital reserve	Debenture redemption reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation difference account (FCMITDA)					
Addition made in FCMITDA for the year		-	-	-	-	-	-	-	(26.41)	-	-	(26.41)	-	(26.41)
FCMITDA charged to Statement of Profit and Loss		-	-	-	-	-	-	-	(10.90)	-	-	(10.90)	-	(10.90)
Created on subsequent acquisition of 30% stake in a subsidiary from non-controlling interest		(746.57)	-	-	-	-	-	-	-	-	-	(746.57)	60.67	(685.90)
Adjustment on account of dilution of controlling interest in a subsidiary		-	-	-	-	-	-	12.84	-	-	-	12.84	15.02	27.86
Additions made pursuant to exercise of employee stock options		-	-	-	38.27	-	-	-	-	-	-	38.27	-	38.27
Transfer to security premium on exercise of employee stock options		-	-	-	4.56	(4.56)	-	-	-	-	-	-	-	-
Balance as at 31 December 2017		**(2,279.78)**	**189.50**	**159.17**	**18,392.22**	**1.30**	**191.25**	**(594.12)**	**(25.51)**	**1.08**	**(166.70)**	**15,868.41**	**(14.32)**	**15,854.09**
Profit for the year		-	-	-	-	-	-	2,928.41	-	-	-	2,928.41	70.22	2,998.63
Other comprehensive income for the year														
Re-measurement losses on defined benefit plans (Net of deferred taxes)		-	-	-	-	-	-	(8.75)	-	-	-	(8.75)	-	(8.75)
Exchange differences arising on translation of foreign operations (Net of deferred taxes)		-	-	-	-	-	-	-	-	-	(179.82)	(179.82)	-	(179.82)
Dividend paid**		-	-	-	-	-	-	(456.58)	-	-	-	(456.58)	-	(456.58)
Dividend distribution tax		-	-	-	-	-	-	(54.71)	-	-	-	(54.71)	-	(54.71)
Share issued on exercise of employee stock options		-	-	-	-	-	-	-	-	(1.08)	-	(1.08)	-	(1.08)
Transfer to debenture redemption reserve		-	-	93.84	-	-	-	(93.84)	-	-	-	-	-	-
Transfer to general reserve on redemption of non-convertible debentures		-	-	(253.01)	-	-	253.01	-	-	-	-	-	-	-
Addition made in FCMITDA for the year		-	-	-	-	-	-	-	79.44	-	-	79.44	-	79.44

Statement of Changes in Equity (Cont'd)

For the year ended 31 December 2018

(₹ in million)

Particulars	Notes	Attributable to Owners of the Company											Non-controlling interests	Total
		Reserve and surplus								Share application money pending allotment	Exchange differences on translating the financial statements of foreign operations*	Total attributable to owners of the Company		
		Capital reserve on consolidation	Capital reserve	Debenture redemption reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation difference account (FCMITDA)					
FCMITDA charged to Statement of Profit and Loss		-	-	-	-	-	-	-	(24.38)	-	-	(24.38)	-	(24.38)
Created on subsequent increase in minority interest		-	-	-	-	-	-	-	-	-	-	-	21.78	21.78
Additions made pursuant to exercise of employee stock options		-	-	-	7.68	-	-	-	-	-	-	7.68	-	7.68
Transfer to security premium on exercise of employee stock options		-	-	-	0.91	(0.91)	-	-	-	-	-	-	-	-
Balance as at 31 December 2018		**(2,279.78)**	**189.50**	**-**	**18,400.81**	**0.39**	**444.26**	**1,720.41**	**29.55**	**-**	**(346.52)**	**18,158.62**	**77.68**	**18,236.30**

*Exchange differences arising on translation of foreign operations
**Transaction with owners in their capacity as owners.

The accompanying notes are an integral part of the consolidated financial statements..
As per our report of even date attached.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
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DIN 01822576

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

Place : Gurugram
Dated : 20 February 2019

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

1. Corporate information

Varun Beverages Limited ("VBL" or "the Company" or "Holding Company") is a public limited Company domiciled in India. Its registered office is at F-2/7, Okhla Industrial Area, Phase-I, New Delhi- 110 020. The Company's equity shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India (NSE). The Company was incorporated on 16 June 1995 under the provisions of the Companies Act 1956.

The Company together with its subsidiaries and associates (hereinafter, "the Group") is engaged in manufacturing, selling, bottling and distribution of beverages of Pepsi brand in geographically pre-defined territories of India, Sri Lanka, Nepal, Zambia, Morocco and Zimbabwe as per franchisee agreement with PepsiCo India Holdings Private Limited ("PepsiCo India") and its affiliates. The sale of Group's products is seasonal.

2. Basis of preparation

These Consolidated Financial Statements ("the CFS") of the Group have been prepared in accordance with the Indian Accounting Standards ("Ind AS") and comply with requirements of Ind AS, stipulations contained in Schedule III (revised) as applicable under Section 133 of the Companies Act, 2013 ("the Act"), the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other pronouncements/ provisions of applicable laws.

These consolidated financial statements of the Group are authorised for issue on 20 February 2019 in accordance with a resolution of the Board of Directors. Board of Directors permits the revision to the standalone financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Companies Act, 2013.

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;

iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current if it satisfies any of the following conditions:

i. It is expected to be settled in normal operating cycle;

ii. It is held primarily for the purpose of trading;

iii. It is due to be settled within twelve months after the reporting period; or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and its realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

All amounts disclosed in the CFS and notes have been rounded off to the nearest million as per

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

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 2018

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

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

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.

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 to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excludes taxes/duties collected on behalf of the government.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Excise duty is a levy on manufacture irrespective of ultimate sale of goods and hence the recovery of excise duty flows to the Group on its own account. Accordingly, revenues from sale of goods are

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

stated gross of excise duty. GST, sales tax and value added tax (VAT) are not received by the Group on its own account but collected on behalf of the government and accordingly, are excluded from revenue.

Interest income

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial assets. Interest income is included in finance income in the Consolidated Statement of Profit and Loss.

Dividends

Dividend is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Services rendered

Revenue from service related activities is recognised as and when services are rendered and on the basis of contractual terms with the parties.

c) Inventories

Inventories are valued as follows:

i. **Raw materials, components and stores and spares:** At lower of cost and net realisable value. Cost of inventory comprises all costs of purchases, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition and is determined on a moving weighted average cost basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

ii. **Work-in-progress:** At lower of cost and net realisable value. Cost for this purpose includes material, labour and appropriate allocation of overheads including depreciation. Cost is determined on a weighted average basis.

iii. **Intermediate goods/ Finished goods:**

a) **Self manufactured -** At lower of cost and net realisable value. Cost for this purpose includes material, labour and appropriate allocation of overheads. Cost is determined on a weighted average basis.

b) **Traded -** At lower of cost and net realisable value. Cost of inventory comprises all costs of purchases, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition and is determined on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Provision for obsolescence is determined based on management's assessment and is charged to the Consolidated Statement of Profit and Loss.

d) Property, plant and equipment

Measurement at recognition:

Property, plant and equipment and capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost comprises the purchase price, borrowing costs if capitalization criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The cost of an item of property, plant and equipment is recognised as an asset if, and only if:

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

a. it is probable that future economic benefits associated with the item will flow to the entity; and

b. the cost of the item can be measured reliably.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increased the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day-to- day repair and maintenance expenditure and cost of replacing parts, are charged to the Consolidated Statement of Profit and Loss for the period during which such expenses are incurred. Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as a part of indirect construction cost to the extent the expenditure is related to construction or is incidental thereto. Other indirect costs incurred during-the construction periods which are not related to construction activity nor are incidental thereto are charged to the Consolidated Statement of Profit and Loss.

Value for individual assets acquired for a consolidated price, the consideration is apportioned to the various assets on a fair value basis as determined by competent valuers.

Depreciation:

The management has estimated, supported by technical assessment, the useful lives of property, plant and equipment. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Description	Useful lives (upto)
Leasehold land	Over lease period
Buildings - factory	20-50 years
Buildings - others	59-60 years
Plant and equipment	4-20 years
Furniture and fixtures	5-10 years
Delivery vehicles	4-10 years
Vehicles (other than delivery vehicles)	4-7 years
Office equipment	4-10 years
Computer equipment	3-5 years
Containers	4-10 years
Post-mix vending machines and refrigerators (Visi-Coolers)	7-10 years

Freehold land is not depreciated.

Depreciation on property, plant and equipment is provided over the useful life of assets as specified in Schedule II to the Act except where the management, based on independent technical assessment, depreciates certain assets are over estimated useful lives which are different from the useful life prescribed in the Schedule II to the Act.

The Group has used the remaining useful lives to compute depreciation on its property, plant and equipment, acquired under the business transfer agreement based on external technical evaluation.

Depreciation on property, plant and equipment which are added/disposed off during the year is provided on a pro-rata basis with reference to the month of addition/deletion.

The 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 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 2018

Derecognition:

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds or amount of security deposit adjusted and the carrying amount of the asset) is included in the Consolidated Statement of Profit and Loss when the asset is de-recognised.

Breakages of containers are adjusted on 'first bought first broken' basis, since it is not feasible to specifically identify the broken containers in the fixed assets records.

e) Intangible assets

Intangible assets are initially recognised at:

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

b. In case the assets are acquired in a business combination or under any asset purchase agreement at fair value.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful life are assessed for impairment whenever there is an indication that the intangible assets may be impaired.

Amortisation of other intangible assets are amortised on a straight-line basis using the estimated useful life as follows:

Intangible assets	Useful lives (years)
Software	3-5 years
Market infrastructure	5 years
Distribution network	8 years

The franchise rights and trademarks acquired as part of business combinations normally have a remaining legal life of not exceeding ten years but is renewable every ten years at little cost and is well established. The Group intends to renew these rights continuously and evidence supports its ability to do so. An analysis of product life cycle studies, market and competitive trends provides evidence that the product will generate net cash inflows for the Group for an indefinite period. Therefore, these rights have been carried at cost without amortisation, but is tested for impairment annually, at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

f) Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed to the Consolidated Statement of Profit and Loss in the period in which they occur.

g) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Consolidated Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

Group as a lessor

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on straight line basis over the term of the relevant lease.

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.

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Past service costs are recognised in Consolidated Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring cost

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation as an expense in the Consolidated Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Compensated absences

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit which are computed based on the actuarial valuation using the projected unit credit method at the year end except for few subsidiary companies where accumulated leave liability is provided on full cost basis. Actuarial gains/losses are immediately taken to the Consolidated Statement of Profit and Loss and are not deferred. The Group presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the balance is presented as a non-current liability.

Accumulated leave, which is expected to be 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 when the grant is made using an appropriate valuation model. That cost is recognised as an employee benefit expense with a corresponding increase in 'Share option outstanding account' in other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

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 entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through Consolidated Statement of Profit and Loss.

j) Foreign currency transactions and translations

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or 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 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 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. 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.

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

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

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 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. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

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 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;
- The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee; and
- 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 governments 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, including non-monetary grants at fair value, are presented in the balance sheet by recording the grant as deferred income which is released to the Consolidated Statement of Profit and Loss on a systematic basis over the useful life of the asset.

Grants related to income are recognised as income on a systematic basis in the Consolidated Statement of Profit and Loss over the periods

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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 ₹ 966.62 (31 December 2017: ₹ 885.07) under different industrial promotion tax exemption schemes.

m) Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 and respective local jurisdictions of members of the Group.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity).

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their book bases. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum Alternate Tax (“MAT”) credit is recognised as an asset only when and to the extent there is convincing evidence that the relevant members of the Group will pay normal income tax during the specified period. Such asset is reviewed at each reporting period end and the adjusted based on circumstances then prevailing.

Deferred tax assets are recognised on the unrealized profit for all the inter-company sale/ purchase eliminations of property, plant and equipment and inventories.

Deferred tax on business combination

When a liability assumed is recognized at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base. In both cases, the resulting deferred tax asset affects goodwill.

n) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The business activities of the Group predominantly fall within a single operating segment, i.e., manufacturing and sale of beverages. The Group operates in two principal geographical areas, namely, India and other countries or ‘outside India’. The Group prepares its segment information in conformity with the accounting policies adopted for preparing the CFS.

o) Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Consolidated Statement of Profit and Loss

p) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded company's or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Consolidated Statement of Profit and Loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Consolidated Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

For purposes of subsequent measurement, financial assets are classified as follows:

a) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost where the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and contractual terms of the asset give rise to cash flows on specified dates that are solely payments of principal and interest.

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

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

b) ***Debt instruments at Fair Value Through Other Comprehensive Income***

Assets that are held for collection of contractual cashflows and for selling the financial assets, where the cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). The Group has not designated any debt instrument in this category.

c) ***Debt instruments at Fair Value Through Profit or Loss***

Fair Value Through Profit or Loss ("FVTPL") is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Consolidated Statement of Profit and Loss. The Group has not designated any debt instrument in this category.

d) ***Equity instruments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 'Business Combinations' applies are Ind AS classified as at FVTPL. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Consolidated Profit and Loss.

For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair values. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

De-recognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive the contractual cash flows from the asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred.

Impairment of financial assets

The Group measures the Expected Credit Loss ("ECL") associated with its assets based on historical trends, industry practices and the general business environment in which it operates. The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Consolidated Statement of Profit and Loss under the head 'other expenses'.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) ***Financial liabilities at FVTPL***

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses are recognised in the Consolidated Statement of Profit or Loss, except for those attributable to changes in own credit risk, which are recognised in OCI. These gains/ loss are not subsequently transferred to the profit or loss.

b) ***Financial liabilities at amortised cost***

After initial recognition, financial liabilities designated at amortised costs are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortisation is included as finance costs in the Consolidated Statement of Profit and Loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date of executing a derivative contract and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

r) Non-current assets and liabilities classified as held for sale

Non-current assets classified as held for sale are presented separately in the Balance Sheet and measured at the lower of their carrying amounts immediately prior to their classification as held

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

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 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 are no longer met, the Group ceases to classify the asset (or disposal group) as held for sale.

The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and

b) its recoverable amount at the date of the subsequent decision not to sell.

s) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

t) Dividend distribution to equity holders of the parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Consolidated Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

v) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

w) Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

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.

For the purpose of calculating diluted earnings/(loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.1. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements. Changes in estimates are accounted for prospectively.

i) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

a) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

b) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

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 2018

4. Property, plant and equipment

(₹ in million)

	Land freehold	Land leasehold#	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount											
Balance as at 01 January 2018	3,873.48	3,045.72	6,360.87	20,751.34	174.63	1,729.96	174.34	203.20	5,315.62	9,182.03	50,811.19
Additions for the year	333.77	235.99	1,781.13	2,569.02	33.57	121.07	53.06	35.48	856.94	1,145.30	7,165.33
Acquired on business acquisition during the year (Refer note 54A)	-	2.66	38.25	58.60	0.64	7.89	0.48	0.58	29.48	73.21	211.79
Transfer from assets classified as held for sale (Refer note 21)	345.41	0.02	25.46	-	-	-	-	-	-	-	370.89
Disposals for the year	-	-	(2.72)	(904.23)	(4.75)	(115.80)	(25.64)	(73.68)	(1,401.50)	(372.49)	(2,900.81)
Foreign exchange fluctuation for the year	(7.38)	(0.01)	(23.28)	3.19	0.12	4.95	(0.23)	0.93	(29.66)	(24.87)	(76.24)
Balance as at 31 December 2018	**4,545.28**	**3,284.38**	**8,179.71**	**22,477.92**	**204.21**	**1,748.07**	**202.01**	**166.51**	**4,770.88**	**10,003.18**	**55,582.15**
Depreciation and impairment											
Balance as at 01 January 2018	-	130.59	1,293.18	5,847.53	101.49	1,126.34	109.64	136.99	2,180.17	4,473.60	15,399.53
Depreciation charge for the year	-	40.23	265.24	1,338.51	13.04	174.34	23.98	31.87	820.31	1,100.04	3,807.56
Transfer from assets classified as held for sale (Refer note 21)	-	0.02	11.55	-	-	-	-	-	-	-	11.57
Reversal on disposal of assets for the year	-	-	-	(576.36)	(4.09)	(101.26)	(23.57)	(70.53)	(1,108.61)	(327.97)	(2,212.39)
Foreign exchange fluctuation for the year	-	-	(3.96)	1.76	(0.36)	2.98	(0.20)	0.93	(7.46)	(19.58)	(25.89)
Balance as at 31 December 2018	**-**	**170.84**	**1,566.01**	**6,611.44**	**110.08**	**1,202.40**	**109.85**	**99.26**	**1,884.41**	**5,226.09**	**16,980.38**
Carrying amount as at 31 December 2018	**4,545.28**	**3,113.54**	**6,613.70**	**15,866.48**	**94.13**	**545.67**	**92.16**	**67.25**	**2,886.47**	**4,777.09**	**38,601.77**

(₹ in million)

	Land freehold	Land leasehold#	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount											
Balance as at 01 January 2017	4,296.89	2,530.77	5,448.68	18,351.65	158.22	1,693.44	158.01	179.71	5,064.54	8,999.80	46,881.71
Additions for the year	5.83	502.05	907.01	2,706.39	17.20	104.82	21.16	29.97	856.11	582.32	5,732.86
Acquired on business acquisition during the year (Refer note 54 C)	17.54	12.96	125.63	138.21	2.43	22.10	1.91	0.95	101.20	149.19	572.12
Assets classified as held for sale (Refer note 21)	(345.41)	(0.02)	(25.46)	(99.75)	-	-	-	-	-	-	(470.64)
Disposals for the year	-	(0.03)	(24.08)	(142.28)	(0.56)	(31.93)	(3.94)	(5.30)	(502.02)	(434.03)	(1,144.17)
Transfer/ adjustment	(42.94)	-	-	-	-	-	-	-	-	-	(42.94)
Adjustment on account of cessation of a subsidiary (Refer note 54 E)	(39.08)	-	(35.50)	(130.68)	(1.82)	(46.72)	(2.32)	(1.12)	(141.47)	(67.13)	(465.84)
Foreign exchange fluctuation for the year	(19.35)	(0.01)	(35.41)	(72.20)	(0.84)	(11.75)	(0.48)	(1.01)	(62.74)	(48.12)	(251.91)
Balance as at 31 December 2017	**3,873.48**	**3,045.72**	**6,360.87**	**20,751.34**	**174.63**	**1,729.96**	**174.34**	**203.20**	**5,315.62**	**9,182.03**	**50,811.19**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

(₹ in million)

	Land freehold	Land leasehold#	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Depreciation and impairment											
Balance as at 01 January 2017	-	95.27	1,137.52	4,882.18	90.86	1,026.19	94.46	113.80	1,991.35	3,891.59	13,323.22
Depreciation charge for the year	-	35.34	204.79	1,157.38	12.75	168.91	18.78	29.16	738.02	1,047.33	3,412.46
Assets classified as held for sale (Refer note 21)	-	(0.02)	(11.55)	(13.70)	-	-	-	-	-	-	(25.27)
Reversal on disposal of assets for the year	-	-	(0.99)	(76.16)	(0.34)	(23.53)	(2.53)	(3.43)	(408.39)	(408.19)	(923.56)
Adjustment on account of cessation of a subsidiary (Refer note 54 E)	-	-	(32.94)	(92.08)	(1.12)	(38.94)	(0.79)	(1.69)	(108.99)	(30.60)	(307.15)
Foreign exchange fluctuation for the year	-	-	(3.65)	(10.09)	(0.66)	(6.29)	(0.28)	(0.85)	(31.82)	(26.53)	(80.17)
Balance as at 31 December 2017	**-**	**130.59**	**1,293.18**	**5,847.53**	**101.49**	**1,126.34**	**109.64**	**136.99**	**2,180.17**	**4,473.60**	**15,399.53**
Carrying amount as at 31 December 2017	**3,873.48**	**2,915.13**	**5,067.69**	**14,903.81**	**73.14**	**603.62**	**64.70**	**66.21**	**3,135.45**	**4,708.43**	**35,411.66**

#The Holding Company had acquired leasehold lands at Pathankot, Sonarpur and Sangli amounting to ₹ 200.15 (Previous year: ₹ 197.10 for Pathankot) which are yet to be registered in the name of the Holding Company.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

i. Asset under construction/ Capital work in progress

Capital work-in-progress as at 31 December 2018 comprises capital expenditure mainly for the set up of new plant at Pathankot (Punjab).

(₹ in million)

Net Book Value	31 December 2018	31 December 2017
Capital Work-in-progress	3,523.57	1,454.38
Total	**3,523.57**	**1,454.38**

ii. Refer note 60 for information on property, plant and equipment pledged as security by the Group.

iii. The above schedule includes assets taken on finance lease in one of the subsidiaries, details of which are as under:

(₹ in million)

Net Book Value	Plant & equipment	Vehicles	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount				
Balance as at 01 January 2018	12.96	223.61	55.18	291.75
Addition for the year	-	-	-	-
Foreign exchange fluctuation for the year	0.81	13.97	3.45	18.23
Balance as at 31 December 2018	**13.77**	**237.58**	**58.63**	**309.98**
Depreciation and impairment				
Balance as at 01 January 2018	4.29	172.19	26.33	202.81
Depreciation for the year	0.69	24.29	5.87	30.85
Foreign exchange fluctuation for the year	0.27	10.71	1.63	12.61
Balance as at 31 December 2018	5.25	207.19	33.83	246.27
Carrying amount as at 31 December 2018	**8.52**	**30.39**	**24.80**	**63.71**
Gross carrying amount				
Balance as at 01 January 2017	12.72	219.49	54.16	286.37
Addition for the year	-	-	-	-
Foreign exchange fluctuation for the year	0.24	4.12	1.02	5.38
Balance as at 31 December 2017	**12.96**	**223.61**	**55.18**	**291.75**
Depreciation and impairment				
Balance as at 01 January 2017	3.58	142.04	20.43	166.05
Depreciation for the year	0.63	26.72	5.37	32.72
Foreign exchange fluctuation for the year	0.08	3.43	0.53	4.04
Balance as at 31 December 2017	**4.29**	**172.19**	**26.33**	**202.81**
Carrying amount as at 31 December 2017	**8.67**	**51.42**	**28.85**	**88.94**

iv. **Pre-operative expenses incurred and capitalised during the year are as under:**

(₹ in million)

Net Book Value	31 December 2018	31 December 2017
Balance at the beginning of the year	197.96	100.51
Add: Incurred during the year		
Net loss/(gain) on foreign currency transactions	13.40	(7.49)
Finance costs	89.58	51.56
Other expenses	281.85	180.60
Less: Capitalised during the year	433.49	127.22
Amount carried over	**149.30**	**197.96**

v. **The amount of contractual commitments for the acquisitions of property, plant and equipment are disclosed in Note 47.**

5. Goodwill

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2018	19.40
Acquired during the year	-
Balance as at 31 December 2018	**19.40**
Amortisation and impairment	
Balance as at 01 January 2018	-
Amortisation charge for the year	-
Balance as at 31 December 2018	**-**
Carrying amount as at 31 December 2018	**19.40**

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2017	-
Acquired on business acquisition during the year (Refer note 54 C)	19.40
Balance as at 31 December 2017	**19.40**
Amortisation and impairment	
Balance as at 01 January 2017	-
Amortisation charge for the year	-
Balance as at 31 December 2017	**-**
Carrying amount as at 31 December 2017	**19.40**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

6. Other intangible assets

(₹ in million)

	Market infrastructure	Distribution network	Franchise rights/ trademarks	Computer software	Total
Gross carrying amount					
Balance as at 01 January 2018	345.50	-	4,946.45	222.88	5,514.83
Additions for the year	23.05	157.64	287.50	23.14	491.33
Disposals for the year	(317.90)	-	-	(17.97)	(335.87)
Acquired on business acquisition during the year (Refer note 54A)	-	-	424.73	-	424.73
Foreign exchange fluctuation for the year	22.88	-	(0.07)	(2.94)	19.87
Balance as at 31 December 2018	**73.53**	**157.64**	**5,658.61**	**225.11**	**6,114.89**
Amortisation and impairment					
Balance as at 01 January 2018	328.17	-	657.22	155.29	1,140.68
Amortisation charge for the year	10.00	1.08	0.04	32.02	43.14
Reversal on disposal of assets for the year	(317.90)	-	-	(17.93)	(335.83)
Foreign exchange fluctuation for the year	21.13	-	(0.03)	(2.77)	18.33
Balance as at 31 December 2018	41.40	1.08	657.23	166.61	866.32
Carrying amount as at 31 December 2018	**32.13**	**156.56**	**5,001.38**	**58.50**	**5,248.57**

(₹ in million)

	Market infrastructure	Distribution network	Franchise rights/ trademarks	Computer software	Total
Gross carrying amount					
Balance as at 01 January 2017	333.44	-	4,142.24	231.90	4,707.58
Additions for the year	5.64	-	-	22.42	28.06
Disposals for the year	-	-	-	(29.83)	(29.83)
Acquired on business acquisition during the year (Refer note 54 C)	-	-	804.27	-	804.27
Adjustment on account of cessation of a subsidiary (Refer note 54 E)	-	-	-	(1.47)	(1.47)
Foreign exchange fluctuation for the year	6.42	-	(0.06)	(0.14)	6.22
Balance as at 31 December 2017	**345.50**	**-**	**4,946.45**	**222.88**	**5,514.83**
Amortisation and impairment					
Balance as at 01 January 2017	303.09	-	657.20	150.83	1,111.12
Amortisation charge for the year	18.85	-	0.04	35.06	53.95
Reversal on disposal of assets for the year	-	-	-	(29.31)	(29.31)
Adjustment on account of cessation of a subsidiary (Refer note 54 E)	-	-	-	(1.16)	(1.16)
Foreign exchange fluctuation for the year	6.23	-	(0.02)	(0.13)	6.08
Balance as at 31 December 2017	**328.17**	**-**	**657.22**	**155.29**	**1,140.68**
Carrying amount as at 31 December 2017	**17.33**	**-**	**4,289.23**	**67.59**	**4,374.15**

Footnotes to Note 5 and 6:

The Group has considered the related provisions of Ind AS 38 on 'Intangibles Assets' which permit certain intangible assets to have an indefinite life and accordingly the carrying value of these franchisee rights have been considered to have an indefinite life. These franchisee rights meet the prescribed criteria of renewal at nominal cost, renewal at no specific conditions attached and is supported by evidences of being renewed. Management is of the opinion that, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the franchisee rights are expected to generate net cash inflows for the Group.

Goodwill and franchise rights with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

The assumptions used in this impairment assessment are most sensitive to following:

a) Weighted average cost of capital "WACC" of 13.82%.

b) For arriving at the terminal value, approximate growth rate of 5% is considered.

c) Number of years for which cash flows were considered are 5 years.

No impairment loss was identified on the above assessment.

The amount of contractual commitments for the acquisitions of intangible assets are disclosed in Note 47.

7. Investments in associates

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Investment in equity shares in associates (at cost, unquoted)		
35,474 (31 December 2017: 35,474) fully paid equity shares of ₹ 10 each in Angelica Technologies Private Limited	12.56	12.56
Add: Share in profit	99.87	69.67
	112.43	**82.23**
Aggregate amount of unquoted investments	112.43	82.23
The above investment is for business purposes		

The Holding Company has 47.30% interest in Angelica Technologies Private Limited, which in turn holds 74% ownership stake in Lunarmech Technologies Private Limited. The interest in Angelica Technologies Private Limited is accounted for using the equity method and the following is its summarised financial information:

(₹ in million)

	Year eded 31 December 2018	Year ended 31 December 2017
Profit for the year (Refer note 63)	30.20	13.50
Add/(less): Other comprehensive income	-	-
Total comprehensive income	**30.20**	**13.50**

8. Investments

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Fair value through Profit or Loss		
Investment in equity shares (unquoted)		
Nil equity quota (31 December 2017: 10% equity quota) in Varun Beverages Mozambique Limitada (Refer note 54 E)	-	0.03
200 (31 December 2017: 200) shares of ₹ 50 each in The Margao Urban Co-operative Bank Limited	0.01	0.01
250 (31 December 2017: 250) shares of ₹ 10 each in The Goa Urban Co-operative Bank Limited**	0.00	0.00
	0.01	**0.04**

**Rounded off to Nil.

Aggregate amount of unquoted investments	**0.01**	**0.04**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

9. Loans

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Loans carried at amortised cost		
Security deposits	200.92	193.16
	200.92	**193.16**

10. Other non-current financial assets

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Financial assets at amortised cost		
Balance in deposit accounts with more than 12 months maturity#	8.34	8.96
	8.34	**8.96**

Pledged as security with electricity department/banks.

11. 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 2018	Recognised in other equity	Recognised in other comprehensive income	Recognised in Statement of Profit and Loss	As at 31 December 2018
Accelerated depreciation for tax purposes	3,309.92	-	-	280.64	3,590.56
Benefit accrued on government grants	244.08	-	-	28.54	272.62
Minimum alternate tax (MAT) credit*	(1,407.94)	-	-	360.20	(1,047.74)
Carry forward of unused tax losses	(49.37)	-	-	(26.79)	(76.16)
Allowance for doubtful debts	(99.00)	-	-	(52.90)	(151.90)
Provision for bonus	(16.38)	-	-	(2.27)	(18.65)
Foreign currency monetary item translation difference account	21.19	-	-	(40.57)	(19.38)
Provision for retirement benefits	(290.35)	-	(7.78)	(94.84)	(392.97)
Fair valuation of financial instruments	(230.72)	-	-	36.39	(194.33)
Borrowings	(0.40)	-	-	0.24	(0.16)
Others	(9.56)	-	-	(80.38)	(89.94)
Exchange differences arising on translation of foreign operations	(50.00)	-	(54.62)	-	(104.62)
Liabilities acquired under business combination (refer note 54A)	-	-	-	-	(11.20)
Foreign currency loss on restatement of balances in subsidiary	-	-	-	(168.47)	(168.47)
	1,421.47	**-**	**(62.40)**	**239.79**	**1,587.66**
Exchange difference on re-statement of deferred tax balances	**-**	**-**	**-**	**(8.88)**	**-**
	1,421.47	-	**(62.40)**	**230.91**	**1,587.66**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

(₹ in million)

Deferred tax liabilities/(assets)	As at 01 January 2017	Recognised in other equity	Recognised in other comprehensive income	Recognised in Statement of Profit and Loss	As at 31 December 2017
Accelerated depreciation for tax purposes	2,830.38	-	-	479.54	3,309.92
Benefit accrued on government grants	111.98	-	-	132.10	244.08
Minimum alternate tax (MAT) credit*	(1,029.34)	-	-	(378.60)	(1,407.94)
Carry forward of unused tax losses	(59.60)	-	-	10.23	(49.37)
Allowance for doubtful debts	(67.37)	-	-	(31.63)	(99.00)
Provision for bonus	(14.41)	-	-	(1.97)	(16.38)
Foreign currency monetary item translation difference account	(66.94)	-	-	88.13	21.19
Provision for retirement benefits	(238.22)	-	3.39	(55.52)	(290.35)
Fair valuation of financial instruments	(157.85)	-	-	(72.87)	(230.72)
Borrowings	(0.14)	-	-	(0.26)	(0.40)
Others	(62.20)	-	-	52.64	(9.56)
Exchange differences arising on translation of foreign operations	(28.25)	-	(21.75)	-	(50.00)
	1,218.04	**-**	**(18.36)**	**221.79**	**1,421.47**
Exchange difference on re-statement of deferred tax balances	-	-	-	(2.29)	
	1, 218.04	**-**	**(18.36)**	**219.50**	**1,421.47**

***MAT credit (recognised in Holding Company):** (₹ in million)

	Recognized	Utilised
31 December 2018	-	360.20
31 December 2017	378.60	-

MAT credit recognised in a year adjustable against income taxes payable under normal tax provisions over a period of 15 years.

MAT credit recognised on balance sheet date is accumulation of credit recognised (net of utilisation) as per below table:

(₹ in million)

Financial year	Credit available for carry forward (net of utilisation)	Expiry date
2015-16	444.36	31 March 2031
2016-17	385.62	31 March 2032
2017-18	217.76	31 March 2033
Total	**1,047.74**	

Notes:

(i) The above net deferred tax is after setting off deferred tax assets aggregating ₹ 334.00 (31 December 2017: ₹ 80.04) in respect of certain subsidiary companies.

(ii) 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 40 for the amount of the income tax relating to these components of other comprehensive income.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

12. Other non-current assets

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
(Unsecured, considered good)		
Capital advances	918.61	1,344.94
Less: Allowance for expected credit loss on advances	301.76	100.94
	616.85	**1,244.00**
Advances other than capital advances		
- Security deposits	4.58	15.05
- Income tax paid (includes amount paid under protest)	171.08	217.01
- Balance with statutory authorities (paid under protest)	34.41	21.09
- Prepaid expenses	30.68	28.70
	857.60	**1,525.85**

13. Inventories

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
(valued at lower of cost or net realisable value)		
Raw materials (including raw material in transit of ₹ 332.19 (31 December 2017: ₹ 39.06)	2,595.55	1,788.54
Work in progress	76.59	72.73
Intermediate goods	1,269.79	1,098.34
Finished goods (including goods in transit of ₹ 70.06 (31 December 2017: ₹ 9.82))*	807.49	648.25
Stores and spares	1,034.55	781.08
	5,783.97	**4,388.94**

* Net of exchange fluctuation impact in one of the subsidiaries of Group in 31 December 2018.

The Group manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods, which are not significant, stock in trade values are not separately ascertainable.

The cost of inventories recognised as an expense during the year is disclosed in Note 33, Note 34 and Note 35.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

14. Trade receivables

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Trade receivables considered good - Unsecured	1,041.84	1,154.04
Trade receivables considered good - Secured	52.15	55.80
Trade receivables - Credit impaired	538.45	591.81
	1,632.44	**1,801.65**
Less : Allowance for expected credit losses	352.19	299.20
	1,280.25	**1,502.45**

Includes amounts due, in the ordinary course of business, from companies in which directors of the Holding Company are also directors:		
i. Devyani Food Street Private Limited	-	0.01
ii. Alisha Retail Private Limited	3.29	-
iii. Alisha Torrent Closures (India) Private Limited	0.89	-

Trade receivables are non-interest bearing and credit period generally falls in the range of 0 to 120 days terms.

15. Cash and cash equivalents
(also for the purpose of Cash Flow Statement)

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Balance with banks in current accounts	383.75	553.09
Cheques/drafts on hand	4.77	78.66
Cash on hand	40.84	17.71
	429.36	**649.46**

16. Bank balances other than cash and cash equivalents

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Deposits with original maturity more than 3 months but less than 12 months *	140.55	295.08
Deposits with bank held as margin money	364.24	-
Unpaid dividend account**	0.65	0.06
	505.44	**295.14**

*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 28.

17. Loans

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Loans carried at amortised cost		
Security deposits	15.53	0.26
	15.53	**0.26**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

18. Other current financial assets

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
(Unsecured, considered good)		
Interest accrued on:		
- Term deposits	4.37	6.74
- Others	11.28	6.74
Government grant receivable	1,143.92	781.53
Claims receivable	203.57	77.45
Other receivables	41.64	59.94
	1,404.78	**932.40**

19. Current tax assets (Net)

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Advance tax (Net of provision)		
	4.10	0.13
	4.10	**0.13**

20. Other current assets

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
(Unsecured, considered good)		
Security deposits	8.32	7.93
Other advances:		
- Employees	64.67	87.18
- Contractors and suppliers	873.20	728.10
- Prepaid expenses	87.89	69.83
- Balance with statutory/government authorities	822.79	447.56
- Other advances	127.17	191.88
	1,984.04	**1,532.48**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

21. Assets classified as held for sale

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Property, plant and equipment		
Land*	-	345.41
Buildings*	-	13.91
Plant and equipment**	-	25.63
	-	**384.95**

*In June 2017, in view of set-up of new production unit at Goa, the Holding Company decided to sell certain land and building situated at Goa which was originally acquired with acquisition of Goa territory and land situated at Gonda (Uttar Pradesh).

During the year ended on 31 December 2018, these assets have been re-classified back to Property, Plant and Equipment on account of conditions mentioned in Ind AS 105. Given the nature of assets, such reclassification or change in plan has no effect on result of operations for this year or prior period.

**The plant and equipment has been disposed off to one of the subsidiaries during the year ended 31 December 2018. The gain on sale of plant and equipment was recognised in the Statement of Profit and Loss under the head 'Other Income' during the year.

22. Equity share capital

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Authorised share capital:		
500,000,000 (31 December 2017: 500,000,000) equity shares of ₹ 10 each	5,000.00	5,000.00
	5,000.00	**5,000.00**
Issued, subscribed and fully paid up:		
182,641,940 (31 December 2017: 182,586,940) equity shares of ₹ 10 each	1,826.42	1,825.87
	1,826.42	**1,825.87**

a) Reconciliation of share capital

Particulars	No. of shares	Amount
Balance as at 01 January 2018	182,586,940	1,825.87
Add: Shares issued on exercise of employee stock options during the year ended	55,000	0.55
Balance as at 31 December 2018	**182,641,940**	**1,826.42**

Particulars	No. of shares	Amount
Balance as at 01 January 2017	182,312,525	1,823.13
Add: Shares issued on exercise of employee stock options during the year ended	274,415	2.74
Balance as at 31 December 2017	**182,586,940**	**1,825.87**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

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 :

Particulars	No. of shares	%
Shareholders as at 31 December 2018		
R J Corp Limited	55,822,345	30.56%
Ravi Kant Jaipuria & Sons (HUF)	39,187,870	21.46%
Mr. Varun Jaipuria	39,175,500	21.45%

Particulars	No. of shares	%
Shareholders as at 31 December 2017		
R J Corp Limited	55,822,345	30.57%
Ravi Kant Jaipuria & Sons (HUF)	39,187,870	21.46%
Mr. Varun Jaipuria	39,175,500	21.46%

As per records of the Holding Company, including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

During the year 2013, the Holding company issued 26,752,733 equity shares of ₹ 10 each for a consideration other than cash. The Holding company cancelled 7,999,500 equity shares of ₹ 10 each pursuant to the scheme of amalgamation of Varun Beverages (International) Limited with Varun Beverages Limited approved by Hon'ble High Court of Delhi on 12 March 2013. Also, 107,012,932 equity shares of ₹ 10 each have been issued in the ratio of 4:1 as bonus shares during the year 2013.

e) Shares reserved for issue under options

Under Employee Stock Option Scheme, 2013:

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
No. of equity shares of ₹ 10 each at an exercise price of ₹ 149.51 per share		
Options outstanding at the beginning of the year	78,285	3,52,700
Less: Shares issued on exercise of employee stock options	55,000	2,74,415
	23,285	**78,285**

Also refer note 56.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

f) Shares held by holding/ ultimate holding company

Out of equity shares issued by the Company, shares held by its holding company/ ultimate holding company are as below:

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
RJ Corp Limited, Parent company	558.22	558.22
55,822,345 (31 December 2017: 55,822,345) fully paid equity shares of ₹ 10 each		
Ravi Kant Jaipuria & Sons (HUF), Ultimate Parent	391.88	391.88
39,187,870 (31 December 2017: 39,187,870) fully paid equity shares of ₹ 10 each		
	950.10	**950.10**

g) Preference share capital

The Holding Company also has authorised preference share capital of 50,000,000 (31 December 2017: 50,000,000) preference shares of ₹ 100 each. The Holding Company does not have any outstanding issued preference shares.

23. Other equity

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Capital reserve on consolidation		
Balance at the beginning of the year	(2,279.78)	(1,533.21)
Add: Subsequent acquisition of 30% non-controlling interest in a subsidiary (Refer note 54 D)	-	(746.57)
Balance at the end of the year	**(2,279.78)**	**(2,279.78)**
Capital reserve		
Balance at the beginning of the year	189.50	189.50
Add: Transferred during the year	-	-
Balance at the end of the year	**189.50**	**189.50**
General reserve		
Balance at the beginning of the year	191.25	191.25
Add: Transfer from debenture redemption reserve	253.01	-
Balance at the end of the year	**444.26**	**191.25**
Debenture redemption reserve		
Balance at the beginning of the year	159.17	-
Add: Additions made during the year	93.84	159.17
Less: Transfer to general reserve	253.01	-
Balance at the end of the year	**-**	**159.17**
Securities premium		
Balance at the beginning of the year	18,392.22	18,349.39
Add: Additions made pursuant to exercise of employee stock options	8.59	42.83
Balance at the end of the year	**18,400.81**	**18,392.22**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Retained earnings		
Balance at the beginning of the year	(594.12)	(2,007.59)
Less: Dividend paid (Refer note 45)	456.58	456.29
Less: Dividend distribution tax (Refer note 45)	54.71	92.89
Less: Transfer to debenture redemption reserve	93.84	159.17
Add: Profit for the year	2,928.41	2,101.54
Less : Adjustment on account of dilution of controlling interest in subsidy	-	(12.84)
	1,729.16	**(601.56)**
Add: Items of other comprehensive income ("OCI") recognised directly in retained earnings:		
Remeasurement of post-employment benefit obligation, net of tax*	(8.75)	7.44
Balance at the end of the year	**1,720.41**	**(594.12)**
Share option outstanding account		
Balance at the beginning of the year	1.30	5.86
Add: Change during the year	(0.91)	(4.56)
Balance at the end of the year	**0.39**	**1.30**
Exchange differences on translating the financial statements of foreign operations		
Balance at the beginning of the year	(166.70)	(94.18)
Add: Exchange differences arising on translation of foreign operations (Net of deferred tax of ₹ 54.62 (31 December 2017: ₹ 21.75))	(179.82)	(72.52)
Balance at the end of the year	**(346.52)**	**(166.70)**
Share application money pending allotment		
Balance at the beginning of the year	1.08	-
Add: Change during the year	(1.08)	1.08
Balance at the end of the year	**-**	**1.08**
Foreign currency monetary item translation difference account		
Balance at the beginning of the year	(25.51)	11.80
Add: Additions made during the year	79.44	(26.41)
Less: Amortised during the year	24.38	10.90
Balance at the end of the year	**29.55**	**(25.51)**
	18,158.62	**15,868.41**

*The disaggregation of changes in OCI by each type of reserves in equity is disclosed in Note 40.

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, prior to the transition date.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

General reserve - Created by way of transfer from debenture redemption reserve on redemption of debentures and is not an item of other comprehensive income.

Debenture redemption reserve - Created as per provisions of the Act (as applicable to Holding Company) out of the distributable profits and can only be utilised for 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 / loss of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

Exchange differences on translating the financial statements of foreign operations - Exchange differences arising on translation of the foreign operations of the Group, recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within other equity. The cumulative amount is reclassified to statement of profit or loss when the net investment is disposed.

Share option outstanding account - Created for recording the grant date fair value of options issued to employees under employee stock option schemes and is adjusted on exercise/ forfeiture of options.

Foreign currency monetary item translation difference account - Created for recording exchange differences arising on restatement of long term foreign currency monetary items, other than for acquisition of fixed assets, and is being amortised over the maturity period of such monetary items.

24. Borrowings (Also refer note 59)

A. Non-current borrowings*:

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Debentures		
- Non-convertible debentures (secured) (Refer footnote (a))	-	2,990.50
Term loans (secured) (Refer note 24C)		
- Loans from banks	19,104.95	12,597.33
- Loans from financial institutions	626.76	339.02
- Loans from others	4.88	16.89
Deferred value added tax/excise (unsecured) (Refer note 24C)	64.10	588.53
Deferred payment liabilities (secured) (Refer Note 24D)	-	381.41
	19,800.69	**16,913.68**

Loans and borrowing above are recognised at amortised cost/ fair value taking into account any discount or premium on acquisition and fee or costs that are part of effective interest rate, accordingly the outstanding balances above may not necessarily agree with repayment amounts.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

a) **Terms and conditions of issue and redemption of Non-convertible debentures (NCDs) to Kotak Mahindra Bank Limited and RBL Bank Limited are as under:**

During the year ended 31 December 2017, the Holding Company had issued 1,500 NCDs each to Kotak Mahindra Bank Limited and RBL Bank Limited. The NCDs were repaid during the year. There were no NCDs outstanding as at 31 December 2018 and details of NCDs as at 31 December 2017 are as under:

No. of debentures	Date of issue	Face value (₹)
3,000	23 March 2017	1,000,000

The Rated Secured Listed Redeemable Rupee Denominated NCDs (3000) were redeemable at par in 5 years and 4 months from the deemed date of allotment and carried a coupon rate of 7.70% per annum. The NCDs were redeemable 10%, 25%, 30% and 35% at 30 June 2019, 2020, 2021 and 2022 respectively unless redeemed earlier at the option of holder. During the year ended on 31 December 2018, the holders of NCDs exercised the option of early redemption and these were redeemed. These NCDs were secured by way of first pari-passu charge on the moveable and immoveable fixed assets of the Holding company providing a security cover of 1.30 times.

(₹ in million)

Details of utilisation	31 December 2018	31 December 2017
Gross proceeds received	-	3,000
Amount utilised till end of the year	-	3,000
Unutilised amount at the end of the year	**-**	**-**

The Audit Committee and Board of Directors of the Holding company noted the utilisation of the proceeds of NCDs for the year ended 31 December 2017, which was in line with utilisation schedule approved by the Board of Directors.

B. Current borrowings*:

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Working capital facilities		
- from banks (secured) (Refer footnote (a))	3,068.52	3,120.18
- from a bank (unsecured) (Refer footnote (b))	500.00	-
- from bodies corporate (unsecured) (Refer footnote (d))	117.15	128.45
Letter of credit (LC) payable to a bank (unsecured) (Refer footnote (c))	48.61	-
Loans repayable on demand from:		
- bodies corporate (unsecured) (Refer footnote (d))	41.57	278.06
- others (unsecured) (Refer footnote (d))	0.70	6.96
	3,776.55	**3,533.65**

a) In case of the Holding Company, the working capital facilities from banks amounting to ₹ 2,640.14 (31 December 2017 : ₹ 1,925.88) are secured by first charge on entire current assets of the Holding Company ranking pari passu amongst the banks and second charge on the movable and immovable assets of the Holding Company pertaining to specific manufacturing units. One facility is secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Holding Company. These facilities carries interest rates ranging between 8.50 to 9.70% (31 December 2017: 8.50 to 9.70%).

Working capital facilities in case of subsidiaries amounting to ₹ 428.38 (31 December 2017: ₹ 1,194.30), 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 15.40% (31 December 2017: 5.27% to 14.07%).

b) Working capital facility from a bank is secured by first charge on entire current assets of Holding Company ranking pari-passu amongst the banks. This facility carries interest rates ranging between 8.55 to 8.60% (31 December 2017: Nil)

c) LC payable to a bank carries rate of interest of 8.65 % for 120 days.

d) These loans are interest free.

* The Group has complied with all the loan covenants of non-current and current borrowings. There is no default in repayment of principal borrowing or interest thereon. (Refer note 59)

C. Terms and conditions/details of securities for loans:

(₹ in million)

Particulars	Loan outstanding			
	31 December 2018		31 December 2017	
	Non-current	Current	Non-current	Current
Term loans				
Loans from banks (secured)				
i) Foreign currency loan from banks in Holding Company				
Loan carried rate of interest of Nil (31 December 2017: LIBOR+1.40%) and was repayable in two equal instalments of USD 2.5 million each in May 2018 and August 2018. The Company separately executed contracts for cross currency interest plus rate swap on aforesaid loan and interest there on. The loan was repaid during the year.	-	-	-	319.63
Loan carrying rate of interest of LIBOR+1.60% (31 December 2017: Nil) and is repayable in two equal instalments of SGD 16.56 million each in May 2021 and May 2022. The Company has entered into cross currency swap to hedge total loan of SGD 33.13 million to USD 25 million and interest rate swap to hedge its exposure.	1,686.78	-	-	-
Both the above loans is secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory/ franchisee rights acquired under the acquisition under slump sale basis except vehicles.				
ii) Indian rupee loan from banks				
Loans carrying weighted average rate of interest 8.77% (31 December 2017: 8.29%) depending upon tenure of the loans. For repayment terms refer note 24E.	16,028.61	3,332.66	11,824.36	1,896.21

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

(₹ in million)

Particulars		Loan outstanding			
		31 December 2018		31 December 2017	
		Non-current	Current	Non-current	Current
	These loan are secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory / franchisee rights acquired under the business acquisition except vehicles.				
iii)	**Vehicle rupee term loan in Holding Company**				
	Loans carrying rate of interest in range of 7.90-10.33% (31 December 2017: 7.90-10.33%). 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 asset financed.	16.96	44.27	62.21	57.39
iv)	**Term Loan at Varun Beverages (Zimbabwe) (Private) Limited**				
	Loans of Varun Beverages (Zimbabwe) (Private) Limited, carry rate of interest of 5.50% to 7% (31 December 2017: 4% to 7%). For repayment terms refer note 24E.	626.18	281.96	708.41	130.04
	One of these loans is secured by charge on subsidiary company's land and other loan is secured by corporate guarantee of the Holding Company.				
	Loans of Varun Beverages (Zimbabwe) (Private) Limited, carry rate of interest of LIBOR + 3.00% (31 December 2017:Nil) For repayment terms refer note 24E.	613.15	222.97	-	-
	One of these loans is secured by corporate guarantee of the Holding Company.				
v)	**Term Loan at Varun Beverages Lanka (Private) Limited**				
	Loans from banks at Varun Beverages Lanka (Private) Limited carry rate of interest of 13% (31 December 2017: 13%) For repayment terms refer note 24E.	1.01	0.61	2.35	-
	These vehicle loans are secured by charge over respective vehicles financed.				
vi)	**Term Loan at Varun Beverages (Nepal) Private Limited**				
	Loans from banks at Varun Beverages (Nepal) Private Limited carry rate of interest of 9.39% (31 December 2017: Nil) For repayment terms refer note 24E.	132.26	117.08	-	-
	These term loans are secured by mortgage of moveable and immovable assets & current assets of the subsidiary company and corporate guarantee of the Holding Company.				
Total loans from banks (secured)		**19,104.95**	**3,999.55**	**12,597.33**	**2,403.27**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

(₹ in million)

Particulars	Loan outstanding			
	31 December 2018		31 December 2017	
	Non-current	Current	Non-current	Current
Loans from financial institutions (secured)				
Loan carried rate of interest of Nil (31 December 2017: 9.75%). The amount repayable in June 2018: ₹ 200, July 2018: ₹ 200 and June 2019: ₹ 150. The loan was repaid during the year.	-	-	149.19	400.00
This loan was secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Holding Company including the territory /franchisee rights acquired under the business acquisition.				
Interest free loan from The Pradeshiya Industrial & Investment Corporation of U.P. Limited are repayable in one instalment after expiry of seven years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid upto the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.52%-9.72%. The repayments are due as following: **Date of repayment** — **Amount** 25 December 2023 — 96.02 30 November 2024 — 109.14 01 November 2025 — 121.09	326.25	-	187.43	-
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%-8.52%. The repayments are due as following: **Date of repayment** — **Amount** 16 January 2023 — 66.98 30 March 2023 — 63.76 07 June 2023 — 120.45 25 October 2023 — 49.32	300.51	-	-	-
Loans of Varun Beverages Lanka (Private) Limited carried rate of interest of Nil (31 December 2017: 14% to 14.50%). The loan was repaid during the year.	-	-	2.40	5.71
These term loans were secured by mortgage over respective vehicles financed and machinery spares.				
Total loans from financial institutions (secured)	**626.76**	**-**	**339.02**	**405.71**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

(₹ in million)

Particulars	Loan outstanding			
	31 December 2018		31 December 2017	
	Non-current	Current	Non-current	Current
Loans from others (secured)				
These are repayable generally over a period of one to two years as per the terms of the respective agreements. These loans are secured against respective asset financed.	4.88	13.07	16.89	24.06
Total loans from others (secured)	**4.88**	**13.07**	**16.89**	**24.06**
Deferred value added tax/excise (unsecured)				
Deferred value added tax pertaining to Holding Company is repayable in 34 quarterly instalments starting from July 2013 to October 2021, first 33 quarterly instalments of ₹ 52.50 and last quarterly instalment of ₹ 51.59. The loan is discounted at the weighted average rate of borrowings, i.e., 11.51%. This loan was prepaid during the year.	-	-	466.47	210.00
Deferred value added tax and deferred excise relating to Varun Beverages (Zambia) Limited is repayable over a period of two years. These are interest free loan.	64.10	59.23	122.06	69.67
Total deferred value added tax/excise (unsecured)	**64.10**	**59.23**	**588.53**	**279.67**
Total	**19,800.69**	**4,071.85**	**13,541.77**	**3,112.71**

D. Deferred payment liabilities

(₹ in million)

Description	Loan outstanding			
	31 December 2018		31 December 2017	
	Non-current	Current	Non-current	Current
(i) Assets acquired under deferred payment terms under business acquisition (secured)				
Deferred payment for business acquired from PepsiCo India. There is no interest payable. The outstanding amount of ₹ 3,000 were repaid during the year.	-	-	-	2,956.27
The amount was secured against bank guarantees provided by the Holding Company to PepsiCo India for equivalent amount outstanding at each year end.				
(ii) Plant and equipment acquired under deferred payment terms (secured)				
The payments are secured against a letter of credit issued by the Holding Company's banker. The amount is repayable in various tranches from January 2019 to April 2019.	-	429.58	381.41	-

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

(₹ in million)

Description	Loan outstanding			
	31 December 2018		31 December 2017	
	Non-current	Current	Non-current	Current
(iii) Land purchased under deferred payment terms (unsecured)				
The Holding Company had purchased leasehold land from Punjab Small Industries & Export Corporation Limited for a total consideration of ₹ 197.10.	-	-	-	20.71
The outstanding amount of ₹ 20.71 were repaid during the year.				
This balance carried rate of interest of 11 percent.				
Total	**-**	**429.58**	**381.41**	**2,976.98**

E. Repayment terms:

(₹ in million)

S. N.	Description	Loan outstanding				Repayment terms
		31 December 2018		31 December 2017		
		Non-current	Current	Non-current	Current	
i)	**Indian rupee loan from banks**					
1	Term loan - 1	372.00	85.95	457.76	57.30	Two instalments of ₹ 42.98 each due in May 2019 and June 2019, two instalments of ₹ 57.30 each due in May 2020 and June 2020, two instalments of ₹ 57.30 each due in May 2021 and June 2021 and two instalments of ₹ 71.63 each due in May 2022 and June 2022.
2	Term loan - 2	1,050.00	350.00	1,400.00	100.00	Two instalments of ₹ 175 each due in May 2019 and June 2019, two instalments of ₹ 175 each due in May 2020 and June 2020, two instalments of ₹ 175 each due in May 2021 and June 2021, two instalments of ₹ 175 each due in May 2022 and June 2022.
3	Term loan - 3	995.11	-	1,792.30	200.00	Instalment of ₹ 150 due in May 2021 and ₹ 250 due in June 2021 and two instalments of ₹ 300 each due in May 2022 and June 2022.
4	Term loan - 4	548.87	-	898.17	150.00	Instalment of ₹ 50 due in June 2020, two instalments of ₹ 125 each due in May 2021 and June 2021 and two instalments of ₹ 125 each due in May 2022 and June 2022.
5	Term loan - 5	600.00	260.00	860.00	260.00	Two instalments of ₹ 130 each due in May 2019 and June 2019, two instalments of ₹ 150 each due in May 2020 and June 2020 and two instalments of ₹ 150 each due in May 2021 and June 2021.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

(₹ in million)

S. N.	Description	Loan outstanding				Repayment terms
		31 December 2018		31 December 2017		
		Non-current	Current	Non-current	Current	
6	Term loan - 6	1,259.42	157.43	1,374.28	200.00	Two instalments of ₹ 100 each due in May 2019 and June 2019, two instalments of ₹ 200 each due in May 2020 and June 2020, two instalments of ₹ 300 each due in May 2021 and June 2021 and two instalments of ₹ 300 each due in May 2022 and June 2022.
7	Term loan - 7	581.36	-	1,375.11	206.25	Instalment of ₹ 76.96 million due in May 2021, ₹ 183.31 million due in June 2021, ₹ 183.31 due in May 2022 and ₹ 137.78 due in June 2022.
8	Term loan - 8	333.40	101.40	434.80	65.20	Instalment of ₹ 43.45 due in May 2019 and ₹ 57.95 due in June 2019, two instalments of ₹ 57.95 each due in May 2020 and June 2020, two instalments of ₹ 57.95 each due in May 2021 and June 2021 and instalment of ₹ 57.95 due in May 2022 and ₹ 43.65 due in June 2022.
9	Term loan - 9	300.00	100.00	400.00	100.00	Two instalments of ₹ 50 each due in May 2019 and June 2019, two instalments of ₹ 50 each due in May 2020 and June 2020, two instalments of ₹ 50 each due in May 2021 and June 2021 and two instalments of ₹ 50 each due in May 2022 and June 2022.
10	Term loan - 10	320.00	80.00	400.00	-	Two instalments of ₹ 40 each due in May 2019 and June 2019, two instalments of ₹ 40 each due in May 2020 and June 2020, two instalments of ₹ 40 each due in May 2021 and June 2021, two instalments of ₹ 40 each due in May 2022 and June 2022 and two instalments of ₹ 40 each due in May 2023 and June 2023.
11	Term loan - 11	300.00	100.00	400.00	100.00	Two instalments of ₹ 50 each due in May 2019 and June 2019, two instalments of ₹ 75 each due in May 2020 and June 2020 and two instalments of ₹ 75 each due in May 2021 and June 2021.
12	Term loan - 12	834.06	297.88	1,131.94	357.46	Two instalments of ₹ 148.94 each due in May 2019 and June 2019, two instalments of ₹ 148.94 each due in May 2020 and June 2020, two instalments of ₹ 148.94 each due in May 2021 and June 2021 and two instalments of ₹ 119.15 each due in May 2022 and June 2022.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

(₹ in million)

S. N.	Description	Loan outstanding				Repayment terms
		31 December 2018		31 December 2017		
		Non-current	Current	Non-current	Current	
13	Term loan - 13	800.00	100.00	900.00	100.00	Two instalments of ₹ 50 each due in May 2019 and June 2019, two instalments of ₹ 100 each due in May 2020 and June 2020, two instalments of ₹ 150 each due in May 2021 and June 2021 and two instalments of ₹ 150 each due in May 2022 and June 2022.
14	Term loan - 14	450.00	50.00	-	-	Two instalments of ₹ 25 each due in May 2019 and June 2019, two instalments of ₹ 50 each due in May 2020 and June 2020, two instalments of ₹ 50 each due in May 2021 and June 2021, two instalments of ₹ 50 each due in May 2022 and June 2022 and two instalments of ₹ 75 each due in May 2023 and June 2023.
15	Term loan - 15	1,300.00	325.00	-	-	Two instalments of ₹ 162.50 each due in June 2019 and July 2019, two instalments of ₹ 162.50 each due in June 2020 and July 2020, two instalments of ₹ 162.5 each due in June 2021 and July 2021, two instalments of ₹ 162.50 each due in June 2022 and July 2022 and two instalments of ₹ 162.50 each due in June 2023 and July 2023.
16	Term loan - 16	1,999.51	500.00	-	-	Two instalments of ₹ 250.00 each due in May 2019 and June 2019, two instalments of ₹ 50.00 each due in May 2020 and June 2020, two instalments of ₹ 250.00 each due in May 2021 and June 2021, two instalments of ₹ 250.00 each due in May 2022 and June 2022 and two instalments of ₹ 250.00 each due in May 2023 and June 2023.
17	Term loan - 17	990.00	210.00	-	-	Three instalments of ₹ 70.00 each due in May 2019, June 2019 and July 2019, three instalments of ₹ 80.00 each due in May 2020, June 2020 and July 2020, two instalments of ₹ 80.00 each due in May 2021 and June 2021, one instalments of ₹ 80.00 due in July 2022 and three instalments of ₹ 90.00 each due in May 2023, June 2023 and July 2023 and two installment of ₹ 90.00 due in May 2024 and of ₹ 150.00 due in June 2024.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

(₹ in million)

S. N.	Description	Loan outstanding				Repayment terms
		31 December 2018		31 December 2017		
		Non-current	Current	Non-current	Current	
18	Term loan - 18	545.00	140.00	-	-	Two instalments of ₹ 70.00 each due in June 2019 and July 2019, two instalments of ₹ 75.00 each due in June 2020 and July 2020, two instalments of ₹ 75.00 each due in May 2021 and June 2021, two instalments of ₹ 80.00 each due in June 2022 and July 2022 and one instalments of ₹ 85.00 due in May 2023.
19	Term loan - 19	816.48	150.00	-	-	One instalments of ₹ 150.00 due in May 2019, one instalments of ₹ 200.00 due in May 2020, one instalments of ₹ 200.00 due in May 2021, one instalments of ₹ 200.00 due in May 2022 and one instalments of ₹ 250.00 due in May 2023.
20	Term loan - 20	833.40	125.00	-	-	Two instalments of ₹ 62.50 each due in May 2019 and June 2019, two instalments of ₹ 83.30 each due in May 2020 and June 2020, two instalments of ₹ 111.10 each due in May 2021 and June 2021, two instalments of ₹ 111.10 each due in May 2022 and June 2022 and two instalments of ₹ 111.10 due in May 2023 and ₹ 111.30 in June 2023.
21	Term loan - 21	800.00	200.00	-	-	Two instalments of ₹ 100.00 each due in June 2019 and July 2019, two instalments of ₹ 100.00 each due in June 2020 and July 2020, two instalments of ₹ 100.00 each due in June 2021 and July 2021, two instalments of ₹ 100.00 each due in June 2022 and July 2022 and two instalments of ₹ 100.00 due in June 2023 and July 2023.
	Total (A)	**16,028.61**	**3,332.66**	**11,824.36**	**1,896.21**	
ii)	**Term Loan at Varun Beverages (Zimbabwe) (Private) Limited**					
22	Term loan - 22	618.08	279.17	488.28	127.85	Balance amount as at 31 December 2018 is repayable in 13 quarterly instalments of USD 1 million starting from Jan 2019.
23	Term loan - 23	8.10	2.79	220.13	2.19	Balance amount as at 31 December 2018 is repayable in 45 monthly instalments of USD 0.01 each.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

(₹ in million)

S. N.	Description	Loan outstanding				Repayment terms
		31 December 2018		31 December 2017		
		Non-current	Current	Non-current	Current	
24	Term loan - 24	613.15	222.97	-	-	Balance amount as at 31 December 2018 is repayable in 4 quarterly instalments of USD 0.8 Million & 7 quarterly instalments of USD 1.3 Million starting from Feb 2019.
	Total (B)	**1,239.33**	**504.93**	**708.41**	**130.04**	
iii)	**Term Loan at Varun Beverages Lanka (Private) Limited**					
25	Term loan - 25	0.70	0.42	1.63	-	Balance amount as at 31 December 2018 is repayable in 29 monthy instalments of LKR 0.119 million each.
26	Term loan - 26	0.31	0.19	0.72	-	Balance amount as at 31 December 2018 is repayable in 29 monthy instalments of LKR 0.053 each.
	Total (C)	**1.01**	**0.61**	**2.35**	**-**	
iv)	**Term Loan at Varun Beverages Nepal (Private) Limited**					
27	Term loan - 27	132.26	117.08	-	-	Three instalments of NPR 62.50 million each due in April 2019, May 2019 and June 2019, three instalments of NPR 62.50 million each due in April 2020, May 2020 and June 2020 and one instalment of NPR 25.00 million due in April 2021.
	Total (D)	**132.26**	**117.08**	**-**	**-**	
	Total (A+B+ C+D)	**17,401.21**	**3,955.27**	**12,535.12**	**2,026.25**	

25. Provisions

(Refer note 43)

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Non-current		
Defined benefit liability (net)	761.80	534.27
Other long term employee obligations	290.75	198.37
	1,052.55	**732.64**
Current		
Defined benefit liability (net)	34.47	74.15
Other short term employee obligations	125.72	93.35
	160.19	**167.50**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

26. Other non-current liabilities

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Statutory liability payable (Net of amount paid under protest)	23.42	73.83
Deferred revenue on government grant	44.33	45.98
	67.75	**119.81**

27. Trade payables

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Total outstanding dues of-		
Micro enterprises and small enterprises (Refer note 52)	2.47	8.71
Creditors other than micro enterprises and small enterprises	3,165.50	1,900.75
	3,167.97	**1,909.46**

28. Other current financial liabilities

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Current maturities of long-term debts (Refer note 24C)	4,071.85	3,112.71
Interest accrued but not due on borrowings	119.76	82.37
Current portion of deferred payment liabilities (Refer note 24D)	429.58	2,976.98
Payable for capital expenditures	1,075.29	436.66
Employee related payables	282.58	183.35
Unclaimed dividends#	0.65	0.06
Security deposits	2,454.75	1,900.78
Liability for foreign currency derivative contract**	77.97	25.85
Bank overdraft	-	17.65
	8,512.43	**8,736.41**

Not due for deposit to the Investor Education and Protection Fund.

**The Holding Company executed an agreement for a cross currency interest rate swap with the intention of reducing the foreign exchange risk of foreign currency borrowings. This contract is measured at fair value through profit or loss.

29. Other current liabilities

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Advances from customers	678.98	709.67
Statutory dues payable	780.00	762.25
Advance discount received	6.15	-
Deferred revenue on government grant	1.42	1.19
	1,466.55	**1,473.11**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

30. Current tax liabilities (net)

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Provision for tax, net of advance taxes paid	325.02	68.35
	325.02	**68.35**

The key components of income tax expense for the year ended 31 December 2018 and 31 December 2017 are:

A. Consolidated Statement of Profit and Loss:

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
(i) Profit and loss section		
(a) Current tax	1,094.09	547.85
(b) Adjustment of tax relating to earlier periods	14.35	1.60
(c) Deferred tax	230.91	219.50
Income tax expense reported in the Consolidated Statement of Profit and Loss	**1,339.35**	**768.95**
(ii) OCI section		
Deferred tax related to items recognised in OCI during the year:		
(a) Net loss/(gain) on remeasurements of defined benefit plans	(7.78)	3.39
(b) Net loss/(gain) on exchange differences arising on translation of foreign operations	(54.62)	(21.75)
Income tax charged to OCI	**(62.40)**	**(18.36)**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

B. Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Accounting profit before tax	4,337.98	2,909.54
Tax expense at statutory income tax rate of 34.944% (31 December 2017: 34.608%)	1,515.86	1,006.93
Adjustments in respect of current income tax of previous years	14.35	1.37
Non deductible expenses	21.45	13.48
Deduction claimed u/s 32 AC of Income-tax Act, 1961 at Holding Company	-	(185.78)
Deduction claimed u/s Chapter-VI A of Income-tax Act, 1961 at Holding Company	(271.80)	(210.04)
Effect of deferred tax on employee benefit liabilities taken over under business acquisitions	(20.37)	5.47
Effect of deferred tax on capital gain on assets classified as assets held for sale in Holding Company	(59.14)	59.14
Tax impact of dividend distributed by a subsidiary, taxable in hands of Holding Company	33.58	32.96
Deferred tax not created on losses in subsidiaries	239.71	200.08
Tax rate differential for taxes provided in subsidiaries	(189.25)	(167.75)
Tax impact of change in tax rate	22.53	-
Others	32.43	13.09
Income tax expense at effective tax rate reported in the Consolidated Statement of Profit and Loss	**1,339.35**	**768.95**

During the year ended 31 December 2018 and 31 December 2017, the Holding company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax to the taxation authorities. The Holding company believes that Dividend Distribution Tax represents additional payment to taxation authority on behalf of the shareholders. Hence, Dividend Distribution Tax paid is charged to equity.

31. Revenue from operations

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Sale of products (inclusive of excise duty) *	51,113.09	44,073.46
Other operating revenue	1,168.18	1,090.31
	52,281.27	**45,163.77**

*Sale of products includes excise duty collected from customers of ₹ 1,228.72 million (31 December 2017: ₹ 5,128.37 million).

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

32. Other income

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Interest income on items at amortised cost:		
- term deposits	25.32	28.89
- others	32.35	25.04
Gain on sale of current investments	-	0.44
Excess provisions written back	58.21	1.02
Guarantee commission/commission income	-	0.80
Gain on sale of fixed assets (Net)	-	21.91
Gain on dilution of control in a subsidiary (Refer note 54 E)	-	2.75
Miscellaneous	102.36	44.27
	218.24	**125.12**

33. Cost of materials consumed

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Raw material and packing material consumed		
Inventories at beginning of the year	1,788.55	2,563.54
Purchases during the year (Net)	22,860.84	18,091.15
	24,649.39	**20,654.69**
Sold during the year	931.06	311.05
Inventories at end of the year	2,595.55	1,788.55
	21,122.78	**18,555.09**

34. Purchases of stock-in-trade

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Beverages	1,807.07	188.52
Others	135.11	89.17
	1,942.18	**277.69**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

35. Changes in inventories of finished goods, work-in-progress and traded goods

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
As at the beginning of the year		
- Finished goods	648.25	651.30
- Intermediate goods	1,098.34	823.55
- Work in progress	72.73	87.31
	1,819.32	**1,562.16**
Adjustment on account of dilution of controlling interest in a subsidiary		
- Finished goods	-	9.16
- Work in progress	-	0.57
	-	**9.73**
As at the closing of the year		
- Finished goods	818.64	648.25
- Intermediate goods	1,269.79	1,098.34
- Work in progress	76.59	72.73
	2,165.02	**1,819.32**
Excise duty adjustment on inventories	-	168.55
Finished goods used as fixed assets*	(278.27)	(296.78)
	(623.97)	**(732.22)**

*The Holding Company and a subsidiary manufactures plastic shells at some of their manufacturing facilities. The shells manufactured are used for beverages operations of the Group as property, plant and equipment (under the head 'Containers'). These containers are 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.

36. Employee benefit expense

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Salaries, wages and bonus	5,294.74	4,146.60
Contribution to provident fund and other funds	301.30	254.90
Staff welfare expenses	233.47	226.94
	5,829.51	**4,628.44**

37. Finance costs

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Interest on items at amortised cost:		
- Term loans	1,445.61	1,042.95
- Working capital facilities	295.46	311.05
- Non-convertible debentures	113.92	194.29
- Financial liabilities	140.76	447.31
- Others	47.82	30.45
Exchange differences regarded as an adjustments to borrowings	52.68	-
Other ancillary borrowing costs	29.38	95.70
	2,125.63	**2,121.75**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

38. Depreciation and amortization expense

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Depreciation on property, plant and equipment	3,807.56	3,412.46
Amortisation of intangible assets	43.14	53.95
	3,850.70	**3,466.41**

39. Other expenses

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Power and fuel	1,947.96	1,600.38
Repairs to plant and equipment	950.44	669.64
Repairs to buildings	85.36	91.21
Other repairs	392.93	371.08
Consumption of stores and spares	487.05	412.92
Rent	315.04	284.54
Rates and taxes	69.99	69.89
Insurance	38.54	32.29
Printing and stationery	42.45	40.28
Communication	75.73	71.50
Travelling and conveyance	603.02	436.12
Directors' sitting fee	3.20	3.42
Payment to auditors*	21.20	17.37
Vehicle running and maintenance	155.97	170.99
Lease and hire	113.15	124.00
Security and service charges	244.69	199.16
Professional and consultancy	161.93	135.46
Bank charges	102.40	24.17
Advertisement and sales promotion	1,126.51	797.24
Meeting and conferences	18.48	8.95
Royalty	354.95	251.84
Freight, octroi and insurance paid (net)	3,150.87	1,774.84
Delivery vehicle running and maintenance	553.25	489.15
Distribution expenses	135.18	126.07
Loading and unloading charges	274.75	229.48
Donations	1.73	0.46
Property, plant and equipment written off	137.22	77.94
Loss on disposal of property, plant and equipment (Net)	52.43	-
Bad debts and advances written off	66.86	81.36
Allowance for expected credit loss and advances	257.40	156.74
Corporate social responsibility expenditure (Refer note 53)	41.42	27.73
Net loss on foreign currency transactions and translations	600.91	58.79
Business combination expenses	-	33.20
General office and other miscellaneous	133.17	79.11
	12,716.18	**8,947.32**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

***Payment to statutory auditors of the Holding Company**

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Services rendered for:		
- Audit and reviews	11.20	10.31
- other matters	0.46	0.15
- reimbursement of expenses	0.75	0.80
	12.41	**11.26**

40. Other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserves in equity is shown below:

During the year ended 31 December 2018

(₹ in million)

	Retained earnings
Re-measurement gains/(losses) on defined benefit plans	(16.53)
Tax impact on re-measurement gains/(losses) on defined benefit plans	7.78
Exchange differences arising on translation of foreign operations	(234.44)
Tax impact on exchange differences arising on translation of foreign operations	54.62
	(188.57)

During the year ended 31 December 2017

(₹ in million)

	Retained earnings
Re-measurement gains/(losses) on defined benefit plans	10.83
Tax impact on re-measurement gains/(losses) on defined benefit plans	(3.39)
Exchange differences arising on translation of foreign operations	(94.27)
Tax impact on exchange differences arising on translation of foreign operations	21.75
	(65.08)

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

41. 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 associates as listed below. The principal activity of the Parent Company, subsidiaries and associates, predominantly comprise manufacturing and sale of beverages.

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 2018	As at 31 December 2017
Varun Beverages (Nepal) Private Limited ('VBL Nepal')	Nepal	100%	100%
Varun Beverages Lanka (Private) Limited ('VBL Lanka')	Sri Lanka	100%	100%
Varun Beverages Morocco SA ('VBL Morocco')	Morocco	100%	100%
Ole Spring Bottlers Private Limited ('Ole')*	Sri Lanka	100%	100%
Varun Beverages (Zambia) Limited ('VBL Zambia')	Zambia	90%	90%
Varun Beverages (Zimbabwe) (Private) Limited ('VBL Zimbabwe')	Zimbabwe	85%	85%
Angelica Technologies Private Limited	India	47.30%	47.30%
Lunarmech Technologies Private Limited**	India	35%	35%

* subsidiary of VBL Lanka.

** Angelica Technologies Private Limited holds 74% ownership stake in Lunarmech Technologies Private Limited.

42. The separate financial statements of one of the subsidiaries, Varun Beverages (Zimbabwe) (Private) Limited, have been prepared in its functional currency, i.e., US$. In view of the current economic scenario in Zimbabwe, the net monetary assets denominated in RTGS/bond notes (local transactional currency of Zimbabwe) of the said subsidiary have been translated using secondary market exchange rates at year end for consolidation purposes. This has resulted in recognition of exchange loss of ₹ 654.26 in the consolidated financial statements and has been disclosed in 'net loss on foreign currency transactions and translations' under 'other expenses'.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

43. Gratuity and other post-employment benefit plans

All amounts ₹ in million, unless otherwise stated

Parent Company and other components of the Group provide its employees gratuity and compensated absences benefits in accordance with the respective local statutory requirements and entity's policies. The following tables summaries the changes in their present values over the reporting periods, components of expense recognised in the Consolidated Statement of Profit and Loss, their funded status and amounts recognised in the consolidated balance sheet:

	Gratuity		Compensated absences	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Changes in present values are as follows:				
Balance at the beginning of the year	647.08	553.96	291.72	215.99
Acquired on business acquisitions	63.36	10.61	20.36	7.38
Current service cost	110.93	79.29	120.08	73.03
Interest cost	55.22	38.04	26.81	14.41
Benefits settled	(44.38)	(22.53)	(25.54)	(19.70)
Actuarial (gain)/loss	16.27	(10.83)	(16.99)	1.90
Foreign exchange translation reserve	(3.02)	(1.46)	0.02	(1.29)
Balance at the end of the year	**845.45**	**647.08**	**416.47**	**291.72**

	Gratuity		Compensated absences	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Changes in fair value of plan assets are as follows:				
Plan assets at the beginning of the year, at fair value	38.66	28.87	-	-
Expected income on plan assets	3.94	1.93	-	-
Actuarial gain/(loss)	(0.26)	0.62	-	-
Contributions by employer	31.84	21.63	-	-
Benefits settled	(25.00)	(14.39)	-	-
Plan assets at the end of the year, at fair value	**49.18**	**38.66**	**-**	**-**

The Holding Company has taken an insurance policy against its liability towards gratuity, the same has been disclosed as plan assets above.

All amounts ₹ in million, unless otherwise stated

	Gratuity		Compensated absences	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Reconciliation of present value of the obligation and the fair value of the plan assets:				
Present value of obligation at the end of the respective year	845.45	647.08	416.47	291.72
Plan assets at the end of the respective year	49.18	38.66	-	-
Net liability recognised in the consolidated balance sheet	**796.27**	**608.42**	**416.47**	**291.72**

	Gratuity		Compensated absences	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Amount recognised in consolidated statement of profit and loss:				
Current service cost	110.93	79.29	120.08	73.03
Interest cost	55.22	38.04	26.81	14.41
Expected income on plan assets	(3.94)	(1.93)	-	-
Actuarial loss	-	-	(16.99)	1.90
Net cost recognised	**162.21**	**115.40**	**129.90**	**89.34**

	Gratuity		Compensated absences	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Amount recognised in Other Comprehensive Income:				
Actuarial changes arising from changes in financial assumptions	(0.47)	(27.40)	-	-
Experience adjustments	16.74	17.19	-	-
Return on plan assets	0.26	(0.62)	-	-
Amount recognised (gain)/loss	**16.53**	**(10.83)**	**-**	**-**

	Gratuity		Compensated absences	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Assumptions used:				
Mortality	IALM (2006-08) ultimate and A 67/70 mortality table (issued by Institute of Actuaries, London)		IALM (2006-08) ultimate and A 67/70 mortality table (issued by Institute of Actuaries, London)	
Discount rate	7.30-12.00%	7.5%-13.00%	6.50-8.25%	7.50%
Rate of return on plan assets	7.29-7.55%	7.84%	0.00%	Not applicable
Withdrawal rate	3%-11%	3%-11%	11.00%	11.00%
Salary increase	9-12%	9-13%	11-12%	11-12%
Rate of availing leave in the long run	0.00%	-	3.50%	20-25%
Retirement age (Years)	55-65 years	55-65 years	58-65 years	58-65 years

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

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:

All amounts ₹ in million, unless otherwise stated

31 December 2018	India	Outside India	Total
Defined benefit obligation	773.06	72.40	845.45
Fair value of plan assets	49.18	-	49.18

31 December 2017	India	Outside India	Total
Defined benefit obligation	573.50	73.58	647.08
Fair value of plan assets	38.66	-	38.66

A quantitative sensitivity analysis for significant assumption is as shown below:

	Sensitivity level		Gratuity		Compensated absences	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Discount rate	+1%	+1%	(52.06)	(40.29)	(13.05)	(7.03)
	-1%	-1%	58.85	45.63	13.92	7.45
Salary increase	+1%	+1%	55.92	43.50	13.21	7.08
	-1%	-1%	(50.60)	(39.28)	(12.64)	(6.81)
Withdrawal rate	+1%	+1%	(12.47)	(10.65)	(4.63)	(3.55)
	-1%	-1%	13.83	11.81	4.89	3.77

The sensitivity analysis above has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Risk associated:	
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit.
Interest risk (discount rate risk)	A decrease in the bond interest rate (discount rate) will increase the plan liability.
Mortality risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For the purpose of these consolidated financial statements Indian Assured Lives Mortality (2006-08) ultimate table and A 67/70 mortality table issued by Institute of Actuaries, London, have been used. 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.

The following are maturity profile of Defined Benefit Obligations in future years (Before adjusting fair value of Plan assets):

All amounts ₹ in million, unless otherwise stated

	Gratuity		Compensated absences	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
i) Weighted average duration of the defined benefit obligation	5.18 years - 8.65 years	6.40 years - 11 years	3 years- 6 years	-
ii) Duration of defined benefit obligation				
Duration (years)				
1	83.64	62.59	122.51	87.45
2 to 5	363.19	248.99	224.21	157.19
Above 5	398.61	331.15	71.73	43.24
	845.45	**642.73**	**418.46**	**287.88**
iii) Duration of defined benefit payments				
Duration (years)				
1	79.99	61.86	122.51	90.67
2 to 5	395.28	302.17	278.41	190.03
Above 5	987.69	784.09	136.71	76.45
	1,462.96	**1,148.12**	**537.62**	**357.15**

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 ₹ 301.30 million (31 December 2017 ₹ 254.90 million

44. Earnings per share (EPS)

All amounts ₹ in million, unless otherwise stated

	31 December 2018	31 December 2017
Profit attributable to the equity shareholders	2,928.41	2,101.54
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (nos.)	18,26,19,833	18,24,91,620
Employee stock options (nos.)	18,887	60,368
Weighted average number of equity shares for calculating diluted earnings per share (nos.)	18,26,38,720	18,25,51,987
Nominal value per equity shares (₹)	10.00	10.00
Basic earnings per share (₹)	16.04	11.52
Diluted earnings per share (₹)	16.03	11.51

45. Dividend paid by Holding Company

All amounts ₹ in million, unless otherwise stated

	31 December 2018	31 December 2017
Interim/final dividend ₹ 2.50 per share (31 December 2017: ₹ 2.50 per share)	456.58	456.29
Dividend distribution tax on interim dividend	54.71	92.89

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

46. Contingent liabilities and commitments

All amounts ₹ in million, unless otherwise stated

		As at 31 December 2018	As at 31 December 2017
a.	Guarantee issued to third party by subsidiaries	72.30	338.89
b.	Claims against the Group not acknowledged as debts (being contested):		
	i. Goods and Service Tax	1.28	-
	ii. For excise and service tax	312.51	148.85
	iii. For Customs	45.37	-
	iii. For sales tax (VAT)/entry tax	1,012.90	197.69
	iv. For income tax	361.84	264.28
	v. Others*	256.88	236.47

*excludes pending matters where amount of liability is not ascertainable.

47. Capital commitments

All amounts ₹ in million, unless otherwise stated

	As at 31 December 2018	As at 31 December 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 918.61 (31 December 2017 ₹ 1,344.94)	1,334.85	1,713.84

48. Pursuant to transfer pricing legislations under the Income-tax Act, 1961, the Holding Company is required to use specified methods for computing arm's length price in relation to specified international and domestic transactions with its associated enterprises. Further, the Holding Company is required to maintain prescribed information and documents in relation to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Holding Company is in the process of updating its transfer pricing documentation for the current financial year. Based on the preliminary assessment, the management is of the view that the update would not have a material impact on the tax expense recorded in these consolidated financial statements. Accordingly, these consolidated financial statements do not include any adjustments for the transfer pricing implications, if any.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

49. Related party transactions

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	Director and KMP of ultimate parent namely Ravi Kant Jaipuria & Sons (HUF)
Mr. Varun Jaipuria	Whole Time Director
Mr. Raj Pal Gandhi	Whole Time Director
Mr. Kapil Agarwal	Chief Executive Officer and Whole Time Director
Mr. Kamlesh Kumar Jain	Chief Financial Officer and Whole Time Director
Dr. Girish Ahuja (till 19 March 2018)	Non-executive independent director
Mr. Pradeep Sardana	Non-executive independent director
Mr. Ravindra Dhariwal (till 19 March 2018)	Non-executive independent director
Mrs. Geeta Kapoor (till 19 March 2018)	Non-executive independent director
Mrs. Sita Khosla (w.e.f. 16 February 2018)	Non-executive independent director
Dr. Ravi Gupta (w.e.f. 19 March 2018)	Non-executive independent director
Mrs. Rashmi Dhariwal (w.e.f. 19 March 2018)	Non-executive independent director
Mr. Rajesh Chopra (till 30 April 2018)	KMP of parent, namely RJ Corp Limited
Mr. S.V. Singh (till 30 April 2018)	KMP of parent, namely RJ Corp Limited
Mr. Ravi Batra (w.e.f. 12 May 2017)	Company secretary
Mr. Mahavir Prasad	Company secretary of the Company till 12 May 2017 and Company secretary of parent, namely RJ Corp Limited w.e.f. 16 March 2018)
Mrs. Monika Bhardwaj (till 15 March 2018)	Company secretary of parent, namely RJ Corp Limited
II. Parent and ultimate parent	
RJ Corp Limited	Parent
Ravi Kant Jaipuria & Sons (HUF)	Ultimate parent
III. Fellow subsidiaries and entities controlled by parent*	
Parkview City Limited	
Devyani International Limited	
Devyani Food Industries Limited	
Alisha Retail Private Limited	
Varun Food and Beverages (Zambia) Limited	
Wellness Holdings Limited	
SVS India Private Limited	
Devyani Food Street Private Limited	
Ole Marketing (Private) Limited	
Accor developers (Private) Limited	
Arctic International Private Limited	
Accor Industries (Private) Limited	
Devyani International Nepal Private Limited	

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

IV.	**Associate (or an associate of any member of a group)**
	Lunarmech Technologies Private Limited
	Angelica Technologies Private Limited
	Lineage Healthcare Limited
V.	**Entities in which a director or his/her relative is a member/director/Trustee***
	Champa Devi Jaipuria Charitable Trust
	SMV Beverages Private Limited
	SMV Agencies Private Limited
	Alisha Torrent Closures (India) Private Limited
	Nectar Beverages Private Limited
	Steel City Beverages Private Limited
	Jai Beverages Private Limited
	Varun Developers Private Limited
	Diagno Labs Private Limited
VI.	**Relatives of KMPs***
	Mrs. Dhara Jaipuria
	Mrs. Asha Chopra
	Mrs. Shashi Jain
	Mrs. Rachna Batra
VII.	**Entities which are post employment benefits plans**
	VBL Employees Gratuity Trust

* With whom the Group had transactions during the current year and previous year.

ii. Terms and conditions of transactions with related parties

The sales to and purchases from 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 49A)

iv. Transactions with other related parties (Refer note 49B)

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

49A. Transactions with KMPs

All amounts ₹ in million, unless otherwise stated

			For year ended 2018	For year ended 2017
I.	**Remuneration paid**			
	Mr. Varun Jaipuria		31.22	29.42
	Mr. Raj Pal Gandhi		48.68	38.34
	Mr. Kapil Agarwal		47.48	44.74
	Mr. Kamlesh Kumar Jain		12.27	11.25
	Mr. Rajesh Chopra		1.61	7.72
	Mr. Ravi Batra		7.46	4.25
	Mr. Mahavir Prasad		2.85	1.00
	Mrs. Monika Bhardwaj		0.35	1.50
II.	**Director sitting fees paid**			
	Mr. Girish Ahuja		0.50	1.30
	Mr. Pradeep Sardana		0.30	0.40
	Mr. Ravindra Dhariwal		0.40	1.30
	Mrs. Geeta Kapoor		0.20	0.40
	Mrs. Sita Khosla		0.30	-
	Dr. Ravi Gupta		0.70	-
	Mrs. Rashmi Dhariwal		0.80	-
III.	**Professional charges paid**			
	Mr. Rajesh Chopra		0.76	-
	Mr. Ravindra Dhariwal		3.20	-
	Mr. S.V. Singh		-	2.48
IV.	**Dividend paid**			
	Mr. Varun Jaipuria		97.94	97.94
	Mr. Raj Pal Gandhi		1.02	1.06
	Mr. Kapil Agarwal		1.02	1.05
	Mr. Kamlesh Kumar Jain		0.04	0.05
	Mr. Pradeep Sardana		0.00*	-
V.	**Rent/ lease charges paid**			
	Mr. S.V. Singh		-	0.19
VI.	**Defined benefit obligation for KMP**			
	i.	**Gratuity**		
		Mr. Varun Jaipuria	22.55	19.83
		Mr. Raj Pal Gandhi	31.07	24.62
		Mr. Kapil Agarwal	39.83	33.84
		Mr. Kamlesh Kumar Jain	8.57	7.18
		Mr. Ravi Batra	0.40	0.16
		Mr. Rajesh Chopra	-	3.86
		Mr. Mahavir Prasad	0.07	-
		Mrs. Monika Bhardwaj	-	0.34
	ii.	**Compensated absences**		

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

All amounts ₹ in million, unless otherwise stated

	For year ended 2018	For year ended 2017
Mr. Varun Jaipuria	6.06	5.85
Mr. Raj Pal Gandhi	10.61	7.01
Mr. Kapil Agarwal	13.78	9.91
Mr. Kamlesh Kumar Jain	2.92	1.20
Mr. Ravi Batra	0.63	0.22
Mr. Rajesh Chopra	-	1.17
Mr. Mahavir Prasad	0.15	-
Mrs. Monika Bhardwaj	-	0.23
VII. Balances (payable)/ receivable outstanding at the end of the year, net		
Mr. Varun Jaipuria	(1.69)	-
Mr. Raj Pal Gandhi	(1.58)	-
Mr. Kapil Agarwal	(2.13)	-
Mr. Kamlesh Kumar Jain	(1.09)	-
Mr. Rajesh Chopra	-	8.00
Mr. Ravi Batra	(0.94)	-
Mr. Mahavir Prasad	(0.21)	-
Mrs. Monika Bhardwaj	-	0.13

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

49B. Transactions with related parties

All amounts in ₹ in million, unless otherwise stated

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent		Associate (or an associate of any member of a Group)		Entities in which a director or his/ her relative is a member or director		Relatives of KMP		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Sale of goods														
- Varun Food and Beverages (Zambia) Limited	-	-	0.00	3.11	-	-		-	-	-	-	-	**-**	**3.11**
- SMV Beverages Private Limited	-	-	-	-	-	-		12.24	-	-	-	-	**-**	**12.24**
- Lunarmech Technologies Private Limited	-	-	-	-	14.79	11.11		-	-	-	-	-	**14.79**	**11.11**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	4.14	7.12	-	-	-	-	**4.14**	**7.12**
- Nectar Beverages Private Limited	-	-	-	-	-	-	6.82	43.14	-	-	-	-	**6.82**	**43.14**
- Steel City Beverages Private Limited	-	-	-	-	-	-		2.58	-	-	-	-	**-**	**2.58**
- Jai Beverages Private Limited	-	-	-	-	-	-	52.64	114.04	-	-	-	-	**52.64**	**114.04**
- Devyani International Limited	-	-	83.62	88.80	-	-		-	-	-	-	-	**83.62**	**88.80**
- Devyani Food Industries Limited	-	-	25.73	16.43	-	-		-	-	-	-	-	**25.73**	**16.43**
- Alisha Retail Private Limited	-	-	15.93	8.68	-	-	-	-	-	-	-	-	**15.93**	**8.68**
- Lineage Healthcare Limited	-	-	-	-	0.06	0.09	-	-	-	-	-	-	**0.06**	**0.09**
- Devyani International Nepal Private Limited	-	-	5.81	5.27	-	-	-	-	-	-	-	-	**5.81**	**5.27**
- Ole Marketing (Private) Limited	-	-	-	47.31	-	-	-	-	-	-	-	-	**-**	**47.31**
Sale of raw materials and stores														
- Varun Food and Beverages (Zambia) Limited	-	-	-	0.31	-	-	-	-	-	-	-	-	**-**	**0.31**
- RJ Corp Limited	-	0.08	-	-	-	-	-	-	-	-	-	-	**-**	**0.08**
- Jai Beverages Private Limited	-	-	-	-	-	-	3.03	-	-	-	-	-	**3.03**	**-**
- Nectar Beverages Private Limited	-	-	-	-	-	-	0.12	-	-	-	-	-	**0.12**	**-**
- Devyani Food Industries Limited	-	-	0.19	-	-	-	-	-	-	-	-	-	**0.19**	**-**
Purchase of goods														
- Nectar Beverages Private Limited	-	-	-	-	-	-	1.25	1.06	-	-	-	-	**1.25**	**1.06**
- Varun Food and Beverages (Zambia) Limited	-	-	0.16	-	-	-	-	-	-	-	-	-	**0.16**	**-**
Purchase of raw materials and stores														
- Lunarmech Technologies Private Limited	-	-	-	-	757.93	463.36	-	-	-	-	-	-	**757.93**	**463.36**
- Devyani Food Industries Limited	-	-	3.99		-	-	-	-	-	-	-	-	**3.99**	**-**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

All amounts in ₹ in million, unless otherwise stated

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent		Associate (or an associate of any member of a Group)		Entities in which a director or his/ her relative is a member or director		Relatives of KMP		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
- RJ Corp Limited	-	0.76	-	-	-	-	-	-	-	-	-	-	**-**	**0.76**
- Jai Beverages Private Limited	-	-	-	-	-	-	0.26	-	-	-	-	-	**0.26**	**-**
- Alisha Retail Private Limited	-	-	0.77	0.76	-	-	-	-	-	-	-	-	**0.77**	**0.76**
House keeping and cleaning charges paid														
- Varun Developers Private Limited	-	-	-	-	-	-	12.70	12.44	-	-	-	-	**12.70**	**12.44**
Promotional charges paid														
- Alisha Retail Private Limited	-	-	7.41	10.70	-	-	-	-	-	-	-	-	**7.41**	**10.70**
Interest received/(paid) (net)														
- Varun Developers Private Limited	-	-	-	-	-	-	1.64	7.81	-	-	-	-	**1.64**	**7.81**
- SMV Beverages Private Limited	-	-	-	-	-	-	(3.00)	-	-	-	-	-	**(3.00)**	**-**
Loan repaid														
- Arctic International Private Limited	-	-	-	43.94	-	-	-	-	-	-	-	-	**-**	**43.94**
Contribution to corporate social responsibility activities														
- Champa Devi Jaipuria Charitable Trust	-	-	-	-	-	-	36.50	24.00	-	-	-	-	**36.50**	**24.00**
- Diagno Labs Private Limited	-	-	-	-	-	-	-	0.06	-	-	-	-	**-**	**0.06**
Travelling expenses paid														
- Wellness Holdings Limited	-	-	116.43	91.91	-	-	-	-	-	-	-	-	**116.43**	**91.91**
Contribution to gratuity trust														
- VBL Employees Gratuity Trust	-	-	-	-	-	-	-	-	-	-	31.84	21.67	**31.84**	**21.67**
Dividend paid														
- RJ Corp Limited	139.56	125.35	-	-	-	-	-	-	-	-	-	-	**139.56**	**125.35**
- Ravi Kant Jaipuria & Sons (HUF)	97.97	97.97	-	-	-	-	-	-	-	-	-	-	**97.97**	**97.97**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	0.01	-	-	-	**0.01**	**-**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	-	-	0.00*	-	-	-	**0.00***	**-**
(Expenses incurred by the Company on behalf of others)/expenses incurred by others on behalf of the Company														
- Devyani International Limited	-	-	4.76	(2.95)	-	-	-	-	-	-	-	-	**4.76**	**(2.95)**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

All amounts in ₹ in million, unless otherwise stated

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent		Associate (or an associate of any member of a Group)		Entities in which a director or his/ her relative is a member or director		Relatives of KMP		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
- RJ Corp Limited	(0.11)	(0.09)	-	-	-	-	-	-	-	-	-	-	**(0.11)**	**(0.09)**
- Lunarmech Technologies Private Limited	-	-	-	-	(0.01)	-	-	-	-	-	-	-	**(0.01)**	**-**
- Devyani Food Industries Limited	-	-	(1.48)	(2.54)	-	-	-	-	-	-	-	-	**(1.48)**	**(2.54)**
- Varun Developers Private Limited	-	-	-	-	-	-	0.03		-	-	-	-	**0.03**	**-**
- Alisha Retail Private Limited	-	-	0.28	-	-	-	-	-	-	-	-	-	**0.28**	**-**
- Nectar Beverages Private Limited	-	-	-	-	-	-	(0.01)	(0.62)	-	-	-	-	**(0.01)**	**(0.62)**
- Accor Industries (Private) Limited	-	-	0.01	-	-	-	-	-	-	-	-	-	**0.01**	**-**
Rent/ lease charges paid/(received)														
- RJ Corp Limited	99.82	88.64	-	-	-	-	-	-	-	-	-	-	**99.82**	**88.64**
- Parkview City Limited	-	-	-	(0.24)	-	-	-	-	-	-	-	-	**-**	**(0.24)**
- Ravi Kant Jaipuria & Sons (HUF)	6.86	6.56	-	-	-	-	-	-	-	-	-	-	**6.86**	**6.56**
- SVS India Private Limited	-	-	0.48	0.10	-	-	-	-	-	-	-	-	**0.48**	**0.10**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	2.34	2.13	-	-	**2.34**	**2.13**
- Mrs. Shashi Jain	-	-	-	-	-	-	-	-	-	0.25	-	-	**-**	**0.25**
- Mrs. Asha Chopra	-	-	-	-	-	-	-	-	-	0.23	-	-	**-**	**0.23**
- Mrs. Rachna Batra	-	-	-	-	-	-	-	-	-	0.05	-	-	**-**	**0.05**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	(0.48)	(2.35)	-	-	-	-	**(0.48)**	**(2.35)**
Purchase of fixed assets														
- Devyani Food Industries Limited	-	-	-	3.21	-	-	-	-	-	-	-	-	**-**	**3.21**
- SMV Beverages Private Limited	-	-	-	-	-	-	587.50	-	-	-	-	-	**587.50**	**-**
- Steel City Beverages Private Limited	-	-	-	-	-	-	101.49	-	-	-	-	-	**101.49**	**-**
- Varun Developers Private Limited	-	-	-	-	-	-	0.22	-	-	-	-	-	**0.22**	**-**
- Ole Marketing (Private) Limited	-	-	-	5.77	-	-	-	-	-	-	-	-	**-**	**5.77**
Purchase under business combination														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	832.00	-	-	-	-	**-**	**832.00**
- SMV Agencies Private Limited	-	-	-	-	-	-	552.13	470.00	-	-	-	-	**552.13**	**470.00**
IT infrastructure support fee														
- Devyani Food Industries Limited	-	-	5.94	-	-	-	-	-	-	-	-	-	**5.94**	**-**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

All amounts in ₹ in million, unless otherwise stated

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent		Associate (or an associate of any member of a Group)		Entities in which a director or his/ her relative is a member or director		Relatives of KMP		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Advance paid for acquisition of new territories														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	210.60	-	-	-	-	-	**210.60**
- SMV Agencies Private Limited	-	-	-	-	-	-	-	40.00	-	-	-	-	-	**40.00**
- Steel City Beverages Private Limited	-	-	-	-	-	-	-	10.00	-	-	-	-	-	**10.00**
Balances outstanding at the end of the year, net														
Receivable/(payable)														
- Devyani International Limited	-	-	(1.92)	(57.27)	-	-	-	-	-	-	-	-	**(1.92)**	**(57.27)**
- RJ Corp Limited (security deposits)	32.27	34.57	-	-	-	-	-	-	-	-	-	-	**32.27**	**34.57**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	1.12	1.75	-	-	**1.12**	**1.75**
- Wellness Holdings Limited	-	-	(3.94)	(5.85)	-	-	-	-	-	-	-	-	**(3.94)**	**(5.85)**
- Devyani International Nepal Private Limited	-	-	0.57	0.53	-	-	-	-	-	-	-	-	**0.57**	**0.53**
- Varun Developers Private Limited	-	-	-	-	-	-	402.34	486.66	-	-	-	-	**402.34**	**486.66**
- Alisha Retail Private Limited	-	-	3.28	(2.26)	-	-	-	-	-	-	-	-	**3.28**	**(2.26)**
- Lunarmech Technologies Private Limited	-	-	-	-	(99.78)	(32.58)	-	-	-	-	-	-	**(99.78)**	**(32.58)**
- Ole Marketing (Private) Limited	-	-	64.45	92.25	-	-	-	-	-	-	-	-	**64.45**	**92.25**
- Accor developers (Private) Limited	-	-	(117.15)	(128.45)	-	-	-	-	-	-	-	-	**(117.15)**	**(128.45)**
- Accor Industries (Private) Limited	-	-	0.01	-	-	-	-	-	-	-	-	-	**0.01**	**-**
- Devyani Food Street Private Limited	-	-	-	0.01	-	-	-	-	-	-	-	-	**-**	**0.01**
- SMV Beverages Private Limited	-	-	-	-	-	-	(51.25)	210.95	-	-	-	-	**(51.25)**	**210.95**
- SMV Agencies Private Limited	-	-	-	-	-	-	-	40.00	-	-	-	-	**-**	**40.00**
- Steel City Beverages Private Limited	-	-	-	-	-	-	-	10.00	-	-	-	-	**-**	**10.00**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	0.89	3.07	-	-	-	-	**0.89**	**3.07**
- Nectar Beverages Private Limited	-	-	-	-	-	-	0.36	5.02	-	-	-	-	**0.36**	**5.02**
- Jai Beverages Private Limited	-	-	-	-	-	-	0.63	1.03	-	-	-	-	**0.63**	**1.03**
- Devyani Food Industries Limited	-	-	(0.03)	(5.09)	-	-	-	-	-	-	-	-	**(0.03)**	**(5.09)**
- Varun Food and Beverages (Zambia) Limited	-	-	(0.15)	-	-	-	-	-	-	-	-	-	**(0.15)**	**-**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

50. Leases

A. Operating lease:

The Group has taken certain premises and other fixed assets on operating leases. The lease agreements generally have lock-in-period of 1-5 years and are cancellable at the option of the lessee or lessor thereafter. Majority of the leases have escalation terms after certain years and are extendable by mutual consent on expiry of the lease. There are no sub-leases. During the year, lease payments under operating leases amounting to ₹ 428.19 million (31 December 2017 ₹ 408.54 million) have been recognised as an expense in the Consolidated Statement of Profit and Loss.

Non-cancellable operating lease rentals payable (minimum lease payments) for these leases are as follows:

All amounts ₹ in million, unless otherwise stated

	As at 31 December 2018	As at 31 December 2017
Payable within one year	37.82	118.52
Payable between one and five years	53.71	187.37
Payable after five years	-	1.95
Total	**91.53**	**307.84**

B. Financial lease:

The minimum lease payments and the present value of minimum lease payments in respect of arrangements classified as finance leases are as below:

All amounts ₹ in million, unless otherwise stated

	As at 31 December 2018		As at 31 December 2017	
	Minimum lease payment	Future finance charges	Minimum lease payment	Future finance charges
Payable within one year	13.78	0.71	25.97	1.91
Payable between one and five years	4.98	0.11	17.66	0.77
Payable after five years	-	-	-	-
Total	**18.76**	**0.82**	**43.63**	**2.68**
Present value of minimum lease payment		**17.94**		**40.95**

51. Segment reporting

The business activity of the Group predominantly fall within a single reportable business segment viz manufacturing and sale of beverages. There are no separate reportable business segments. As part of reporting for geographical segments, the Group operates in two principal geographical areas of the world, i.e., within India and other countries (outside India). The aforesaid is in line with review of operating results by the chief operating decision maker.

The following table presents revenue from external customers, segment non-current assets regarding geographical segments:

All amounts ₹ in million, unless otherwise stated

	As at 31 December 2018	As at 31 December 2017
Non-current assets*		
- Within India	37,047.93	33,545.12
- Outside India	11,202.98	9,240.32

* excluding financial instruments, deferred tax assets and post-employment benefit assets.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

All amounts ₹ in million, unless otherwise stated

	As at 31 December 2018	As at 31 December 2017
Revenue from external customers		
- Within India	37,483.45	34,371.43
- Outside India	14,797.82	10,792.34

52. Dues to Micro and Small Enterprises

The dues to micro and small enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the Holding Company is given below:

All amounts ₹ in million, unless otherwise stated

Particulars	31 December 2018	31 December 2017
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	2.47	8.71
Interest due on above	0.01	0.12
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	-	-
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.	0.16	0.43
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.91	0.74
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	0.91	0.74

53. Details of Corporate Social Responsibility (CSR) expenditure

In accordance with the provisions of section 135 of the Companies Act, 2013, the Board of Directors of the Holding Company had constituted CSR Committee. The details for CSR activities is as follows :

All amounts ₹ in million, unless otherwise stated

Particulars	For the year ended 31 December 2018	For the year ended 31 December 2017
a) Gross amount required to be spent by the Holding Company during the year	41.42	27.63
b) Amount spent during the year on the following		
1. Construction / Acquisition of any asset	-	-
2. On purpose other than 1 above	41.42	27.73

Refer note 49 B for amounts paid to Champa Devi Jaipuria Charitable Trust towards contribution for "Shiksha Kendra" for the education of poor and under privileged children and to Diagno Labs Private Limited for free health check-up camps.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

54. Acquisitions and disposals

Acquisitions and disposals during the year ended 31 December 2018:

A. Acquisitions under business combination

The Holding Company acquired PepsiCo India's previously franchised territory in the of State of Jharkhand in India along with manufacturing unit at Jamshedpur for a total purchase consideration of ₹ 552.13 on a slump sale basis, excluding net payable of ₹ 60.33 on account of net working capital adjustment taken over as part of business.

The details of the business combination are as follows:

(₹ in million)

Particulars	Jharkhand
Name of acquiree	SMV Agencies Private Limited
Acquisition date	23 March 2018
Non-current assets recognised	
Property, plant and equipment	211.79
Other intangible assets (Franchise rights)	424.73
Deferred tax assets	11.20
Total non-current assets (a)	**647.72**
Non-current liabilities recognised	
Employee benefits payable	(32.87)
Security deposits from distributors	(62.72)
Total non-current liabilities (b)	**(95.59)**
Net current liabilities acquired	
Other current liabilities	(78.88)
Other current assets	18.55
Net current liabilities (c)	**(60.33)**
Identifiable net assets (d = a+b+c)	**491.80**

B. Assets acquisitions

i. On 11 January 2018, the Holding Company has acquired PepsiCo India's previously franchised territory in the State of Chhattisgarh along with certain property, plant and equipment and other intangible assets for a total purchase consideration of ₹ 150.00 from SMV Beverages Private Limited.

ii. On 17 January 2018, PepsiCo India has transferred franchise territory in the State of Bihar to the Holding Company. Subsequently on 12 December 2018, the Holding Company has paid an amount of ₹ 450.00 to Lumbini Beverages Private Limited for acquiring certain property, plant and equipment and other intangible assets for the State of Bihar.

iii. On 18 January 2018, the Holding Company has acquired a manufacturing unit at Cuttack, Odisha along with certain assets for a total purchase consideration of ₹ 437.50 from SMV Beverages Private Limited.

iv. On 05 April 2018, the Holding Company has acquired a manufacturing unit at Jamshedpur, Jharkhand along with certain assets for a total purchase consideration of ₹ 101.49 from Steel City Beverages Private Limited.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

Acquisitions and disposals during the year ended 31 December 2017:

C. Acquisition under business combination

The Holding Company acquired PepsiCo India's previously franchised territories in the parts of Madhya Pradesh and State of Odisha along with two manufacturing units at Bargarh and Bhopal (Mandideep) for a total purchase consideration of ₹ 470.00 and ₹ 832.00 respectively on a slump sale basis. The aforesaid purchase consideration excludes adjustment for working capital taken over as part of business.

The details of the business combination are as follows:

(₹ in million)

Particulars	Madhya Pradesh	Odisha
Name of acquiree	SMV Beverages, a unit of SMV Agencies Private Limited	SMV Beverages Private Limited
Acquisition date	27 September 2017	26 September 2017
Recognised amounts of identifiable net assets		
Property, plant and equipment	238.85	333.27
Other intangible assets (Franchise rights)	272.85	531.42
Total non-current assets (a)	**511.70**	**864.69**
Employee benefits payable	(14.64)	(6.55)
Security deposits from distributors	(29.54)	(43.06)
Total non-current liabilities (b)	**(44.18)**	**(49.61)**
Net consideration	467.52	815.08
Net current assets acquired		
Other current liabilities	(107.29)	(87.48)
Other current assets	7.51	9.26
Net working capital (c)	**(99.78)**	**(78.22)**
Identifiable net assets (d = a+b+c)	**367.74**	**736.86**
Amount paid (e)	**370.22**	**753.78**
Goodwill (e-d)	**2.48**	**16.92**

Goodwill

Goodwill of ₹ 19.40 primarily relates to growth expectations, expected future profitability. Goodwill has been allocated to the beverages business and is deductible for tax purposes.

D. Acquisition of additional stake in Varun Beverages (Zambia) Limited

With effect from 20 February 2017, the Holding Company has acquired additional thirty percent equity, consisting of 15,000 shares, from other minority shareholders, namely, Africa Bottling Company Ltd. and Multi Treasure Ltd. in Varun Beverages (Zambia) Limited for a consideration of ₹ 685.96 million (USD 10.24 million), payable to acquiree, thereby increasing the Holding Company's ownership stake to ninety percent.

As Varun Beverages (Zambia) Limited, was already a subsidiary of the Holding Company, this transaction has not resulted in change in control. Accordingly, difference between the non-controlling interest relatable to thirty percent equity, i.e., ₹ 60.61 million and the value of consideration is directly recognised in other equity in capital reserve. The expenses incurred for acquisition amounting to ₹ 33.20 million are charged to 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 2018

E. Reduction of ownership stake in Varun Beverages Mozambique Limitada

The Holding Company sold 41% equity quota of Varun Beverages Mozambique Limitada to reduce its stake from 51% down to 10% for a consideration of ₹ 0.11 on 02 March 2017. This transaction did not have any material impact on these financial statements.

During the year ended 31 December 2018, the Holding Company sold its 10% stake in Varun Beverages Mozambique Limitada to other shareholder for a consideration of ₹ 0.03.

At the date of disposal, the carrying amounts of net assets of Varun Beverages Mozambique Limitada were as follows:

(₹ in million)

	As at March 02, 2017
Property, plant and equipment	158.69
Other intangible assets	0.31
Other	4.61
Total non-current assets (a)	**163.61**
Inventories	60.36
Trade receivables	18.14
Cash and cash equivalents	2.35
Other	0.24
Total current assets (b)	**81.09**
Non-current borrowings	99.40
Total non-current liabilities (c)	**99.40**
Current borrowings	4.68
Trade payables	85.65
Other current liabilities	57.61
Total current liabilities (d)	**147.94**
Net identifiable assets (a+b-c-d)	**(2.64)**
Total consideration received	0.11
Gain on disposal recognised	2.75

55. The Holding Company follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

56. Share-based payments

Description of share based payments arrangements

During the year ended 31 December 2013, the Holding Company granted stock options to certain employees of the Holding Company and its subsidiaries. The Holding Company has the following share-based payment arrangements for employees.

A. Employee Stock Option Plan 2013 (ESOP 2013)

The ESOP 2013 ('the Plan') was approved by the Board of Directors and the shareholders on 13 May 2013 and further amended by Board of Directors on 01 December 2015. The plan entitles key managerial personnel and employees of the Holding Company and its subsidiaries to purchase shares in the Holding Company at the stipulated exercise price, subject to compliance with vesting conditions. Stock options can be settled by issue of equity shares. As per the Plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 149.51, which is 1.14 % above the stock price at the date of grant, i.e., 13 May 2013.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

The expense recognised for employee services received during the respective years is ₹ Nil.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and changes in, share options during the year:

	31 December 2018		31 December 2017	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	78,285	149.51	3,52,700	149.51
Options exercised during the year	(55,000)	149.51	(2,74,415)	149.51
Outstanding at the end of the year	**23,285**		**78,285**	
Exercisable at the end of the year	23,285	-	78,285	-

The fair values of options granted under new plan were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The following principal assumptions were used in the valuation:

	Options vested and exercised	Options vested and unexercised
Number of options	20,06,550	6,68,850
Fair value on grant date (₹)	65.92	66.44
Share price at grant date (₹)	147.83	147.83
Exercise price (₹)	149.51	149.51
Expected volatility*	16.63%	16.63%
Expected life	7.56 years	7.64 years
Expected dividends	0%	0%
Risk-free interest rate (based on government bonds)	7.53%	7.53%

*The measure of volatility has been calculated based on the average volatility of closing market price of the BSE 500 during the period 01 January 2013 to 31 December 2013.

Particulars of Scheme

Name of scheme	Options vested and unexercised
Vesting conditions	668,850 options on the date of grant ('First vesting')
	668,850 options on first day of January of the calendar year following the first vesting ('Second vesting')
	668,850 options on first day of January of the calendar year following the second vesting ('Third vesting')
	668,850 options on first day of January of the calendar year following the third vesting ('Fourth vesting')
	Notwithstanding any other clause of this Plan, no vesting shall occur until 01 December 2015 or fourth vesting, whichever is earlier
Exercise period	Stock options can be exercised within a period of 5 years from the date of vesting.
Number of share options	2,675,400
Exercise price	149.51
Method of settlement	Equity
Fair value on the grant date	Options vested: ₹ 65.92 Options to be vested : ₹ 66.44
Remaining life as on 31 December 2018	1.94 years
Remaining life as on 31 December 2017	2.94 years

The following share options were exercised during the current year:

Particulars	Options series	Number exercised	Share price at exercised date	Exercise date
Granted on 13 May 2013	ESOP 2013	12,700	₹ 717.10	24 January 2018
Granted on 13 May 2013	ESOP 2013	15,000	₹ 608.15	20 March 2018
Granted on 13 May 2013	ESOP 2013	19,500	₹ 688.25	26 July 2018
Granted on 13 May 2013	ESOP 2013	7,800	₹ 765.80	22 November 2018

The following share options were exercised during the previous year:

Particulars	Options series	Number exercised	Share price at exercised date	Exercise date
Granted on 13 May 2013	ESOP 2013	99,400	₹ 404.78	20 February 2017
Granted on 13 May 2013	ESOP 2013	98,200	₹ 473.90	24 April 2017
Granted on 13 May 2013	ESOP 2013	46,815	₹ 514.64	11 August 2017
Granted on 13 May 2013	ESOP 2013	27,000	₹ 510.98	25 September 2017
Granted on 13 May 2013	ESOP 2013	3,000	₹ 512.51	11 October 2017

B. Employee Stock Option Plan 2016 (“ESOP 2016”)

The ESOS 2016 (‘the Scheme’) was approved by the Board of Directors and the shareholders on 27 April 2016. The Scheme entitles key managerial personnel and employees of the Holding Company and its subsidiaries to purchase shares in the Holding Company at the stipulated exercise price, subject to compliance with vesting conditions. Stock options can be settled by issue of equity shares. No options under this scheme have been granted upto year ended 31 December 2018.

57. 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.

57.1 Market risk analysis

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

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 sales and purchases and external commercial borrowings etc.

To mitigate its exposure to foreign currency risk, the Group continuously monitors non-INR cash flows and hedging contracts are entered into wherever considered necessary.

The carrying amounts of the Group's foreign currency denominated monetary items are restated at the end of each reporting period. Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are as follows:

(in million)

	USD	GBP	Euro	SGD	LKR	MAD	NPR	ZMW
31 December 2018								
Financial assets								
(i)Trade receivables	2.63	-	-	-	931.32	43.07	70.04	112.27
(ii) Loans	-	-	-	-	-	1.91	-	0.27
(iii) Others	1.06	-	0.36	-	-	0.01	20.82	5.25
(iv) Cash and cash equivalents	18.50	-	-	-	109.30	3.34	26.77	7.36
(v) Other bank balances	-	-	-	-	4.01	-	222.67	-
Total financial assets	**22.19**	**-**	**0.36**	**-**	**1,044.63**	**48.33**	**340.30**	**125.15**
Financial liabilities								
(i) Borrowings	27.17	-	5.35	33.13	6,266.52	398.79	248.39	192.78
(ii) Trade payables	27.76	0.01	1.13	-	300.41	71.69	974.82	83.77
(iii) Other financial liabilities	8.59	-	-	0.15	374.71	46.87	1,188.61	38.42
Total financial liabilities	**63.52**	**0.01**	**6.48**	**33.28**	**6,941.64**	**517.35**	**2,411.82**	**314.97**
31 December 2017								
Financial assets								
(i) Trade receivables	1.03	-	-	-	1,603.02	50.22	71.36	60.28
(ii) Loans	0.02	-	-	-	-	1.86	-	0.32
(iii) Others	0.89	-	-	-	-	-	11.66	-
(iv) Cash and cash equivalents	4.36	-	-	-	6.41	2.33	6.50	5.65
(v) Other bank balances	-	-	-	-	-	-	472.57	-
Total financial assets	**6.30**	**-**	**-**	**-**	**1,609.43**	**54.41**	**562.09**	**66.25**
Financial liabilities								
(i) Borrowings	14.73	-	-	-	6,694.68	341.77	899.98	203.62
(ii) Trade payables	6.85	-	0.27	-	418.37	62.17	1,036.02	54.42
(iii) Other financial liabilities	2.65	-	5.42	-	484.00	49.21	1,028.69	49.26
Total financial liabilities	**24.23**	**-**	**5.69**	**-**	**7,597.05**	**453.15**	**2,964.69**	**307.30**

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 2018 (31 December 2017: +/-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 2018

If the INR had strengthened/weakened against respective foreign currency by 1% (31 December 2017: 1%), then impact of such change on profit for the year and equity as at 31 December 2018 and 31 December 2017 will be as below:

(₹ in million)

	Profit for the year		Equity	
	+1%	**-1%**	**+1%**	**-1%**
31 December 2018	130.74	(130.74)	130.74	(130.74)
31 December 2017	97.28	(97.28)	97.28	(97.28)

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 2017: +/- 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 for the year		Equity	
	+1%	**-1%**	**+1%**	**-1%**
31 December 2018	(194.36)	194.36	(194.36)	194.36
31 December 2017	(152.83)	152.83	(152.83)	152.83

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 various purchase contracts.

Commodity price sensitivity

The following tables shows the effect of price change in sugar and pet chips

(₹ in million)

	Change in year - end price	Effect on profit before tax		Effect on equit	
31 December 2018					
Sugar	+/-1%	(62.74)	62.74	(62.74)	62.74
Pet chips	+/-1%	(32.87)	32.87	(32.87)	32.87
31 December 2017					
Sugar	+/-1%	(63.27)	63.27	(63.27)	63.27
Pet chips	+/-1%	(18.51)	18.51	(18.51)	18.51

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

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.

57.2 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 2018	As at 31 December 2017
Classes of financial assets-carrying amounts:		
Investments (non-current)	0.01	0.04
Loans (non-current and current)	216.45	193.42
Others non-current financial assets	8.34	8.96
Trade receivables	1,280.25	1,502.45
Cash and cash equivalents	429.36	649.46
Bank balances (other than those classified as cash and cash equivalents above)	505.44	295.14
Others current financial assets	1,404.78	932.40
	3,844.63	**3,581.87**

The Group continuously monitors receivables and defaults of customers and other counterparties, and incorporates this information into its credit risk controls. Appropriate security deposits are kept against the supplies to customers and balances are reconciled at regular intervals. The Group's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty. Trade receivables consist of a large number of customers of various scales and in different geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables. In case the receivables are not recovered even after regular follow up, measures are taken to stop further supplies to the concerned customer. The expected credit loss is based on the five years historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Movement in expected credit loss allowance on trade receivables and capital advances:-

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Balance at the beginning of the year	400.14	252.37
Loss allowance measured at lifetime expected credit loss	257.40	156.74
Foreign currency translation reserve	(3.59)	(8.97)
Balance at the end of the year	**653.95**	**400.14**

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.

57.3 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 2018, the Group's non-derivative financial liabilities have contractual maturities as summarised below:

(₹ in million)

31 December 2018	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	8,207.83	17,905.90	629.81
Trade payables	3,167.97	-	-
Other financial liabilities (current)	4,080.49	-	-
Total	**15,456.29**	**17,905.90**	**629.81**

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

(₹ in million)

31 December 2017	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	9,638.40	16,745.07	579.70
Trade payables	1,909.46	-	-
Other financial liabilities (current)	2,647.91	-	-
Total	**14,195.77**	**16,745.07**	**579.70**

As at 31 December 2018, the contractual cash flows (excluding interest thereon) of the Group's derivative financial instruments are as follows:

(₹ in million)

31 December 2018	1 to 12 months	1 to 5 years
Cross currency interest rate swap	-	1,686.78

This compares to the contractual cash flows of the Group's derivative financial instruments in the previous reporting periods as follows:

(₹ in million)

31 December 2017	1 to 12 months	1 to 5 years
Cross currency interest rate swap	341.50	-

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

58. Fair value measurements

Financial instruments by categories

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

Particulars	Carrying value		Fair value	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Financial assets				
Fair value through profit and loss ('FVTPL')				
(i) Non-current financial assets				
(i) Investment (non-current)	0.01	0.04	0.01	0.04
Amortised cost				
(i) Non-current financial assets				
(a) Loans	200.92	193.16	200.92	193.16
(b) Others	8.34	8.96	8.34	8.96
(ii) Current financial assets				
(a) Trade receivables	1,280.25	1,502.45	1,280.25	1,502.45
(b) Cash and cash equivalents	429.36	649.46	429.36	649.46
(c) Bank balances other than above	505.44	295.14	505.44	295.14
(d) Loans	15.53	0.26	15.53	0.26
(e) Others	1,404.78	932.40	1,404.78	932.40
Total	**3,844.63**	**3,581.87**	**3,844.63**	**3,581.87**
Financial liabilities				
FVTPL				
(i) Current financial liability				
(a) Liability for derivative contract	77.97	25.85	77.97	25.85
Amortised cost				
(i) Non-current borrowings (excluding those disclosed under FVTPL category above)	19,800.69	16,913.68	19,800.69	16,913.68
(ii) Current financial liabilities				
(a) Borrowings	3,776.55	3,533.65	3,776.55	3,533.65
(b) Trade payables	3,167.97	1,909.46	3,167.97	1,909.46
(c) Others	8,434.46	8,710.56	8,434.46	8,710.56
Total	**35,257.64**	**31,093.20**	**35,257.64**	**31,093.20**

Valuation technique to determine fair value

Cash and cash equivalents, other bank balances, trade receivables, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the long term borrowings, loans and other deferred payments are determined by using discounted cash flow method using the appropriate discount rate. The discount rate is determined using other similar instruments incorporating the risk associated.
- The fair values of the unquoted instruments and other financial assets and liabilities have been estimated using a 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 2018 and 31 December 2017 as follows: (also refer note 3(a))

(₹ in million)

31 December 2018	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2018	0.01	-	-	0.01

(₹ in million)

31 December 2018	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
(a) Liability for derivative contract	31 December 2018	77.97	-	77.97	-

There have been no transfers of financial assets and financial liabilities between the levels during the year 2018.

(₹ in million)

31 December 2017	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2017	0.04	-	-	0.04

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

(₹ in million)

31 December 2017			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
(a) Liability for derivative contract	31 December 2017	25.85	-	25.85	-

59. 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, 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 2018	As at 31 December 2017
Non-current borrowings (Refer note 24A)	19,800.69	16,913.68
Current borrowings (Refer note 24B)	3,776.55	3,533.65
Current portion of deferred payment liabilities (Refer note 24D)	429.58	2,976.98
Current maturities of long-term debts (Refer note 24C)	4,071.85	3,112.71
	28,078.67	**26,537.02**
Less: Cash and cash equivalents (Refer note 15)	429.36	649.46
Net debt	**27,649.31**	**25,887.56**
Equity share capital (Refer note 22)	1,826.42	1,825.87
Other equity (Refer note 23)	18,158.62	15,868.41
Total capital	**19,985.04**	**17,694.28**
Capital and net debt	**47,634.35**	**43,581.84**
Gearing ratio	**58.04%**	**59.40%**

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 2018 and 31 December 2017.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowing in the reporting periods.

60. Assets pledged as security

The carrying amount of assets pledged as security are:

(₹ in million)

Particulars	As at 31 December 2018	As at 31 December 2017
Inventories and trade receivable	6,952.38	4,578.59
Cash and cash equivalents	429.36	649.46
Other bank deposits	1,430.60	295.14
Current loans	104.68	0.26
Other current financial assets	1,783.80	932.40
Other current assets	1,581.41	1,532.48
Other intangible assets	5,235.20	4,355.84
Property, plant and equipment (including capital work-in-progress)	37,725.97	32,198.09

61. Recent accounting pronouncements (Ind AS issued but not yet effective)

The Ministry of Corporate Affairs ("MCA") issued the Companies (Indian Accounting Standards) Amendments Rules, 2018 and Companies (Indian Accounting Standards) Second Amendments Rules, 2018, notifying Ind AS 115, 'Revenue from Contract with Customers', Appendix B to Ind AS 21, Foreign currency transactions and advance consideration and amendments to Ind AS 20, Government grants. These amendments are in line with recent amendments made by International Accounting Standards Board ("IASB"). These amendments are applicable to the Company from accounting periods beginning on or after 01 January 2019, i.e., from financial year 2019.

Ind AS 115, Revenue from Contract with Customers:

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flows arising from contract with customers. The principle of Ind AS 115 is that entity should recognize revenue that demonstrates the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effects of contracts that are not completed contacts at the date of initial application of the standard.

The Holding Company is evaluating the requirements of the standard and the effect on the financial statements.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

The appendix clarifies that the date of transaction for the purpose of determining the exchange rate to use an initial recognition of the asset, expense or income (or part of it) is the date on which an entity initially recognizes the non- monetary asset or non-monetary liability arising from the payment or receipt of advance consideration towards such assets, expense or income. If there are multiple payments or receipts of advance, then an entity must determine transaction date for each payment or receipts of advance consideration.

The Holding Company is evaluating the requirements of the amendment and the effect on the financial statements.

Ind AS 20, Government grant:

The amendment provides alternative to recognition of government grants related to assets and non-monetary grant. Government grant related to assets can also be presented by deducting the grant from the carrying amount of the asset and non-monetary grant can be recognised at a nominal amount.

The Holding Company has evaluated the requirements of the amendment and is not expecting to use such options.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

62. Additional information, as required to Consolidated Financial Statements pursuant to Schedule III to the Companies Act, 2013

All amounts ₹ in million, unless otherwise stated

Name of the company/entity	Net assets i.e., total assets minus total liabilities		Share of profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
For the year ended 31 December 2018								
Holding Company								
Varun Beverages Limited	129.04%	25,889.39	110.84%	3,323.59	7.83%	(14.76)	117.75%	3,308.83
Subsidiaries								
Varun Beverages (Nepal) Private Limited	8.94%	1,793.19	12.93%	387.62	0.00%	-	13.79%	387.62
Varun Beverages Lanka (Private) Limited (Consolidated)	-0.77%	(154.67)	-9.91%	(297.22)	-3.19%	6.01	-10.36%	(291.21)
Varun Beverages Morocco SA	0.48%	96.13	-22.63%	(678.64)	0.00%	-	-24.15%	(678.64)
Varun Beverages (Zambia) Limited	1.21%	243.56	6.94%	208.20	0.00%	-	7.41%	208.20
Varun Beverages (Zimbabwe) (Private) Limited	3.94%	790.52	27.18%	815.12	0.00%	-	29.01%	815.12
Minority interest in all subsidiaries	0.39%	77.68	2.34%	70.22	0.00%	-	2.50%	70.22
Associate (as per equity method)								
Angelica Technologies Private Limited (Consolidated)	0.56%	112.44	1.01%	30.20	0.00%	-	1.07%	30.20
Inter group eliminations	-43.79%	(8,785.52)	-28.70%	(860.46)	95%	(179.82)	-37.02%	(1,040.28)
Total	**100.00%**	**20,062.72**	**100.00%**	**2,998.63**	**100.00%**	**(188.57)**	**100.00%**	**2,810.06**
For the year ended 31 December 2017								
Holding Company								
Varun Beverages Limited	129.91%	22,968.01	110.06%	2,355.98	-9.82%	6.39	113.82%	2,362.37
Subsidiaries								
Varun Beverages (Nepal) Private Limited	4.02%	709.91	20.47%	438.17	0.43%	(0.28)	21.10%	437.89
Varun Beverages Lanka (Private) Limited (Consolidated)	0.62%	110.40	-5.56%	(119.01)	-2.03%	1.32	-5.67%	(117.69)
Varun Beverages Morocco SA	0.76%	134.48	-18.60%	(398.12)	0.00%	-	-19.18%	(398.12)
Varun Beverages (Zambia) Limited	-0.75%	(133.34)	6.50%	139.13	0.00%	-	6.70%	139.13
Varun Beverages (Mozambique) Limitada	0.00%	-	1.92%	41.03	0.00%	-	1.98%	41.03
Varun Beverages (Zimbabwe) (Private) Limited	-0.16%	(27.81)	-1.66%	(35.60)	0.00%	-	-1.72%	(35.61)
Minority interest in all subsidiaries	-0.08%	(14.32)	1.82%	39.05	0.00%	-	1.88%	39.05
Associate (as per equity method)								
Angelica Technologies Private Limited (Consolidated)	0.47%	82.23	0.63%	13.50	0.00%	-	0.65%	13.50
Inter group eliminations	-34.79%	(6,149.60)	-15.58%	(333.54)	111.42%	(72.51)	-19.56%	(406.05)
Total	**100.00%**	**17,679.96**	**100.00%**	**2,140.59**	**100.00%**	**(65.08)**	**100.00%**	**2,075.50**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

63. Summarised financial information for Associate:

The Group has a 47.30% ownership interest in Angelica Technologies Private Limited ("Angelica"), an associate. The Holding company's interest in Angelica is accounted at cost using the equity method in these financial statements. Summarised financial information of Angelica, is set out below:

A. Principal place of business: India

B. Summarised balance sheet

(₹ in million)

Particulars	31 December 2018	31 December 2017
Cash and cash equivalents	3.68	3.59
Other assets	299.47	194.91
Current Assets (A)	**303.15**	**198.50**
Non-Current Assets (B)	**240.66**	**284.64**
Trade payables and provisions	73.94	36.33
Current liabilities (excluding trade payables and provisions)	104.09	143.61
Current Liabilities ('C)	**178.04**	**179.94**
Trade payables and provisions	2.82	2.54
Non-current liabilities (excluding trade payables and provisions)	43.06	67.03
Non-Current Liabilities (D)	**45.88**	**69.57**
Net Assets (A+B-C-D)	**319.90**	**233.62**
Net Assets attributable to non-controlling interest	**(82.20)**	**(59.77)**
Net Assets attributable to Holding Company	**237.70**	**173.85**

C. Reconciliation to carrying amounts

(₹ in million)

Particulars	31 December 2018	31 December 2017
Opening net assets	173.85	145.31
Net profit for the year	63.85	28.54
Total net assets	**237.70**	**173.85**
Group's share in %	47.30%	47.30%
Group's share in ₹	112.43	82.23
Carrying amount of investment	**112.43**	**82.23**

D. Summarised statement of profit and loss

(₹ in million)

Particulars	31 December 2018	31 December 2017
Revenue	781.12	561.28
Other income	11.54	6.19
Total Revenue (A)	**792.65**	**567.46**
Cost of materials consumed	461.40	291.68
Changes in inventories of finished goods, Stock-in -Trade and work-in- progress	(4.32)	(0.47)
Excise duty on sale of goods	-	31.37
Employee benefits expense	42.19	39.45
Depreciation and amortisation	46.82	45.73

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2018

(₹ in million)

Particulars	31 December 2018	31 December 2017
Finance costs	7.02	11.14
Other expenses	113.42	92.84
Total Expenses (B)	**666.54**	**511.73**
Profit before tax (C=A-B)	**126.11**	**55.73**
Tax expense (D)	40.27	17.21
Profit after Tax (E=C-D)	**85.84**	**38.52**
Other comprehensive income (F)	0.44	0.02
Total Comprehensive Income (G=E+F)	**86.28**	**38.54**
Net profit attributable to:		
(a) Owners	63.52	28.53
(b) Non-controlling interest	22.32	9.99
Other comprehensive income attributable to:		
(a) Owners	0.33	0.02
(b) Non-controlling interest	0.11	0.01
Total comprehensive income attributable to:		
(a) Owners	63.85	28.54
(b) Non-controlling interest	22.43	10.00
Group's share in % (H)	47.30%	47.30%
Group's share of profit after tax (G*H)	30.20	13.50
Profit recognised in the Consolidated Statement of Profit and Loss	30.20	13.50

64. Events occurring after the reporting period

A. Subsequent to year ended 31 December 2018, on 14 February 2019, the Holding Company concluded acquisition of franchise rights for a total purchase consideration of ₹ 150.00 from SMV Beverages Private Limited and Nectar Beverages Private Limited (together referred as 'SMV Group') to sell and distribute PepsiCo India's beverage brands in 13 districts in State of Karnataka, 14 districts in State of Maharashtra and 3 districts in State of Madhya Pradesh.

B. Subsequent to year end, on 18 February 2019, the Board of Directors at their meeting considered and approved, its intent to enter into a binding agreement with PepsiCo India to acquire franchisee rights in South and West regions of India for a national bottling, sales and distribution footprint in 7 states and 5 Union Territories (subject to receipt of necessary statutory approvals). Upon completion of the acquisitions and related formalities, the Company will be a franchisee of PepsiCo India's beverages business across 27 states and 7 Union Territories of India.

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date attached.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership no.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership no.: 520078

Varun Jaipuria
Whole-Time Director
DIN 02465412

Raj Pal Gandhi
Whole-Time Director
DIN 00003649

Kapil Agarwal
Chief Executive Officer
and Whole-Time Director
DIN 02079161

Kamlesh Kumar Jain
Chief Financial Officer
and Whole-Time Director
DIN 01822576

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

Place : Gurugram
Dated : 20 February 2019

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of subsidiaries/associate companies:

Part"A": Subsidiaries

₹ in million, except as stated otherwise

S. No.	S.No.	1	2	3	4	5
	Particulars	**Varun Beverages (Nepal) Private Limited**	**Varun Beverages Lanka (Private) Limited**	**Varun Beverages Morocco SA**	**Varun Beverages (Zambia) Limited**	**Varun Beverages (Zimbabwe) (Private) Limited**
	Date of acquisition	**01 January 2012**	**01 January 2012**	**01 January 2012**	**01 January 2016**	**01 January 2016**
	Financial year ending on	**31 December 2018**	**31 December 2018**	**31 December 2018**	**31 December 2018**	**31 December 2018**
	Currency	**NPR**	**LKR**	**MAD**	**ZMW**	**USD**
	Exchange rate on the last day of financial year	**0.62441**	**0.37810**	**7.22994**	**5.77569**	**69.79230**
	Average exchange rate during the financial year	**0.62441**	**0.41894**	**7.24455**	**6.49291**	**68.36289**
1	Share capital	674.36	214.67	3,969.24	202.15	0.08
2	Reserve and surplus	1,118.83	(369.34)	(3,847.73)	43.25	790.45
3	Total assets	3,414.55	2,571.21	3,932.41	2,081.12	4,918.80
4	Total liabilities	1,621.36	2,725.88	3,810.90	1,835.72	4,128.28
5	Turnover	4,384.25	1,501.76	2,503.97	2,789.32	4,686.81
6	Profit before taxation	481.53	(348.97)	(683.29)	234.02	976.26
7	Provision for taxation	93.92	(60.02)	12.69	-	172.19
8	Profit after taxation	387.62	(288.96)	(695.98)	234.02	804.07
9	Proposed dividend	192.19	-	-	-	-
10	% of shareholding	100%	100%	100%	90%	85%

Part "B": Associates

S. No.	Particulars	Angelica Technologies Private Limited
	Latest audited Balance Sheet date	**31 December 2018**
	Date of acquisition	**13 April 2012**
	Currency	**INR**
1	Shares of Associate held by the Company at year end: (Number)	35,474
	Amount of investment in Associate	0.35
	Total number of shares	75,000
	Extent of holding %	47.30%
	Description of how there is significant influence*	
2	Networth attributable to shareholding as per latest audited balance sheet	111.20
3	Profit for the year:	
	Considered in consolidation	30.20
	Not considered in consolidation	-

*There is significant influence due to percentage of 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

Kapil Agarwal
Chief Executive Officer
and Whole-Time Director
DIN 02079161

Kamlesh Kumar Jain
Chief Financial Officer
and Whole-Time Director
DIN 01822576

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

Place : Gurugram
Dated : 20 February 2019

Independent Auditor's Report

To the Members of
Varun Beverages Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Varun Beverages Limited ('the Company'), which comprise the Balance Sheet as at 31 December 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including Other Comprehensive Income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

Opinion

8. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 December 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The standalone financial statements of the Company for the year ended 31 December 2017 were jointly audited by the predecessor joint auditor, Walker

Independent Auditors' Report to the members of Varun Beverages Limited, on the Standalone Financial Statements for the year ended 31 December 2018 (Cont'd)

Chandiok & Associates, Chartered Accountants and current joint auditor, APAS & Co., Chartered Accountants, who have expressed an unmodified opinion on those financial statements vide their audit report dated 16 February 2018.

Report on Other Legal and Regulatory Requirements

10. As required by section 197(16) of the Act, 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.

11. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

12. Further to our comments in Annexure 1, as required by Section 143(3) of the Act, we report 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;

    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 2018 from being appointed as a director in terms of Section 164(2) of the Act;

    f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 December 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 20 February 2019 as per Annexure 2 expressed an unqualified 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 42 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;

        ii. the Company, as detailed in Note 26 to the standalone financial statements, has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**	For **APAS & Co.**
Chartered Accountants	Chartered Accountants
Firm's Registration No.: 001076N/N500013	Firm's Registration No.: 000340C
Anupam Kumar	**Sumit Kathuria**
Partner	Partner
Membership No.: 501531	Membership No: 520078
Place: Gurugram	Place: Gurugram
Date: 20 February 2019	Date: 20 February 2019
L-41	8/14
Connaught Place,	Basement, Kalkaji Extension,
New Delhi 110 001	New Delhi 110 019

Annexure 1 to the Independent Auditor's Report of even date to the members of Varun Beverages Limited, on the standalone financial statements for the year ended 31 December 2018

Annexure 1

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets, other than refrigerators (visi coolers) and containers lying with third parties, have been physically verified by the management during the year and no material discrepancies were noticed on such verification. The Company has a regular program of physical verification of refrigerators (visi coolers) under which such fixed assets are verified in a phased manner over a period of three years and no material discrepancies were noticed on such verification. According to the information and explanations given to us, the existence of containers lying with active third parties is considered on the basis of the confirmations obtained from such third parties. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company except for the following property, which according to the information and explanation given to us by the management, land at Pathankot will be registered in the name of the Company on expiry of 3 years from the date of commencement of commercial production on such property and land at Sonapur and Sangli will be registered on full and final payment.

Nature of property	Total Number of Cases	Whether leasehold / freehold	Gross block as on 31 December 2018	Net block as on 31 December 2018
Land (at Pathankot)	1	Leasehold	₹ 197.10 million	₹ 192.23 million
Land (at Sonapur, Kolkata)	1	Leasehold	₹ 1.50 million	₹ 1.49 million
Land (at Sangli, Maharashtra)	1	Leasehold	₹ 1.55 million	₹ 1.55 million

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of loans, investments, guarantees and security, as applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ million)	Amount paid under Protest (₹ million)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Central Excise	395.39	-	2005-06, February 2009-June 2017	CESTAT, New Delhi
Central Excise Act, 1944	Central Excise	11.89	0.89	April 2012 to December 2015	CESTAT, New Delhi
Central Excise Act, 1944	Central Excise	1.77	0.05	April 2012 to June 2017	Additional Commissioner, Bhiwadi
Central Excise Act, 1944	Central Excise	4.51	0.40	March 2012 to December 2016	Commissioner (Appeal), Bhiwadi
Central Excise Act, 1944	Central Excise	1.27	0.13	2014-15	CESTAT Allahabad
Central Excise Act, 1944	Central Excise	0.20	0.01	September 2014 to June 2015	Commissioner (Appeal), Meerut
Central Excise Act, 1944	Central Excise	9.88	0.48	August 2015 to March 2016	CESTAT, New Delhi
Central Excise Act, 1944	Central Excise	1.39	-	April 2016 to June 2017	Commissioner (Appeal) Ludhiana
Central Excise Act, 1944	Central Excise	0.78	-	April 2013 to Feb 2016	Commissioner (Appeal), Kolkata
Central Excise Act, 1944	Central Excise	3.51	-	July 2014 to August 2014	Commissioner (Appeal), Kolkata
Central Excise Act, 1944	Central Excise	0.16	-	March 2015 to October 2016	Deputy Commissioner, Panipat
Central Excise Act, 1944	Central Excise	0.58	-	March 2015 to January 2016	Office of the Commissioner of Central Excise, Sonepat
Central Excise Act, 1944	Central Excise	13.69	0.51	April 2014 to February 2015	Office of the Commissioner of Central Excise, Panchkula
Central Excise Act, 1944	Central Excise	0.12	-	February 2016 to March 2017	Office of the Commissioner of Central Excise, Sonepat
The Uttar Pradesh Goods and Services Act, 2017	GST	1.28	1.28	June 2018 to October 2018	Additional Commissioner Ghaziabad

Annexure 1 to the Independent Auditor's Report of even date to the members of Varun Beverages Limited, on the standalone financial statements for the year ended 31 December 2018

Name of the statute	Nature of dues	Amount (₹ million)	Amount paid under Protest (₹ million)	Period to which the amount relates	Forum where dispute is pending
The Custom Act, 1962	Custom Duty	45.37	-	January 2017 to December 2018	Principal Commissioner/ Commissioner of Custom Maharashtra
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	1.61	0.11	2001-2002 to 2003-2005	Additional Commissioner (Appeals), Ghaziabad and Dy. Commissioner Noida
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	0.71	0.65	2015-16, 2016-17, 2017-18	Additional Commissioner, Ghaziabad and Joint Commissioner Ghaziabad
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	1.95	0.68	2009-2010	Commercial Tax Tribunal, Uttar Pradesh
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	10.36	2.72	January 2008 to March 2010 and 2011-12	Joint Commissioner Ghaziabad
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	18.29	7.66	2010-2012	Joint Commissioner, Ghaziabad and Add. Commissioner Ghaziabad
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	0.10	0.10	2010-2011	Joint Commissioner, Kanpur
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	0.38	0.38	2009-10, May 2015 and June 2016	Dy. Commissioner, (Appeal) Jaipur
Haryana Value Added Tax Act, 2003	Value Added Tax	95.68	0.40	April 2015 to March 2016	Excise and Taxation officer cum Assessing Authority, Mewat
Punjab Value Added Tax Act, 2005	Value Added Tax	0.18	-	2015-16	Assessing officer, Mohali
Punjab Value Added Tax Act, 2005	Value Added Tax	0.33	0.08	2015-16	Value added tax tribunal, Punjab and Chandigarh
Punjab Value Added Tax Act, 2005	Value Added Tax	0.19	0.14	2016-17	The Deputy Excise and Taxation Commissioner (Appeals) cum Joint Director (Investigation), Bathinda
Punjab Value Added Tax Act, 2005	Value Added Tax	0.13	0.03	2016-17	The Deputy Excise and Taxation Commissioner (Appeals) cum Joint Director (Enforcement), Jallandhar

Annexure 1 to the Independent Auditor's Report of even date to the members of Varun Beverages Limited, on the standalone financial statements for the year ended 31 December 2018

Name of the statute	Nature of dues	Amount (₹ million)	Amount paid under Protest (₹ million)	Period to which the amount relates	Forum where dispute is pending
Rajasthan Value Added Tax Act, 2003	Value Added Tax	582.46	16.75	2010-2015	Honorable High Court Rajasthan
West Bengal Value Added Tax Act, 2003	Value Added Tax	1.21	0.51	July 2012 and September 2013, January 2015 and September 2015	West Bengal, Tribunal
West Bengal Value Added Tax Act, 2003	Value Added Tax	0.96	0.47	April 2016-September 2016	West Bengal, Tribunal
The Goa Value Added Tax Act , 2005	Value Added Tax	2.43	-	2013-14	Assistant Commissioner, Margoa
The Maharashtra Value Added Tax Act , 2002	Value Added Tax	0.12	-	April 2013 to March 2014	Dy. Commissioner of Sales tax Dept. (Appeals), Kolhapur
The Uttarakhand Value Added Tax Act , 2005	Value Added Tax	0.14	0.14	April 2012	Uttarakhand Sale Tax Department
Punjab Tax on Entry of goods into Local Areas Act, 2000	Entry Tax	28.77	-	2016-17	Honorable High Court, Chandigarh
Rajasthan Tax of Entry of Goods into Local Areas Act, 1999	Entry Tax	3.37	-	2014-16	Honorable High Court, Jaipur
Uttar Pradesh Tax on Entry of Goods into Local Areas Act, 2007	Entry Tax	14.64	2.90	2009-10 and 2010-11	Joint Comm. Office (Circle-1), Ghaziabad
Goa Non-Biodegradable Garbage (Control) Act, 1996 (Act 5 of 1997)	Cess	42.78	-	April 2014 to December 2018	Honorable High court of Bombay, Panji
Income-Tax Act, 1961	Income Tax	0.34	-	A.Y 2006-07, AY 2007-08,	Income Tax Appelate Tribunal, New Delhi
Income-Tax Act, 1961	Income Tax	39.00	-	AY 2012-13	Income Tax Appelate Tribunal, New Delhi
Income-Tax Act, 1961	Income Tax	2.79	-	AY 2014-15, 2015-16	Commissioner Income Tax (Appeals), New Delhi

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.

Annexure 1 to the Independent Auditor's Report of even date to the members of Varun Beverages Limited, on the standalone financial statements for the year ended 31 December 2018

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531

Place: Gurugram
Date: 20 February 2019

L-41 Connaught Place,
New Delhi 110 001

For **APAS & Co.**
Chartered Accountants
Firm's Registration No: 000340C

Sumit Kathuria
Partner
Membership No: 520078

Place: Gurugram
Date: 20 February 2019

8/14 Basement, Kalkaji Extension,
New Delhi 110 019

Annexure 2 to the Independent Auditor's Report of even date to the members of Varun Beverages Limited on the standalone financial statements for the year ended 31 December 2018

Annexure 2

Independent Auditor's Report on the Internal Financial Controls 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 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, 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 IFCoFR 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR 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 over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Annexure 2 to the Independent Auditor's Report of even date to the members of Varun Beverages Limited on the standalone financial statements for the year ended 31 December 2018

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 December 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531

Place: Gurugram
Date: 20 February 2019

L-41 Connaught Place,
New Delhi 110 001

For **APAS & Co.**
Chartered Accountants
Firm's Registration No: 000340C

Sumit Kathuria
Partner
Membership No: 520078

Place: Gurugram
Date: 20 February 2019

8/14 Basement, Kalkaji Extension,
New Delhi 110 019

Standalone Balance Sheet

As at 31 December 2018

(₹ in million)

	Notes	As at 31 December 2018	As at 31 December 2017
Assets			
Non-current assets			
(a) Property, plant and equipment	4	27,983.04	28,404.80
(b) Capital work-in-progress	4	3,392.26	119.69
(c) Goodwill	5A	19.40	19.40
(d) Other intangible assets	5B	5,215.80	4,355.84
(e) Investment in subsidiaries and associates	6	7,744.99	6,271.89
(f) Financial assets			
(i) Investments	7	0.01	0.04
(ii) Loans	8	6,959.06	5,930.85
(iii) Others	9	8.34	8.96
(g) Other non-current assets	10	523.47	559.34
Total non-current assets		**51,846.37**	**45,670.81**
Current assets			
(a) Inventories	11	4,183.25	3,156.70
(b) Financial assets			
(i) Trade receivables	12	1,344.74	946.90
(ii) Cash and cash equivalents	13	17.75	312.64
(iii) Bank balances other than (ii) above	14	0.65	0.06
(iv) Loans	15	104.68	94.31
(v) Others	16	1,783.80	1,373.30
(c) Other current assets	17	1,581.41	959.74
Total current assets		**9,016.28**	**6,843.65**
Assets classified as held for sale	18	-	471.01
Total assets		**60,862.65**	**52,985.47**
Equity and liabilities			
Equity			
(a) Equity share capital	19	1,826.42	1,825.87
(b) Other equity	20	24,062.97	21,142.14
Total equity		**25,889.39**	**22,968.01**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21A	18,359.13	16,061.57
(b) Provisions	22	976.50	658.54
(c) Deferred tax liabilities (Net)	23	2,026.27	1,551.51
(d) Other non-current liabilities	24	44.33	45.98
Total non-current liabilities		**21,406.23**	**18,317.60**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21B	3,188.75	1,925.88
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	25	2.47	8.71
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	25	1,780.71	829.61
(iii) Other financial liabilities	26	6,943.00	7,486.89
(b) Other current liabilities	27	1,224.09	1,242.17
(c) Provisions	22	152.28	155.45
(d) Current tax liabilities (Net)	28	275.73	51.15
Total current liabilities		**13,567.03**	**11,699.86**
Total liabilities		**34,973.26**	**30,017.46**
Total equity and liabilities		**60,862.65**	**52,985.47**
Significant accounting policies	3		

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership no.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership no.: 520078

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

Kamlesh Kumar Jain
Chief Financial Officer and Whole Time Director
DIN 01822576

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

Place : Gurugram
Dated : 20 February 2019

Standalone Statement of Profit and Loss

For the year ended 31 December 2018

(₹ in million)

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Income			
Revenue from operations	29	38,622.76	34,906.99
Other income	30	962.15	473.91
Total income		**39,584.91**	**35,380.90**
Expenses			
Cost of materials consumed	31	16,603.01	14,546.23
Excise duty		-	4,281.07
Purchases of stock-in-trade	32	1,829.00	158.91
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	(687.86)	(662.04)
Employee benefits expense	34	4,114.72	3,191.26
Finance costs	35	1,943.98	1,917.14
Depreciation and amortisation expense	36	2,955.50	2,736.42
Other expenses	37	8,196.98	6,169.98
Total expenses		**34,955.33**	**32,338.97**
Profit before tax		**4,629.58**	**3,041.93**
Tax expense			
(a) Current tax	28	797.90	451.10
(b) Adjustment of tax relating to earlier periods	28	14.35	1.37
(c) Deferred tax	23	493.74	233.48
Total tax expense		**1,305.99**	**685.95**
Net profit for the year		**3,323.59**	**2,355.98**
Other comprehensive income	38		
(a) Items that will not to be reclassified to Statement of Profit and Loss:			
(i) Re-measurement gains/(losses) on defined benefit plans		(22.54)	9.78
(ii) Income tax relating to items that will not be reclassified to Statement of Profit and Loss		7.78	(3.39)
Total other comprehensive income		**(14.76)**	**6.39**
Total comprehensive income for the year		**3,308.83**	**2,362.37**
Earnings per equity share of face value of ₹ 10 each			
Basic (₹)	40	18.20	12.91
Diluted (₹)	40	18.20	12.91
Significant accounting policies	3		

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership no.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
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Membership no.: 520078

Varun Jaipuria
Whole Time Director
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Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

Kamlesh Kumar Jain
Chief Financial Officer and Whole Time Director
DIN 01822576

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

Place : Gurugram
Dated : 20 February 2019

Standalone Cash Flow Statement
for the year ended 31 December 2018

(Indirect Method)		(₹ in million)
Particulars	**Year ended 31 December 2018**	**Year ended 31 December 2017**
A. Operating activities		
Profit before tax	4,629.58	3,041.93
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation on property, plant and equipment	2,922.50	2,702.37
Amortisation of intangible assets	33.00	34.05
Interest expense at amortised cost	1,864.04	1,827.40
Interest income at amortised cost	(297.66)	(212.53)
Dividend income from non-current investment in subsidiary	(192.19)	(190.45)
(Gain)/loss on disposal of property, plant and equipment (Net)	(45.76)	18.49
Property, plant and equipment written off	80.67	56.36
Bad debts and advances written off	64.73	79.87
Excess provisions written back	(6.54)	(2.10)
Profit on sale of current investments	-	(0.44)
Guarantee commission received	(29.55)	(17.05)
Unrealised foreign exchange fluctuation	(107.94)	99.34
Allowance for expected credit loss	33.52	32.21
Operating profit before working capital changes	**8,948.40**	**7,469.45**
Working capital adjustments:		
(Increase)/decrease in inventories	(1,026.55)	443.01
Increase in trade receivables	(496.09)	(585.44)
Increase in current and non-current financial assets and other current and non-current assets	(1,367.20)	(854.18)
Increase/(decrease) in current financial liabilities and other current and non-current liabilities and provisions	1,951.16	(990.07)
Total cash from operations	**8,009.72**	**5,482.77**
Income tax paid	(589.26)	(487.21)
Net cash flows from operating activities (A)	**7,420.46**	**4,995.56**
B. Investing activities		
Purchase of property, plant and equipment and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors)	(5,663.59)	(3,513.14)
Proceeds from disposal of property, plant and equipment and intangible assets	672.00	269.34
Loan given to subsidiaries	(1,557.91)	(2,730.80)
Redemption of preference shares (classified as loan given to subsidiary)	94.05	189.08
Acquisition under business combination	(491.80)	(1,395.79)
Purchase of investments in subsidiaries	(627.35)	(719.15)
Proceeds from sale of investment in a subsidiary	-	0.10
Proceeds from sale of current investments	0.03	350.44
Purchase of current investments	-	(350.00)
Advance given for purchase of businesses	-	(260.60)
Guarantee commission received	12.19	18.17
Interest received	336.92	47.86
Dividend income from non-current investment in subsidiary	180.92	-
Net cash used in investing activities (B)	**(7,044.54)**	**(8,094.49)**

(Indirect Method) (₹ in million)

Particulars	Year ended 31 December 2018	Year ended 31 December 2017
C. Financing activities		
Proceeds from borrowings	12,131.83	7,643.89
Repayment of borrowings	(5,870.24)	(2,306.84)
Repayment of deferred payment liabilities	(3,020.71)	(3,619.65)
Proceeds from short-term borrowings (Net)	1,262.87	443.33
Proceeds from issue of share capital (including share premium thereon)	7.15	41.01
(Redemption)/proceeds of non-convertible debentures	(3,000.00)	3,000.00
Interest paid	(1,671.02)	(1,390.72)
Share application money received	-	1.08
Dividends paid	(455.98)	(456.29)
Dividend distribution tax paid	(54.71)	(92.89)
Net cash flows from financing activities (C)	**(670.81)**	**3,262.92**
Net change in cash and cash equivalents (D=A+B+C)	**(294.89)**	**163.99**
Cash and cash equivalents at the beginning of year (E)	312.64	148.65
Cash and cash equivalents at the end of year (D+E) (Refer note 13)	**17.75**	**312.64**

Notes:

(a) Amendment to Ind AS 7

The amendments to Ind AS 7 'Statement of Cash Flows' require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from 01 January 2018 and the required disclosure is made below.

(₹ in million)

	Non-current borrowings*	Current borrowings
Balance as at 01 January 2018	21,921.78	1,925.88
Cash flows (Net)	240.88	1,262.87
Non-cash changes:		
Impact of fair value changes	(103.55)	-
Impact of exchange fluctuation	106.53	-
Balance as at 31 December 2018	**22,165.64**	**3,188.75**

*includes current maturity of long-term debts and current portion of deferred payment liabilities amounts to ₹ 3,806.51 (01 January 2018: ₹ 5,860.21).

(b) Excludes non-cash transaction of conversion of loans into equity investments. (Refer note 6)

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership no.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership no.: 520078

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
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Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

Kamlesh Kumar Jain
Chief Financial Officer and Whole Time Director
DIN 01822576

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

Place : Gurugram
Dated : 20 February 2019

Statement of changes in equity
for the year ended 31 December 2018

A. Equity share capital

(₹ in million)

Particulars	Notes	Number of shares	Amount
Balance as at 01 January 2017		182,312,525	1,823.13
Changes in equity share capital during the year 2017	19	274,415	2.74
Balance as at 31 December 2017		**182,586,940**	**1,825.87**
Changes in equity share capital during the year 2018	19	55,000	0.55
Balance as at 31 December 2018		**182,641,940**	**1,826.42**

B. Other Equity

(₹ in million)

Particulars	Notes	Reserve and surplus							Share application money pending allotment	Total
		Capital reserve	Debenture redemption reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation difference account (FCMITDA)		
Balance as at 01 January 2017	**20**	**189.50**	**-**	**18,349.39**	**5.86**	**191.25**	**614.82**	**193.42**	**-**	**19,544.24**
Profit for the year		-	-	-	-	-	2,355.98	-	-	2,355.98
Other comprehensive income for the year										
Re-measurement gains/(losses) on defined benefit plans (Net of deferred taxes)		-	-	-	-	-	6.39	-	-	6.39
Dividend declared*		-	-	-	-	-	(456.29)	-	-	(456.29)
Dividend distribution tax		-	-	-	-	-	(92.89)	-	-	(92.89)
Share application money received pending allotment		-	-	-	-	-	-	-	1.08	1.08
Transfer to debenture redemption reserve		-	159.17	-	-	-	(159.17)	-	-	-
Addition made in FCMITDA for the year		-	-	-	-	-	-	(163.63)	-	(163.63)
FCMITDA charged to the Statement of Profit and Loss		-	-	-	-	-	-	(91.01)	-	(91.01)
Additions made pursuant to exercise of employee stock options		-	-	38.27	-	-	-	-	-	38.27
Transfer to securities premium on exercise of employee stock options		-	-	4.56	(4.56)	-	-	-	-	-

(₹ in million)

Particulars	Notes	Reserve and surplus							Share application money pending allotment	Total
		Capital reserve	Debenture redemption reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation difference account (FCMITDA)		
Balance as at 31 December 2017	**20**	**189.50**	**159.17**	**18,392.22**	**1.30**	**191.25**	**2,268.84**	**(61.22)**	**1.08**	**21,142.14**
Profit for the year		-	-	-	-	-	3,323.59	-	-	3,323.59
Other comprehensive income for the year										-
Re-measurement gains/(losses) on defined benefit plans (Net of deferred taxes)		-	-	-	-	-	(14.76)	-	-	(14.76)
Dividend paid*		-	-	-	-	-	(456.58)	-	-	(456.58)
Dividend distribution tax		-	-	-	-	-	(54.71)	-	-	(54.71)
Transfer to debenture redemption reserve		-	93.84	-	-	-	(93.84)	-	-	-
Addition made in FCMITDA for the year		-	-	-	-	-	-	190.91	-	190.91
Transfer to general reserve on redemption of non-convertible debentures		-	(253.01)	-	-	253.01	-	-	-	-
Share issued on exercise of employee stock options		-	-	-	-	-	-	-	(1.08)	(1.08)
FCMITDA charged to the Statement of Profit and Loss		-	-	-	-	-	-	(74.22)	-	(74.22)
Additions made pursuant to exercise of employee stock options		-	-	7.68	-	-	-	-	-	7.68
Transfer to securities premium on exercise of employee stock options		-	-	0.91	(0.91)	-	-	-	-	-
Balance as at 31 December 2018	**20**	**189.50**	**-**	**18,400.81**	**0.39**	**444.26**	**4,972.54**	**55.47**	**-**	**24,062.97**

*Transaction with owners in their capacity as owners.

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.:
001076N/N500013

Anupam Kumar
Partner
Membership no.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
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Kapil Agarwal
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and Whole Time Director
DIN 02079161

Kamlesh Kumar Jain
Chief Financial Officer
and Whole Time Director
DIN 01822576

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

Place : Gurugram
Dated : 20 February 2019

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

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 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 ("PepsiCo India").

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, stipulations contained in Schedule III (revised) as applicable under Section 133 of the Companies Act, 2013 ("the Act"), the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other pronouncements/ provisions of applicable laws. These financial statements are authorised for issue on 20 February 2019 in accordance with a resolution of the Board of Directors. Board of Directors permits the revision to the standalone financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Companies Act, 2013.

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;

iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current if it satisfies any of the following conditions:

i. It is expected to be settled in normal operating cycle;

ii. It is held primarily for the purpose of trading;

iii. It is due to be settled within twelve months after the reporting period; or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and its realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

The Company follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

The financial statements of the Company are presented in Indian Rupees (₹), which is also its functional currency and all amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III to the Act, unless otherwise stated.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

3 Significant accounting policies

3.1 Fair value measurements

The Company measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the balance sheet at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.2 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excludes taxes/duties collected on behalf of the government.

a) Sale of goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Excise duty is a levy on manufacture irrespective of ultimate sale of goods and hence the recovery of excise duty flows to the Company on its own account. Accordingly, revenues from sale of goods are stated gross of excise duty. GST, sales tax and value added tax (VAT) are not received by the Company on its own account but collected on behalf of the government and accordingly, are excluded from revenue.

b) Interest:

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial assets. Interest income is included in other income in the Statement of Profit and Loss.

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.

b) 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.

c) **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.

d) **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

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

b) the cost of the item can be measured reliably.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increased the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred. Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as a part of indirect construction cost to the extent the expenditure is related to construction or is incidental thereto. 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

Freehold land is not depreciated.

Depreciation on property, plant and equipment is provided over the useful lives of assets as specified in Schedule II to the Act except where the management, based on independent technical assessment, depreciates certain assets are over estimated useful lives which are different from the useful lives prescribed in the Schedule II to the Act. The Company has used the remaining useful lives to compute depreciation on its property, plant and equipment, acquired under the business transfer agreement based on external technical evaluation.

Depreciation on property, plant and equipment which are added/disposed off during the year is provided on pro-rata basis with reference to the month of addition/deletion.

The Company has technically evaluated all the property, plant and equipment for determining the separate identifiable assets having different useful lives under the component approach. On technical evaluation of all separate identifiable components, the management is of the opinion that they do not have any different useful life from that of the principal asset.

In case of revaluation of leasehold land, the resulting amortisation of the total revalued amount is expensed off to the Statement of Profit and Loss.

Derecognition:

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds or amount of security deposit adjusted and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is de-recognised.

Breakages of containers are adjusted on 'first bought first broken' basis, since it is not feasible to specifically identify the broken containers in the fixed assets records.

3.5 Intangible assets

Intangible assets are initially recognised at:

a) In case the assets are acquired separately then at cost,

b) In case the assets are acquired in a business combination or under any asset purchase agreement at fair value.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss. Intangible assets with finite useful life are assessed for impairment whenever there is an indication that the intangible assets may be impaired. Amortisation of intangible assets such as softwares is computed on a straight-line basis, at the rates representing estimated useful life of 4 years and 8 years in case of distribution network.

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 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 determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Company as a lessor

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on straight line basis over the term of the relevant lease.

3.8 Employee benefits

Contribution to provident and other funds

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Company recognises termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring cost

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

Compensated absences

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit which are computed based on the actuarial valuation using the projected unit credit method at the period end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the balance is presented as a non-current liability.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

All other employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

3.9 Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments which are classified as equity-settled transactions.

The cost of equity-settled transactions is determined by the fair value at the date of grant using an appropriate valuation model. That cost is recognised as an employee benefit expense with a corresponding increase in 'Share option outstanding account' in other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions.

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are 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 entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

3.10 Foreign currency transactions and translations

Transactions in foreign currencies are initially recorded in the reporting currency, by applying

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or before 31 December 2016: Exchange differences arising on conversion of long term foreign currency monetary items used for acquisition of depreciable fixed assets are added to the cost of fixed assets and is depreciated over the remaining life of the respective fixed asset and in other cases, is recorded under the head 'Foreign Currency Monetary Item Translation Difference Account' and is amortised over the period of maturity of underlying long term foreign currency monetary items, in accordance with the option available under Ind AS 101.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or after 01 January 2017: Exchange differences arising on restatement of long term foreign currency monetary items obtained or given is recorded in the Statement of Profit and Loss.

3.11 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits' respectively.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments' ('Ind AS 109'), is measured at fair value with changes in fair value recognised in Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in 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, including non-monetary grants at fair value, are presented in the balance sheet by recording the grant as deferred income which is released to the Statement of Profit and Loss on a systematic basis over the useful life of the asset.

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 ₹ 966.62 (31 December 2017: ₹ 885.07) 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.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 and rules thereunder. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity).

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their book bases. Deferred tax liabilities are recognised for all temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the relevant members of the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting period end and the adjusted based on circumstances then prevailing.

Deferred tax on business combination

When a liability assumed is recognized at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base. In both cases, the resulting deferred tax asset affects goodwill.

3.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The business activities of the Company predominantly fall within a single operating segment, i.e., manufacturing and sale of beverages within India.

3.15 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded Company's or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the 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 2018

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 businesscombination to which Ind AS 103 'Business Combinations' applies are Ind AS classified as at FVTPL. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair values. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive the contractual cash flows from the asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred.

Impairment of financial assets

The Company measures the Expected Credit Loss ("ECL") associated with its assets based on historical trends, industry practices and the general business environment in which it operates. The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the

Statement of Profit and Loss under the head 'other expenses'.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) ***Financial liabilities at FVTPL***

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses are recognised in the Statement of Profit and Loss, except for those attributable to changes in own credit risk, which are recognised in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit and Loss.

b) ***Financial liabilities at amortised cost***

After initial recognition, financial liabilities designated at amortised costs are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date of executing a derivative contract and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

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'. Except where investments accounted for at cost shall be accounted for in accordance with Ind AS 105, 'Non-current Assets Held for Sale and Discontinued Operations', when they are classified as held for sale.

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 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.

3.20Dividend distribution to equity holders

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.21 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.22 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

3.23 Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, other than conversion of potential equity shares, that have changed the number of equity shares outstanding without a corresponding change in resources.

For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.24 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

i) Judgements

In the process of applying the Company's accounting policies, management has made

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

a) ***Contingencies***

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

b) ***Recognition of deferred tax assets***

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

ii) **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) ***Useful lives of tangible/intangible assets***

The Company reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

b) ***Defined benefit obligation***

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c) ***Inventories***

The Company estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

d) ***Business combinations***

The Company uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

e) ***Impairment of non-financial assets and goodwill***

In assessing impairment, Company estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

f) *Fair value measurement of financial instruments*

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

4. Property, plant and equipment

(₹ in million)

	Land freehold	Land leasehold#	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount											
Balance as at 01 January 2018	3,046.69	3,045.60	5,336.69	16,561.59	140.10	968.03	152.64	151.37	3,583.28	7,382.59	40,368.58
Additions for the year	1.00	235.99	400.49	498.86	8.99	26.58	33.40	24.89	597.12	809.17	2,636.49
Acquired on business acquisition during the year (Refer note 50A)	-	2.66	38.25	58.60	0.64	7.89	0.48	0.58	29.48	73.21	211.79
Transfer from assets classified as held for sale (Refer note 18)	345.41	0.02	25.46	-	-	-	-	-	-	-	370.89
Disposals for the year	-	-	-	(1,057.92)	(1.04)	(47.32)	(21.02)	(38.65)	(886.45)	(163.25)	(2,215.65)
Balance as at 31 December 2018	**3,393.10**	**3,284.27**	**5,800.89**	**16,061.13**	**148.69**	**955.18**	**165.50**	**138.19**	**3,323.43**	**8,101.72**	**41,372.10**
Depreciation and impairment											
Balance as at 01 January 2018	-	130.59	1,071.43	4,740.18	78.29	615.23	100.62	96.05	1,482.49	3,648.90	11,963.78
Depreciation charge for the year	-	40.23	196.18	1,040.90	9.41	74.38	20.11	26.60	595.96	918.73	2,922.50
Reversal on disposal of assets for the year	-	-	-	(567.15)	(0.41)	(40.02)	(19.00)	(36.01)	(692.70)	(153.50)	(1,508.79)
Transfer from assets classified as held for sale (Refer note 18)	-	0.02	11.55	-	-	-	-	-	-	-	11.57
Balance as at 31 December 2018	-	170.84	1,279.16	5,213.93	87.29	649.59	101.73	86.64	1,385.75	4,414.13	13,389.06
Carrying amount as at 31 December 2018	**3,393.10**	**3,113.43**	**4,521.73**	**10,847.20**	**61.40**	**305.59**	**63.77**	**51.55**	**1,937.68**	**3,687.59**	**27,983.04**

(₹ in million)

	Land freehold	Land leasehold#	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount											
Balance as at 01 January 2017	3,368.73	2,530.61	4,396.64	14,208.75	122.84	950.81	138.70	129.96	3,340.80	7,325.40	36,513.24
Additions for the year	5.83	502.05	863.96	2,595.02	15.39	17.24	15.88	25.12	592.56	339.49	4,972.54
Acquired on business acquisition during the year (Refer note 50C)	17.54	12.96	125.63	138.21	2.43	22.10	1.91	0.95	101.20	149.19	572.12
Assets classified as held for sale (Refer Note 18)	(345.41)	(0.02)	(25.46)	(99.75)	-	-	-	-	-	-	(470.64)
Disposals for the year	-	-	(24.08)	(280.64)	(0.56)	(22.12)	(3.85)	(4.66)	(451.28)	(431.49)	(1,218.68)
Balance as at 31 December 2017	**3,046.69**	**3,045.60**	**5,336.69**	**16,561.59**	**140.10**	**968.03**	**152.64**	**151.37**	**3,583.28**	**7,382.59**	**40,368.58**
Depreciation and impairment											
Balance as at 01 January 2017	-	95.27	916.47	3,863.82	68.50	550.21	86.27	73.79	1,336.76	3,170.60	10,161.69
Depreciation charge for the year	-	35.34	167.50	947.78	10.13	79.54	16.86	25.19	535.08	884.95	2,702.37
Reversal on disposal of assets for the year	-	-	(0.99)	(57.72)	(0.34)	(14.52)	(2.51)	(2.93)	(389.35)	(406.65)	(875.01)
Assets classified as held for sale	-	(0.02)	(11.55)	(13.70)	-	-	-	-	-	-	(25.27)
Balance as at 31 December 2017	-	130.59	1,071.43	4,740.18	78.29	615.23	100.62	96.05	1,482.49	3,648.90	11,963.78
Carrying amount as at 31 December 2017	**3,046.69**	**2,915.01**	**4,265.26**	**11,821.41**	**61.81**	**352.80**	**52.02**	**55.33**	**2,100.80**	**3,733.70**	**28,404.80**

#The Company had acquired leasehold lands at Pathankot, Sonarpur and Sangli amounting to ₹ 200.15 (Previous year : 197.10) which is yet to be registered in the name of the Company.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

i. Asset under construction/ Capital work-in-progress

(₹ in million)

Net Book Value	31 December 2018	31 December 2017
Capital work-in-progress*	3,392.26	119.69
Total	**3,392.26**	**119.69**

*Capital work-in-progress as at 31 December 2018 comprises capital expenditure mainly for the set up of new plant at Pathankot (Punjab).

ii. Refer Note 53 for information on property, plant and equipment pledged as security by the Company.

iii. Pre-operative expenses incurred and capitalised during the year are as under:

(₹ in million)

Net Book Value	31 December 2018	31 December 2017
Balance at the beginning of the year	3.20	24.63
Add: Incurred during the year		
Finance costs	80.73	17.07
Other expenses	71.23	86.03
Less: Capitalised during the year	5.87	124.53
Amount carried over	**149.29**	**3.20**

iv. The amount of contractual commitments for the acquisitions of property, plant and equipment are disclosed in Note 43.

5A. Goodwill

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2018	19.40
Acquired during the year (Refer note 50A)	-
Balance as at 31 December 2018	19.40
Amortisation and impairment	
Balance as at 01 January 2018	-
Amortisation charge for the year	-
Balance as at 31 December 2018	-
Carrying amount as at 31 December 2018	**19.40**

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2017	-
Acquired on business acquisition during the year (Refer note 50C)	19.40
Balance as at 31 December 2017	19.40
Amortisation and impairment	
Balance as at 01 January 2017	-
Amortisation charge for the year	-
Balance as at 31 December 2017	-
Carrying amount as at 31 December 2017	**19.40**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

5B. Other intangible assets

(₹ in million)

	Franchise rights/ trademarks	Distribution network	Computer software	Total
Gross carrying amount				
Balance as at 01 January 2018	4,945.63	-	209.47	5,155.10
Additions for the year	287.50	157.64	23.14	468.28
Acquired on business acquisition during the year (Refer note 50A)	424.73	-	-	424.73
Disposals for the year	-	-	(7.31)	(7.31)
Balance as at 31 December 2018	5,657.86	157.64	225.30	6,040.80
Amortisation and impairment				
Balance as at 01 January 2018	656.97	-	142.29	799.26
Amortisation charge for the year	-	1.07	31.93	33.00
Reversal on disposal of assets for the year	-	-	(7.26)	(7.26)
Balance as at 31 December 2018	656.97	1.07	166.96	825.00
Carrying amount as at 31 December 2018	**5,000.89**	**156.57**	**58.34**	**5,215.80**

(₹ in million)

	Franchise rights/ trademarks	Distribution network	Computer software	Total
Gross carrying amount				
Balance as at 01 January 2017	4,141.36	-	216.92	4,358.28
Additions for the year	-	-	22.38	22.38
Acquired on business acquisition during the year (Refer note 50C)	804.27	-	-	804.27
Disposals for the year	-	-	(29.83)	(29.83)
Balance as at 31 December 2017	4,945.63	-	209.47	5,155.10
Amortisation and impairment				
Balance as at 01 January 2017	656.97	-	137.55	794.52
Amortisation charge for the year	-	-	34.05	34.05
Reversal on disposal of assets for the year	-	-	(29.31)	(29.31)
Balance as at 31 December 2017	656.97	-	142.29	799.26
Carrying amount as at 31 December 2017	**4,288.66**	**-**	**67.18**	**4,355.84**

Footnotes to Note 5A and 5B:

i. The Company has considered the related provisions of Ind AS 38 on 'Intangibles Assets' which permit certain intangible assets to have an indefinite life and accordingly the carrying value of these franchisee rights have been considered to have an indefinite life. These franchisee rights meet the prescribed criteria of renewal at nominal cost, renewal at no specific conditions attached and is supported by evidences of being renewed. Management is of the opinion that, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the franchise rights are expected to generate net cash inflows for the Company.

Goodwill and franchise rights with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

The assumptions used in this impairment assessment are most sensitive to following:

a) Weighted average cost of capital "WACC" of 13.82%.

b) For arriving at the terminal value, approximate growth rate of 5% is considered.

c) Number of years for which cash flows were considered are 5 years.

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.

6. Investments in subsidiaries and associates

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Investment in subsidiaries (at cost) (unquoted)		
In equity shares		
10,980,000 (31 December 2017: 9,180,000) fully paid equity shares of MAD 50 each in Varun Beverages Morocco SA*	3,740.10	3,090.37
56,775,000 (31 December 2017: 56,775,000) fully paid equity shares of LKR 10 each in Varun Beverages Lanka (Private) Limited	235.17	235.17
10,80,000 (31 December 2017: 76,250) fully paid equity shares of NPR 1,000 each in Varun Beverages (Nepal) Private Limited	798.91	171.56
3,150,000 (31 December 2017: 45,000) fully paid equity shares of ZMW 10 each in Varun Beverages (Zambia) Limited**	2,670.39	2,474.37
935 (31 December 2017: 935) fully paid equity shares of USD 1 each in Varun Beverages (Zimbabwe) (Private) Limited	0.06	0.06
In preference shares		
Equity portion of 60,572,261(31 December 2017: 58,152,816) redeemable preference shares in Varun Beverages Lanka (Private) Limited	287.80	287.80
Investment in equity shares in associates (at cost, unquoted)		
35,474 (31 December 2017: 35,474) fully paid equity shares of ₹ 10 each in Angelica Technologies Private Limited	12.56	12.56
	7,744.99	**6,271.89**
Aggregate amount of unquoted investments	**7,744.99**	**6,271.89**

*During the year ended on 31 December 2018, loans given to Varun Beverages Morocco SA ("VBL Morocco") amounting to ₹ 649.73 (31 December 2017: ₹ 547.54) was converted into equity investment.

**During the year ended on 31 December 2018, loans given to Varun Beverages (Zambia) Limited ("VBL Zambia") amounting to ₹ 196.02 (31 December 2017: ₹ Nil) was converted into equity investment.

Refer note 55 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 2018

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 2018	As at 31 December 2017
Varun Beverages (Nepal) Private Limited ('VBL Nepal')	Nepal	100%	100%
Varun Beverages Lanka (Private) Limited ('VBL Lanka')	Sri Lanka	100%	100%
Varun Beverages Morocco SA ('VBL Morocco')	Morocco	100%	100%
Ole Spring Bottlers (Private) Limited ('Ole')*	Sri Lanka	100%	100%
Varun Beverages (Zambia) Limited ('VBL Zambia')^	Zambia	90%	90%
Varun Beverages (Zimbabwe) (Private) Limited ('VBL Zimbabwe')	Zimbabwe	85%	85%
Angelica Technologies Private Limited	India	47.30%	47.30%
Lunarmech Technologies Private Limited∞	India	35%	35%

*Subsidiary of VBL Lanka.
^Increase of ownership stake from 60% to 90% effective 20 February 2017.
∞Angelica Technologies Private Limited holds 74% ownership stake in Lunarmech Technologies Private Limited.

7. Investments

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Fair value through Profit or Loss		
Investment in equity shares (unquoted)		
Nil equity quota (31 December 2017: 10% equity quota) in Varun Beverages Mozambique Limitada (Refer note 50E)	-	0.03
200 (31 December 2017: 200) shares of ₹ 50 each in The Margao Urban Co-operative Bank Limited	0.01	0.01
250 (31 December 2017: 250) shares of ₹ 10 each in The Goa Urban Co-operative Bank Limited**	0.00	0.00
	0.01	**0.04**
**Rounded off to Nil.		
Aggregate amount of unquoted investments	0.01	0.04

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

8. Loans

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Loans carried at amortised cost		
Security deposits	184.25	177.48
Loans to related parties, considered good - Unsecured	6,774.81	5,753.37
	6,959.06	**5,930.85**
Loans to subsidiaries, in the ordinary course of business		
Varun Beverages (Zimbabwe) (Private) Limited	635.11	233.33
Varun Beverages (Zambia) Limited	1,008.86	862.38
Varun Beverages Morocco SA	2,621.10	2,303.19
Varun Beverages Lanka (Private) Limited	2,509.74	2,354.47

Refer note 55 for information required under Section 186 (4) of the Companies Act, 2013.

9. Other non-current financial asset

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Financial asset at amortised cost		
Balance in deposit accounts with more than 12 months maturity#	8.34	8.96
	8.34	8.96

#Pledged as security with electricity department/banks.

10. Other non-current assets

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
(Unsecured, considered good)		
Capital advances	287.31	292.54
Advances other than capital advances		
- Income tax paid (includes amount paid under protest)	171.08	217.01
- Balance with statutory authorities (paid under protest)	34.41	21.09
- Prepaid expenses	30.67	28.70
	523.47	**559.34**

11. Inventories

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
(valued at lower of cost or net realisable value)		
Raw materials (including goods in transit of ₹ 332.19 (31 December 2017: ₹ 10.18))	1,577.80	1,159.71
Work in progress	76.59	69.78
Intermediate goods	1,259.93	1,081.44
Finished goods (including goods in transit of ₹ 63.58 (31 December 2017: ₹ 9.82))	549.75	305.66
Stores and spares	719.18	540.11
	4,183.25	**3,156.70**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

The Company manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods, stock in trade values, which are not significant, are not separately ascertainable.

The cost of inventories recognised as an expense during the year is disclosed in Note 31, Note 32 and Note 33.

12. Trade receivables

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Trade receivable, considered good - Unsecured	1,187.53	705.99
Trade receivable, considered good - Secured	8.78	13.00
Trade receivable - Credit impaired	404.36	450.32
	1,600.67	1,169.31
Less : Allowance for expected credit loss	255.93	222.41
	1,344.74	**946.90**
Includes amounts due, in the ordinary course of business, from subsidiaries		
Varun Beverages (Zambia) Limited	118.22	96.81
Varun Beverages (Zimbabwe) (Private) Limited	400.71	-
Varun Beverages Morocco SA	3.12	-
Ole Spring Bottlers (Private) Limited	7.98	11.67
Varun Beverages (Nepal) Private Limited	398.52	345.16
Varun Beverages Lanka (Private) Limited	0.06	-
Includes amounts due, in the ordinary course of business, from companies in which directors of the Company are also directors:		
Devyani Food Street Private Limited	-	0.01
Alisha Retail Private Limited	3.28	-
Alisha Torrent Closures (India) Private Limited	0.89	3.07

Trade receivables are non-interest bearing and credit period generally falls in the range of 0 to 120 days terms.

13. Cash and cash equivalents

(also for the purpose of Cash Flow Statement)

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Balance with banks in current accounts	10.42	232.03
Cheques/drafts on hand	2.57	75.17
Cash on hand	4.76	5.44
	17.75	**312.64**

14. Bank balances other than cash and cash equivalents

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Unpaid dividend account**	0.65	0.06
	0.65	**0.06**

**These balances are not available for use by the Company and corresponding balance is disclosed as unclaimed dividend in note 26.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

15. Loans

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Loans carried at amortised cost		
Loans to related party, considered good - Unsecured	89.15	94.05
Security deposits	15.53	0.26
	104.68	**94.31**
Loans to subsidiary, in the ordinary course of business		
Varun Beverages Lanka (Private) Limited	89.15	94.05

16. Other financial assets

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
(Unsecured, considered good)		
Interest accrued on:		
- Loan to subsidiaries*	179.51	259.93
- Term deposits	1.46	0.02
- Others	5.88	6.17
Dividend receivable**	182.58	180.92
Guarantee commission receivable#	37.50	17.14
Government grant receivable	1,143.92	781.53
Claim receivables	168.50	67.65
Other receivables^	64.45	59.94
	1,783.80	**1,373.30**
*Amounts due from subsidiaries		
Varun Beverages (Zambia) Limited	37.68	25.65
Varun Beverages (Zimbabwe) (Private) Limited	9.52	9.41
Varun Beverages Morocco SA	132.31	224.87
**Amount due from a subsidiary, namely, Varun Beverages (Nepal) Private Limited	182.58	180.92
# Amounts due from subsidiaries:		
Varun Beverages Lanka (Private) Limited	-	4.19
Varun Beverages (Nepal) Private Limited	3.39	-
Varun Beverages Morocco SA	1.36	1.24
Varun Beverages (Zimbabwe) (Private) Limited	32.75	11.71
	37.50	**17.14**
^ Includes amounts due from subsidiaries:		
Varun Beverages Morocco SA	3.66	-
Varun Beverages (Zambia) Limited	8.61	-
Varun Beverages Lanka (Private) Limited	2.31	-
Varun Beverages (Zimbabwe) (Private) Limited	6.64	-
Varun Beverages (Nepal) Private Limited	1.60	-
	22.82	**-**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

17. Other current assets

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
(Unsecured, considered good)		
Security deposits	1.60	0.79
Other advances :		
- Employees	48.51	62.14
- Contractors and suppliers	649.17	446.06
- Prepaid expenses	67.87	36.34
- Balance with statutory/government authorities	733.70	357.00
- Other advances	80.56	57.41
	1,581.41	**959.74**

18. Assets classified as held for sale

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Property, plant and equipment		
Land*	-	345.41
Buildings*	-	13.91
Plant and equipment**	-	111.69
	-	**471.01**

*In June 2017, in view of set-up of new production unit at Goa, the Company decided to sell certain land and building situated at Goa which was originally acquired with acquisition of Goa territory and land situated at Gonda (Uttar Pradesh).

During the year ended on 31 December 2018, these assets have been re-classified back to Property, Plant and Equipment on account of conditions mentioned in Ind AS 105.

Given the nature of assets, such reclassification or change in plan has no effect on result of operations for this year or prior period.

**The plant and equipment has been disposed off to one of the subsidiary during the year ended 31 December 2018. The gain on sale of plant and equipment was recognised in the Statement of Profit and Loss under the head 'Other Income' during the year.

19. Equity share capital

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Authorised share capital:		
500,000,000 (31 December 2017: 500,000,000) equity shares of ₹10 each	5,000.00	5,000.00
	5,000.00	**5,000.00**
Issued, subscribed and fully paid up:		
182,641,940 (31 December 2017: 182,586,940) equity shares of ₹ 10 each	1,826.42	1,825.87
	1,826.42	**1,825.87**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

a) Reconciliation of share capital

Particulars	No. of shares	Amount
Balance as at 01 January 2018	182,586,940	1,825.87
Add: Shares issued on exercise of employee stock options during the year ended	55,000	0.55
Balance as at 31 December 2018	**182,641,940**	**1,826.42**

Particulars	No. of shares	Amount
Balance as at 01 January 2017	182,312,525	1,823.13
Add: Shares issued on exercise of employee stock options during the year ended	274,415	2.74
Balance as at 31 December 2017	**182,586,940**	**1,825.87**

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 2018	No. of shares	%
R J Corp Limited	55,822,345	30.56%
Ravi Kant Jaipuria & Sons (HUF)	39,187,870	21.46%
Mr. Varun Jaipuria	39,175,500	21.45%

Shareholders as at 31 December 2017	No. of shares	%
R J Corp Limited	55,822,345	30.57%
Ravi Kant Jaipuria & Sons (HUF)	39,187,870	21.46%
Mr. Varun Jaipuria	39,175,500	21.46%

As per records of the Company, including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

During the year 2013, the Company issued 26,752,733 equity shares of ₹ 10 each for a consideration other than cash. The Company cancelled 7,999,500 equity shares of ₹ 10 each pursuant to the scheme of amalgamation of Varun Beverages (International) Limited with Varun Beverages Limited approved by Hon'ble High Court of Delhi on 12 March 2013. Also, 107,012,932 equity shares of ₹ 10 each have been issued in the ratio of 4:1 as bonus shares during the year 2013.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

e) Shares reserved for issue under options (Refer note 51)

Under Employee Stock Option Scheme, 2013:

	As at 31 December 2018	As at 31 December 2017
No. of equity shares of ₹ 10 each at an exercise price of ₹ 149.51 per share		
Options outstanding at the beginning of the year	78,285	352,700
Less: Shares issued on exercise of employee stock options	55,000	274,415
	23,285	78,285

f) Shares held by holding and ultimate holding company

Out of equity shares issued by the Company, shares held by its holding company/ ultimate holding company are as below:

	As at 31 December 2018	As at 31 December 2017
RJ Corp Limited, Parent company	558.22	558.22
55,822,345 (31 December 2017: 55,822,345) fully paid equity shares of ₹ 10 each		
Ravi Kant Jaipuria & Sons (HUF), Ultimate Parent	391.88	391.88
39,187,870 (31 December 2017: 39,187,870) fully paid equity shares of ₹ 10 each		
	950.10	**950.10**

g) Preference share capital

The Company also has authorised preference share capital of 50,000,000 (31 December 2017: 50,000,000) preference shares of ₹100 each. The Company does not have any outstanding issued preference shares.

20. Other equity

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Capital reserve		
Balance at the beginning of the year	189.50	189.50
Add: Transferred during the year	-	-
Balance at the end of the year	**189.50**	**189.50**
General reserve		
Balance at the beginning of the year	191.25	191.25
Add: Transfer from debenture redemption reserve	253.01	-
Balance at the end of the year	**444.26**	**191.25**
Debenture redemption reserve		
Balance at the beginning of the year	159.17	-
Add: Additions made during the year	93.84	159.17
Less: Transfer to general reserve	253.01	-
Balance at the end of the year	**-**	**159.17**
Securities premium		
Balance at the beginning of the year	18,392.22	18,349.39
Add: Additions made pursuant to exercise of employee stock options	8.59	42.83
Balance at the end of the year	**18,400.81**	**18,392.22**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Retained earnings		
Balance at the beginning of the year	2,268.84	614.82
Less: Dividend paid (Refer note 41)	456.58	456.29
Less: Dividend distribution tax (Refer note 41)	54.71	92.89
Less: Transfer to debenture redemption reserve	93.84	159.17
Add: Profit for the reporting period/year	3,323.59	2,355.98
	4,987.30	**2,262.45**
Add: Items of other comprehensive income ("OCI") recognised directly in retained earnings:		
Remeasurement of post-employment benefit obligation, net of tax*	(14.76)	6.39
Balance at the end of the year	**4,972.54**	**2,268.84**
Share option outstanding account		
Balance at the beginning of the year	1.30	5.86
Add: Change during the year	(0.91)	(4.56)
Balance at the end of the year	**0.39**	**1.30**
Share application money pending allotment		
Balance at the beginning of the year	1.08	-
Add: Change during the year	(1.08)	1.08
Balance at the end of the year	**-**	**1.08**
Foreign currency monetary item translation difference account		
Balance at the beginning of the year	(61.22)	193.42
Add: Additions made during the year	190.91	(163.63)
Less: Amortised during the year	74.22	91.01
Balance at the end of the year	**55.47**	**(61.22)**
	24,062.97	**21,142.14**

* The disaggregation of changes in OCI by each type of reserves in equity is disclosed in Note 38.

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, prior to the transition date.

General reserve - Created by way of transfer from debenture redemption reserve on redemption of debentures and is not an item of other comprehensive income.

Debenture redemption reserve - Created as per provisions of the Act out of the distributable profits and can only be utilised for 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 / loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

Share option outstanding account - Created for recording the grant date fair value of options issued to employees under employee stock option schemes and is adjusted on exercise/ forfeiture of options.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

Foreign currency monetary item translation difference account - Created for recording exchange differences arising on restatement of long term foreign currency monetary items, other than for acquisition of fixed assets, and is being amortised over the maturity period of such monetary items.

21. Borrowings

A Non-current borrowings*:

(₹ in million, except otherwise stated)

	As at 31 December 2018	As at 31 December 2017
Debentures		
- Non-convertible debentures (secured) (Refer footnote (a))	-	2,990.50
Term loans (secured) (Refer note 21C)		
- Foreign currency loans from banks	1,686.78	-
- Indian rupee loans from banks	16,045.58	11,886.57
- Indian rupee loan from a financial institutions	626.77	336.62
Deferred value added tax (unsecured) (Refer note 21C)	-	466.47
Deferred payment liabilities (secured) (Refer note 21D)	-	381.41
	18,359.13	**16,061.57**

Loans and borrowing above are recognised at amortised cost/ fair value taking into account any discount or premium on acquisition and fee or costs that are part of effective interest rate, accordingly the outstanding balances above may not necessarily agree with repayment amounts.

a) Terms and conditions of issue and redemption of Listed Non-convertible debentures (NCDs) to Kotak Mahindra Bank Limited and RBL Bank Limited are as under:

During the year ended 31 December 2017, the Company had issued 1,500 NCDs each to Kotak Mahindra Bank Limited and RBL Bank Limited. The NCDs were repaid during the year. There were no NCDs outstanding as at 31 December 2018 and details of NCDs as at 31 December 2017 are as under:

No. of debentures	Date of issue	Face value (₹)
3,000	23 March 2017	1,000,000

The Rated Secured Listed Redeemable Rupee Denominated NCDs (3000) were redeemable at par in 5 years and 4 months from the deemed date of allotment and carried a coupon rate of 7.70% per annum. The NCDs were redeemable 10%, 25%, 30% and 35% at 30 June 2019, 2020, 2021 and 2022 respectively unless redeemed earlier at the option of holder. During the year ended on 31 December 2018, the holders of NCDs exercised the option of early redemption and these were redeemed. These NCDs were secured by way of first pari-passu charge on the moveable and immoveable fixed assets of the Company providing a security cover of 1.30 times.

Details of utilisation	31 December 2018	31 December 2017
Gross proceeds received	-	3,000
Amount utilised till end of the year	-	3,000
Unutilised amount at the end of the year	**-**	**-**

The Audit Committee and Board of Directors of the Company noted the utilisation of the proceeds of NCDs for the year ended 31 December 2017, which was in line with utilisation schedule approved by the Board of Directors.

B Current borrowings*:

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Loans repayable on demand		
Working capital facilities from banks (secured) (Refer footnote (a))	2,640.14	1,925.88
Working capital facilities from bank (unsecured) (Refer footnote (b))	500.00	-
Letter of credit (LC) payable to a bank (unsecured) (Refer footnote (c))	48.61	-
	3,188.75	**1,925.88**

(a) Working capital facilities from banks are secured by first charge on entire current assets of the Company ranking pari-passu amongst the banks and second charge on the movable and immovable assets of the Company pertaining to specific manufacturing units. One facility is secured by subservient charge over entire current assets and movalbel fixed assets (both present and future) of the Company. These facilities carries interest rates ranging between 8.50 to 9.70% (31 December 2017: 8.50 to 9.70%).

(b) Working capital facilities from a bank are secured by first charge on entire current assets of the Company ranking pari-passu amongst the banks. The facilities carries interest rates ranging between 8.55 to 8.60% (31 December 2017: Nil).

(c) LC payable to a bank carries rate of interest of 8.65 % for 120 days.

*The Company has complied with all the loan covenants of non-current and current borrowings.

There is no default in repayment of principal borrowings or interest there on. (Refer note 52)

C Terms and conditions/details of securities for loans:

(₹ in million)

Name of the bank/instrument	Loan outstanding			
	31 December 2018		31 December 2017	
	Non-current	Current	Non-current	Current
Term loans				
(i) Foreign currency loan from banks (secured)				
Loan carried rate of interest of Nil (31 December 2017: LIBOR+1.40%) and was repayable in two equal instalments of USD 2.5 million each in May 2018 and August 2018. The Company separately executed contracts for cross currency interest plus rate swap on aforesaid loan and interest there on. The loan was repaid during the year.	-	-	-	319.63

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

(₹ in million)

Name of the bank/instrument		Loan outstanding			
		31 December 2018		31 December 2017	
		Non-current	Current	Non-current	Current
	Loan carrying rate of interest of LIBOR+1.60% (31 December 2017: Nil) and is repayable in two equal instalments of SGD 16.56 million each in May 2021 and May 2022. The Company has entered into cross currency swap to hedge total loan of SGD 33.13 million to USD 25 million and interest rate swap to hedge its exposure.	1,686.78	-	-	-
	Both the above loans is secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory/franchisee rights acquired under the acquisition under slump sale basis except vehicles.				
		1,686.78	**-**	**-**	**319.63**
ii)	**Indian rupee loan from banks (secured)**				
	Loans carrying weighted average rate of interest 8.77% (31 December 2017: 8.29%) depending upon tenure of the loans. For repayment terms refer note 21E.	16,028.61	3,332.66	11,824.36	1,896.21
	These loan are secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory /franchisee rights acquired under the business acquisition except vehicles.				
iii)	**Vehicle rupee term loan (secured)**				
	Loans carrying rate of interest in range of 7.90-10.33% (31 December 2017: 7.90-10.33%). 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 asset financed.	16.96	44.27	62.21	57.39
		16,045.57	**3,376.93**	**11,886.57**	**1,953.60**
iv)	**Indian rupee loan from a financial institutions (secured)**				
	Loan carried rate of interest of Nil (31 December 2017: 9.75%). The amount repayable in June 2018: ₹ 200, July 2018: ₹ 200 and June 2019: ₹ 150. The loan was repaid during the year.	-	-	149.19	400.00

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

(₹ in million)

Name of the bank/instrument	Loan outstanding			
	31 December 2018		31 December 2017	
	Non-current	Current	Non-current	Current
This 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 business acquisition.				
Interest free loan from The Pradeshiya Industrial & Investment Corporation of U.P. Limited are repayable in one instalment after expiry of seven years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid upto the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.52%-9.72%. The repayments are due as following: **Date of repayment** **Amount** 25 December 2023 96.02 30 November 2024 109.14 01 November 2025 121.09	326.25	-	187.43	-
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%-8.52%. The repayments are due as following: **Date of repayment** **Amount** 16 January 2023 66.98 30 March 2023 63.76 07 June 2023 120.45 25 October 2023 49.32	300.51	-	-	-
	626.76	**-**	**336.62**	**400.00**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

(₹ in million)

Name of the bank/instrument	Loan outstanding			
	31 December 2018		31 December 2017	
	Non-current	Current	Non-current	Current
v) Deferred value added tax (unsecured)				
Deferred value added tax is repayable in 34 quarterly instalments starting from July 2013 to October 2021, first 33 quarterly instalments of ₹ 52.50 and last quarterly instalment of ₹ 51.59. The loan is discounted at the weighted average rate of borrowings, i.e., 11.51%. This loan was prepaid during the year.	-	-	466.47	210.00
	-	**-**	**466.47**	**210.00**
Total	**18,359.11**	**3,376.93**	**12,689.66**	**2,883.23**

D Deferred payment liabilities

(₹ in million)

Description	Loan outstanding			
	31 December 2018		31 December 2017	
	Non-current	Current	Non-current	Current
(i) Assets acquired under deferred payment terms under business acquisition (secured)				
Deferred payment for business acquired from PepsiCo India. There is no interest payable. The outstanding amount of ₹ 3,000 were repaid during the year.	-	-	-	2,956.27
The amount was secured against bank guarantees provided by the Company to PepsiCo India for equivalent amount outstanding at each year end.				
(ii) Plant and equipment acquired under deferred payment terms (secured)				
The payments are secured against a letter of credit issued by the Company's banker. The amount is repayable in various tranches from January 2019 to April 2019.	-	429.58	381.41	-
(iii) Land purchased under deferred payment terms (unsecured)				
The Company had purchased leasehold land from Punjab Small Industries & Export Corporation Limited for a total consideration of ₹ 197.10.	-	-	-	20.71
The outstanding amount of ₹ 20.71 were repaid during the year.				
This balance carried rate of interest of 11 percent.				
Total	**-**	**429.58**	**381.41**	**2,976.98**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

E Repayment terms:

(₹ in million)

S. no.	Description	31 December 2018		31 December 2017		Repayment terms
		Non-current	Current	Non-current	Current	
1	Term loan - 1	372.00	85.95	457.76	57.30	Two instalments of ₹ 42.98 each due in May 2019 and June 2019, two instalments of ₹ 57.30 each due in May 2020 and June 2020, two instalments of ₹ 57.30 each due in May 2021 and June 2021 and two instalments of ₹ 71.63 each due in May 2022 and June 2022.
2	Term loan - 2	1,050.00	350.00	1,400.00	100.00	Two instalments of ₹ 175 each due in May 2019 and June 2019, two instalments of ₹ 175 each due in May 2020 and June 2020, two instalments of ₹ 175 each due in May 2021 and June 2021, two instalments of ₹ 175 each due in May 2022 and June 2022.
3	Term loan - 3	995.11	-	1,792.30	200.00	Instalment of ₹ 150 due in May 2021 and ₹ 250 due in June 2021 and two instalments of ₹ 300 each due in May 2022 and June 2022.
4	Term loan - 4	548.87	-	898.17	150.00	Instalment of ₹ 50 due in June 2020, two instalments of ₹ 125 each due in May 2021 and June 2021 and two instalments of ₹ 125 each due in May 2022 and June 2022.
5	Term loan - 5	600.00	260.00	860.00	260.00	Two instalments of ₹ 130 each due in May 2019 and June 2019, two instalments of ₹ 150 each due in May 2020 and June 2020 and two instalments of ₹ 150 each due in May 2021 and June 2021.
6	Term loan - 6	1,259.42	157.43	1,374.28	200.00	Two instalments of ₹ 100 each due in May 2019 and June 2019, two instalments of ₹ 200 each due in May 2020 and June 2020, two instalments of ₹ 300 each due in May 2021 and June 2021 and two instalments of ₹ 300 each due in May 2022 and June 2022.
7	Term loan - 7	581.36	-	1,375.11	206.25	Instalment of ₹ 76.96 due in May 2021, ₹ 183.31 due in June 2021, ₹ 183.31 due in May 2022 and ₹ 137.78 due in June 2022.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

(₹ in million)

S. no.	Description	31 December 2018		31 December 2017		Repayment terms
		Non-current	Current	Non-current	Current	
8	Term loan - 8	333.40	101.40	434.80	65.20	Instalment of ₹ 43.45 due in May 2019 and ₹ 57.95 due in June 2019, two instalments of ₹ 57.95 each due in May 2020 and June 2020, two instalments of ₹ 57.95 each due in May 2021 and June 2021 and instalment of ₹ 57.95 due in May 2022 and ₹ 43.65 due in June 2022.
9	Term loan - 9	300.00	100.00	400.00	100.00	Two instalments of ₹ 50 each due in May 2019 and June 2019, two instalments of ₹ 50 each due in May 2020 and June 2020, two instalments of ₹ 50 each due in May 2021 and June 2021 and two instalments of ₹ 50 each due in May 2022 and June 2022.
10	Term loan - 10	320.00	80.00	400.00	-	Two instalments of ₹ 40 each due in May 2019 and June 2019, two instalments of ₹ 40 each due in May 2020 and June 2020, two instalments of ₹ 40 each due in May 2021 and June 2021, two instalments of ₹ 40 each due in May 2022 and June 2022 and two instalments of ₹ 40 each due in May 2023 and June 2023.
11	Term loan - 11	300.00	100.00	400.00	100.00	Two instalments of ₹ 50 each due in May 2019 and June 2019, two instalments of ₹ 75 each due in May 2020 and June 2020 and two instalments of ₹ 75 each due in May 2021 and June 2021.
12	Term loan - 12	834.06	297.88	1,131.94	357.46	Two instalments of ₹ 148.94 each due in May 2019 and June 2019, two instalments of ₹ 148.94 each due in May 2020 and June 2020, two instalments of ₹ 148.94 each due in May 2021 and June 2021 and two instalments of ₹ 119.15 each due in May 2022 and June 2022.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

(₹ in million)

S. no.	Description	31 December 2018		31 December 2017		Repayment terms
		Non-current	Current	Non-current	Current	
13	Term loan - 13	800.00	100.00	900.00	100.00	Two instalments of ₹ 50 each due in May 2019 and June 2019, two instalments of ₹ 100 each due in May 2020 and June 2020, two instalments of ₹ 150 each due in May 2021 and June 2021 and two instalments of ₹ 150 each due in May 2022 and June 2022.
14	Term loan - 14	450.00	50.00	-	-	Two instalments of ₹ 25 each due in May 2019 and June 2019, two instalments of ₹ 50 each due in May 2020 and June 2020, two instalments of ₹ 50 each due in May 2021 and June 2021, two instalments of ₹ 50 each due in May 2022 and June 2022 and two instalments of ₹ 75 each due in May 2023 and June 2023.
15	Term loan - 15	1,300.00	325.00	-	-	Two instalments of ₹ 162.50 each due in June 2019 and July 2019, two instalments of ₹ 162.50 each due in June 2020 and July 2020, two instalments of ₹ 162.5 each due in June 2021 and July 2021, two instalments of ₹ 162.50 each due in June 2022 and July 2022 and two instalments of ₹ 162.50 each due in June 2023 and July 2023.
16	Term loan - 16	1,999.51	500.00	-	-	Two instalments of ₹ 250.00 each due in May 2019 and June 2019, two instalments of ₹ 250.00 each due in May 2020 and June 2020, two instalments of ₹ 250.00 each due in May 2021 and June 2021, two instalments of ₹ 250.00 each due in May 2022 and June 2022 and two instalments of ₹ 250.00 each due in May 2023 and June 2023.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

(₹ in million)

S. no.	Description	31 December 2018		31 December 2017		Repayment terms
		Non-current	Current	Non-current	Current	
17	Term loan - 17	990.00	210.00	-	-	Three instalments of ₹ 70.00 each due in May 2019, June 2019 and July 2019, three instalments of ₹ 80.00 each due in May 2020, June 2020 and July 2020, two instalments of ₹ 80.00 each due in May 2021 and June 2021, one instalments of ₹ 80.00 due in July 2022 and three instalments of ₹ 90.00 each due in May 2023, June 2023 and July 2023 and two instalments of ₹ 90.00 due in May 2024 and of ₹ 150.00 due in June 2024.
18	Term loan - 18	545.00	140.00	-	-	Two instalments of ₹ 70.00 each due in June 2019 and July 2019, two instalments of ₹ 75.00 each due in June 2020 and July 2020, two instalments of ₹ 75.00 each due in May 2021 and June 2021, two instalments of ₹ 80.00 each due in June 2020 and July 2022 and one instalments of ₹ 85.00 due in May 2023.
19	Term loan - 19	816.48	150.00	-	-	One instalments of ₹ 150.00 due in May 2019, one instalments of ₹ 200.00 due in May 2020, one instalments of ₹ 200.00 due in May 2021,one instalments of ₹ 200.00 due in May 2022 and one instalments of ₹ 250.00 due in May 2023.
20	Term loan - 20	833.40	125.00	-	-	Two instalments of ₹ 62.50 each due in May 2019 and June 2019, two instalments of ₹ 83.30 each due in May 2020 and June 2020, two instalments of ₹ 111.10 each due in May 2021 and June 2021, two instalments of ₹ 111.10 each due in May 2022 and June 2022 and two instalments of ₹ 111.10 due in May 2023 and ₹ 111.30 in June 2023.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

(₹ in million)

S. no.	Description	31 December 2018		31 December 2017		Repayment terms
		Non-current	Current	Non-current	Current	
21	Term loan - 21	800.00	200.00	-	-	Two instalments of ₹ 100.00 each due in June 2019 and July 2019, two instalments of ₹ 100.00 each due in June 2020 and July 2020, two instalments of ₹ 100.00 each due in June 2021 and July 2021, two instalments of ₹ 100.00 each due in June 2020 and July 2022 and two instalments of ₹ 100.00 due in June 2023 and July 2023.
		16,028.61	**3,332.66**	**11,824.36**	**1,896.21**	

22. Provisions

(Refer note 39) (₹ in million)

	As at 31 December 2018	As at 31 December 2017
Non-current		
Defined benefit liability (net)	693.06	463.63
Other long term employee obligations	283.44	194.91
	976.50	**658.54**
Current		
Defined benefit liability (net)	30.81	71.23
Other short term employee obligations	121.47	84.22
	152.28	**155.45**

23. 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 2018	Recognised in other comprehensive income	Recognised in Statement of Profit and Loss	As at 31 December 2018
Accelerated depreciation for tax purposes	3,309.92	-	280.64	3,590.56
Minimum alternate tax (MAT) credit*	(1,407.94)	-	360.20	(1,047.74)
Allowance for doubtful debts	(76.97)	-	(12.25)	(89.22)
Provision for bonus	(16.38)	-	(2.27)	(18.65)
Foreign currency monetary item translation difference account	21.19	-	(40.57)	(19.38)
Fair valuation of financial instruments	(230.72)	-	36.39	(194.33)
Provision for retirement benefits	(281.71)	(7.78)	(93.76)	(383.25)
Borrowings	(0.40)	-	0.24	(0.16)

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

(₹ in million)

Deferred tax liabilities/(assets)	As at 01 January 2018	Recognised in other comprehensive income	Recognised in Statement of Profit and Loss	As at 31 December 2018
Benefit accrued on government grants	244.08	-	28.54	272.62
Other expenses allowable on payment basis	(9.56)	-	(63.42)	(72.98)
Liabilities acquired under business combination (refer note 50A)	-	-	-	(11.20)
	1,551.51	**(7.78)**	**493.74**	**2,026.27**

(₹ in million)

Deferred tax liabilities/(assets)	As at 01 January 2017	Recognised in other comprehensive income	Recognised in Statement of Profit and Loss	As at 31 December 2017
Accelerated depreciation for tax purposes	2,830.38	-	479.54	3,309.92
Minimum alternate tax (MAT) credit*	(1,029.34)	-	(378.60)	(1,407.94)
Allowance for doubtful debts	(65.83)	-	(11.14)	(76.97)
Provision for bonus	(14.41)	-	(1.97)	(16.38)
Foreign currency monetary item translation difference account	(66.94)	-	88.13	21.19
Fair valuation of financial instruments	(157.85)	-	(72.87)	(230.72)
Provision for retirement benefits	(231.01)	3.39	(54.09)	(281.71)
Borrowings	(0.14)	-	(0.26)	(0.40)
Benefit accrued on government grants	111.98	-	132.10	244.08
Other expenses allowable on payment basis	(62.20)	-	52.64	(9.56)
	1,314.64	**3.39**	**233.48**	**1,551.51**

*MAT credit: (₹ in million)

	Recognized	Utilised
31 December 2018	-	360.20
31 December 2017	378.60	-

MAT credit recognised in a year is adjustable against income taxes payable under normal tax provisions over a period of 15 years.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

Mat credit recognised on balance sheet date is accumulation of credit recognised (net of utilisation) as per below table:

(₹ in million)

Financial year	Credit available for carry forward (net of utilisation)	Expiry date
2015-16	444.36	31 March 2031
2016-17	385.62	31 March 2032
2017-18	217.76	31 March 2033
Total	**1,047.74**	

The amounts recognised in other comprehensive income relate to the re-measurement of net defined retirement benefit liability. Refer note 38 for the amount of the income tax relating to these components of other comprehensive income.

All significant deferred tax assets (including tax losses and other tax credits) have been recognised in the balance sheet.

24. Other non-current liabilities

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Deferred revenue on government grant	44.33	45.98
	44.33	**45.98**

25. Trade payables

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Total outstanding dues of-		
Micro enterprises and small enterprises (Refer note 48)	2.47	8.71
Creditors other than micro enterprises and small enterprises	1,780.71	829.61
	1783.18	**838.32**

26. Other current financial liabilities

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Current maturities of long-term debts (Refer note 21C)	3,376.93	2,883.23
Interest accrued but not due on borrowings	100.58	56.19
Current portion of deferred payment liabilities (Refer note 21D)	429.58	2,976.98
Payable for capital expenditure	827.39	237.51
Employee related payables	257.43	152.10
Unclaimed dividends#	0.65	0.06
Security deposits	1,872.47	1,154.97
Liability for foreign currency derivative contract*	77.97	25.85
	6,943.00	**7,486.89**

*The Company executed an agreement for a cross currency interest rate swap with the intention of reducing the foreign exchange risk of foreign currency borrowings. This contract is measured at fair value through profit or loss.

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 2018

27. Other current liabilities

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Advances from customers	638.07	676.98
Statutory dues payable	578.45	564.00
Advance discount received	6.15	-
Deferred revenue on government grant	1.42	1.19
	1,224.09	**1,242.17**

28. Current tax liabilities (net)

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Provision for tax, net of prepaid taxes ₹ 439.84 (31 December 2017: ₹ 341.23)	275.73	51.15
	275.73	**51.15**

The key components of income tax expense for the year ended 31 December 2018 and 31 December 2017 are:

A. Statement of Profit and Loss:

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
(i) Profit and Loss section		
(a) Current tax	797.90	451.10
(b) Adjustment of tax relating to earlier periods	14.35	1.37
(c) Deferred tax	493.74	233.48
Income tax expense reported in the Statement of Profit and Loss	**1,305.99**	**685.95**
(ii) OCI section		
Deferred tax related to items recognised in OCI during the year:		
(a) Net loss/(gain) on remeasurements of defined benefit plans	(7.78)	3.39
Income tax charged to OCI	**(7.78)**	**3.39**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

B. Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Accounting profit before tax	**4,629.58**	**3,041.93**
Tax expense at statutory income tax rate of 34.944% (31 December 2017: 34.608%)	1,617.76	1,052.75
Adjustments in respect of current income tax of previous years	14.35	1.37
Non deductible expenses	21.45	13.48
Deduction claimed u/s 32 AC of Income-tax Act, 1961	-	(185.78)
Deduction claimed u/s Chapter-VI A of Income-tax Act, 1961	(271.80)	(210.04)
Effect of deferred tax on employee benefit liabilities taken over under business acquisitions	(20.37)	(7.21)
Effect of deferred tax on capital gain on assets classified as held for sale	(59.14)	59.14
Tax impact of income chargeable at lower tax rate	(33.58)	(32.96)
Tax impact of change in tax rate	22.53	-
Others	14.79	(4.80)
Income tax expense at effective tax rate reported in the Statement of Profit and Loss	**1,305.99**	**685.95**

During the year ended 31 December 2018 and 31 December 2017, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax to the taxation authorities. The Company believes that Dividend Distribution Tax represents additional payment to taxation authority on behalf of the shareholders. Hence, Dividend Distribution Tax paid is charged to equity.

29. Revenue from operations

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Sale of products (inclusive of excise duty)*	37,136.85	33,564.71
Rendering of services to a subsidiary	340.21	295.05
Other operating revenue	1,145.70	1,047.23
	38,622.76	**34,906.99**

*Sale of goods includes excise duty collected from customers of ₹ Nil (31 December 2017: ₹ 4,281.07 million).

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

30. Other income

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Interest income on items at amortised cost:		
- term deposits	0.89	0.18
- loan to subsidiaries	272.73	196.39
- others	24.04	15.96
Net gain on foreign currency transactions and translations	292.41	16.91
Gain on sale of current investments	-	0.44
Excess provisions written back	6.54	2.10
Guarantee commission/commission income from:		
- subsidiary	29.55	16.25
- others	-	0.80
Dividend income from non-current investment in subsidiary	192.19	190.45
Gain on sale of property, plant and equipment (net)	45.76	-
Miscellaneous	98.04	34.43
	962.15	**473.91**

31. Cost of materials consumed

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Raw material and packing material consumed		
Inventories at beginning of the year	1,159.71	1,858.76
Purchases during the year (net)	18,067.89	14,127.51
	19,227.60	15,986.27
Sold during the year	1,046.79	280.33
Inventories at end of the year	1,577.80	1,159.71
	16,603.01	**14,546.23**

32. Purchases of stock-in-trade

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Beverages	1,712.15	91.20
Others	116.85	67.71
	1,829.00	**158.91**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

33. Changes in inventories of finished goods, work-in-progress and traded goods

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
As at the beginning of the year		
- Finished goods	305.66	355.59
- Intermediate goods	1,081.44	806.59
- Work in progress	69.78	85.13
	1,456.88	**1,247.31**
As at the closing of the year		
- Finished goods	549.75	305.66
- Intermediate goods	1,259.93	1,081.44
- Work in progress	76.59	69.78
	1,886.27	**1,456.88**
Excise duty adjustment on inventories	-	168.55
Finished goods used as fixed assets*	(258.47)	(283.92)
	(687.86)	**(662.04)**

*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.

34. Employee benefits expense

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Salaries, wages and bonus	3,770.29	2,878.63
Contribution to provident fund and other funds	201.90	165.23
Staff welfare expenses	142.53	147.40
	4,114.72	**3,191.26**

35. Finance costs

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Interest on items at amortised cost:		
- Term loans	1,394.32	1,003.39
- Working capital facilities	195.91	178.92
- Non-convertible debentures	113.92	194.29
- Financial liabilities	120.18	419.30
- Others	39.71	31.50
Exchange differences regarded as an adjustments to borrowings	52.68	-
Other ancillary borrowing costs	27.26	89.74
	1,943.98	**1,917.14**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

36. Depreciation and amortisation expense

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Depreciation on property, plant and equipment	2,922.50	2,702.37
Amortisation of intangible assets	33.00	34.05
	2,955.50	**2,736.42**

37. Other expenses

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Power and fuel	1,587.96	1,303.83
Repairs to plant and equipment	616.68	546.88
Repairs to buildings	51.87	59.02
Other repairs	337.67	333.80
Consumption of stores and spares	347.48	318.23
Rent	220.96	207.11
Rates and taxes	31.97	31.35
Insurance	16.80	19.03
Printing and stationery	24.69	25.25
Communication	43.24	45.97
Travelling and conveyance	501.99	350.51
Directors' sitting fee	3.20	3.42
Payment to auditors*	12.41	11.26
Vehicle running and maintenance	61.46	79.51
Lease and hire	87.25	114.82
Security and service charges	188.14	154.37
Legal, professional and consultancy	120.00	93.53
Bank charges	13.06	7.33
Advertisement and sales promotion	358.23	162.21
Meetings and conferences	16.90	6.35
Royalty	354.95	251.84
Freight, octroi and insurance paid (net)	2,279.00	1,212.42
Delivery vehicle running and maintenance	345.07	272.93
Distribution expenses	10.59	18.01
Loading and unloading charges	244.33	210.60
Donations	1.32	0.19
Property, plant and equipment written off	80.67	56.36
Loss on disposal of property, plant and equipment (net)	-	18.49
Bad debts and advances written off	64.73	79.87
Allowance for expected credit loss	33.52	32.21
Corporate Social Responsibility expenditure (Refer note 49)	41.42	27.73
General office and other miscellaneous	99.42	115.55
	8,196.98	**6,169.98**

***Payment to auditors**

(₹ in million)

	Year ended 31 December 2018	Year ended 31 December 2017
Services rendered for:		
- Audit and reviews	11.20	10.31
- other matters	0.46	0.15
- reimbursement of expenses	0.75	0.80
	12.41	**11.26**

38. Other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserves in equity is shown below:

During the year ended 31 December 2018

(₹ in million)

	Retained earnings
Re-measurement gains/(losses) on defined benefit plans	(22.54)
Tax impact on re-measurement gains/(losses) on defined benefit plans	7.78
	(14.76)

During the year ended 31 December 2017

(₹ in million)

	Retained earnings
Re-measurement gains/(losses) on defined benefit plans	9.78
Tax impact on re-measurement gains/(losses) on defined benefit plans	(3.39)
	6.39

39. Gratuity and other post-employment benefit plans

All amounts in ₹ in million, unless otherwise stated

Gratuity:

The Company has a defined benefit gratuity plan governed by the Payments of Gratuity Act, 1972. Every employee who has completed five years or more of services is eligible for gratuity on separation at 15 days salary (last drawn salary) for each completed year of service. The Company has formed a Gratuity Trust to which contribution is made and an insurance policy is taken by the trust, which is a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity outflow during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (particularly, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset. The Company makes a provision of unfunded liability based on actuarial valuation in the Balance Sheet as part of employee cost.

Compensated absences:

The Company recognises the compensated absences expenses in the Statement of Profit and Loss based on actuarial valuation.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

The following tables summaries the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the balance sheet:

	Gratuity		Compensated Absences	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Changes in present value are as follows:				
Balance at the beginning of the year	573.50	489.09	279.13	207.26
Acquired on business combination	63.36	10.61	20.36	7.38
Current service cost	94.92	67.75	109.44	64.90
Interest cost	50.69	32.95	26.16	14.01
Benefits settled	(31.72)	(17.74)	(19.55)	(14.64)
Actuarial loss/(gain)	22.28	(9.16)	(10.63)	0.22
Balance at the end of the year	**773.03**	**573.50**	**404.91**	**279.13**

	Gratuity		Compensated Absences	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Change in fair value of plan assets are as follows:				
Plan assets at the beginning of the year, at fair value	38.64	28.85	-	-
Expected income on plan assets	3.94	1.93	-	-
Actuarial (loss)/gain	(0.26)	0.62	-	-
Contributions by employer	31.84	21.63	-	-
Benefits settled	(25.00)	(14.39)	-	-
Plan assets at the end of the year, at fair value	**49.16**	**38.64**	**-**	**-**

The Company has taken an insurance policy against its liability towards gratuity, the same has been disclosed as plan assets above.

	Gratuity		Compensated Absences	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Reconciliation of present value of the obligation and the fair value of the plan assets:				
Present value of obligation	773.03	573.50	404.91	279.13
Fair value of plan assets	(49.16)	(38.64)	-	-
Net liability recognised in the Balance Sheet	**723.87**	**534.86**	**404.91**	**279.13**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

	Gratuity		Compensated Absences	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Amount recognised in Statement of Profit and Loss:				
Current service cost	94.92	67.75	109.44	64.90
Interest expense	50.69	32.95	26.16	14.01
Expected return on plan assets	(3.94)	(1.93)	-	-
Actuarial loss/(gain)	-	-	(10.63)	0.22
Net cost recognised	**141.67**	**98.77**	**124.97**	**79.13**

	Gratuity		Compensated Absences	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Amount recognised in Other Comprehensive Income:				
Actuarial changes arising from changes in financial assumptions	5.54	(32.07)	-	-
Experience adjustments	16.74	22.91	-	-
Return on plan assets	0.26	(0.62)	-	-
Amount recognised	**22.54**	**(9.78)**	**-**	**-**

	Gratuity		Compensated Absences	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Assumptions used:				
Mortality	IALM (2006-08) ultimate	IALM (2006-08) ultimate	IALM (2006-08) ultimate	IALM (2006-08) ultimate
Discount rate	7.30-8.25%	7.50%	7.30-8.25%	7.50%
Withdrawal rate	11.00%	11.00%	11.00%	11.00%
Salary increase	12.00%	12.00%	12.00%	12.00%
Rate of availing leave in the long run	-	-	20.00%	20.00%
Retirement age (Years)	58-65	58-65	58-65	58-65
Rate of return on plan assets	7.29-7.55%	7.84%	-	-

A quantitative sensitivity analysis for significant assumption as at 31 December 2018 is as shown below:

	Sensitivity level		Gratuity		Compensated Absences	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Discount rate	+1%	+1%	(50.28)	(35.85)	(12.56)	(6.85)
	-1%	-1%	56.85	40.61	13.37	7.26
Salary increase	+1%	+1%	53.86	38.51	12.69	6.90
	-1%	-1%	(48.74)	(34.78)	(12.16)	(6.64)
Withdrawal rate	+1%	+1%	(12.74)	(10.05)	(4.53)	(3.46)
	-1%	-1%	14.14	11.17	4.77	3.68

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 2018

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 (2006-08) 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.

The following are maturity profile of Defined Benefit Obligations in future years (before adjusting fair value of plan assets):

		Gratuity		Compensated Absences	
		31 December 2018	**31 December 2017**	**31 December 2018**	**31 December 2017**
i)	Weighted average duration of the defined benefit obligation	7 years	11 years	3 years	-
ii)	Duration of defined benefit obligation				
	Duration (years)				
	1	79.99	55.97	121.47	84.22
	2 to 5	309.41	227.88	220.08	152.57
	Above 5	383.65	289.67	63.36	42.35
		773.05	**573.52**	**404.91**	**279.14**
iii)	Duration of defined benefit payments				
	Duration (years)				
	1	79.99	58.03	121.47	87.32
	2 to 5	395.28	286.86	275.06	184.48
	Above 5	987.69	737.71	132.74	74.94
		1,462.96	**1,082.60**	**529.27**	**346.74**

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 ₹ 201.90 (31 December 2017 ₹ 165.23)

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

40. Earnings per share (EPS)

All amounts in ₹ in million, unless otherwise stated

	31 December 2018	31 December 2017
Profit attributable to the equity shareholders	3,323.59	2,355.98
Weighted average number of equity shares outstanding during the year for calculating basic earning per share (nos.)	182,619,833	182,491,620
Employee stock options (nos.)	18,887	60,368
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (nos.)	182,638,720	182,551,987
Nominal value per equity shares (₹)	10.00	10.00
Basic earnings per share (₹)	18.20	12.91
Diluted earnings per share (₹)	18.20	12.91

41. Dividend

(₹ in million)

	31 December 2018	31 December 2017
Interim/final dividend ₹ 2.50 per share (31 December 2017: ₹ 2.50 per share)	456.58	456.29
Dividend distribution tax on interim dividend	54.71	92.89

42. Contingent liabilities and commitments

(₹ in million)

		As at 31 December 2018	As at 31 December 2017
a.	Guarantees issued on behalf of subsidiaries for business purposes	2,513.22	958.91
b.	Claims against the Company not acknowledged as debts (being contested):-		
i	Goods and Service Tax	1.28	-
ii	For excise and service tax	166.82	120.54
iii	For Customs	45.37	-
iv	For sales tax / entry tax	728.95	26.89
v	For income tax	3.13	3.13
vi	Others*	255.95	229.03

*excludes pending matters where amount of liability is not ascertainable.

43. Capital commitments

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 287.31 (31 December 2017: ₹ 292.54)).	1,286.08	1,286.69

44. 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

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

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.

45. Related party transactions

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	Director and KMP of ultimate parent namely Ravi Kant Jaipuria & Sons (HUF)
		Mr. Varun Jaipuria	Whole Time Director
		Mr. Raj Pal Gandhi	Whole Time Director
		Mr. Kapil Agarwal	Chief Executive Officer and Whole Time Director
		Mr. Kamlesh Kumar Jain	Chief Financial Officer and Whole Time Director
		Dr. Girish Ahuja (till 19 March 2018)	Non-executive independent director
		Mr. Pradeep Sardana	Non-executive independent director
		Mr. Ravindra Dhariwal (till 19 March 2018)	Non-executive independent director
		Mrs. Geeta Kapoor (till 19 March 2018)	Non-executive independent director
		Mrs. Sita Khosla (w.e.f. 16 February 2018)	Non-executive independent director
		Dr. Ravi Gupta (w.e.f. 19 March 2018)	Non-executive independent director
		Mrs. Rashmi Dhariwal (w.e.f. 19 March 2018)	Non-executive independent director
		Mr. Rajesh Chopra (till 30 April 2018)	KMP of parent, namely RJ Corp Limited
		Mr. S.V. Singh (till 30 April 2018)	KMP of parent, namely RJ Corp Limited
		Mr. Ravi Batra (w.e.f. 12 May 2017)	Company secretary
		Mr. Mahavir Prasad Garg	Company secretary of the Company till 12 May 2017 and Company secretary of parent, namely RJ Corp Limited from 16 March 2018)
		Mrs. Monika Bhardwaj (till 15 March 2018)	Company secretary of parent, namely RJ Corp Limited
	II.	**Parent and ultimate parent**	
		RJ Corp Limited	Parent
		Ravi Kant Jaipuria & Sons (HUF)	Ultimate parent
	III.	**Subsidiaries/step down subsidiaries**	
		Varun Beverages Morocco SA	Subsidiary
		Varun Beverages (Nepal) Private Limited	Subsidiary
		Varun Beverages Lanka (Private) Limited	Subsidiary
		Varun Beverages (Zambia) Limited	Subsidiary
		Varun Beverages Mozambique Limitada	Subsidiary (till 02 March 2017)
		Varun Beverages (Zimbabwe) (Private) Limited	Subsidiary
		Ole Spring Bottlers (Private) Limited	Step down subsidiary

	IV.	**Fellow subsidiaries and entities controlled by parent***
		Parkview City Limited
		Devyani International Limited
		Devyani Food Industries Limited
		Alisha Retail Private Limited
		Varun Food and Beverages (Zambia) Limited
		Arctic International Private Limited
		Wellness Holdings Limited
		SVS India Private Limited
		Devyani Food Street Private Limited
	V.	**Associate (or an associate of any member of the Company)**
		Lunarmech Technologies Private Limited
		Angelica Technologies Private Limited
		Lineage Healthcare Limited
	VI.	**Relatives of KMPs***
		Mrs. Dhara Jaipuria
		Mrs. Asha Chopra
		Mrs. Shashi Jain
		Mrs. Rachna Batra
	VII.	**Entities in which a director or his/her relative is a member/director/Trustee***
		Champa Devi Jaipuria Charitable Trust
		Diagno Labs Private Limited
		SMV Beverages Private Limited
		SMV Agencies Private Limited
		Alisha Torrent Closures (India) Private Limited
		Nectar Beverages Private Limited
		Steel City Beverages Private Limited
		Jai Beverages Private Limited
	VIII.	**Entities which are post employment benefits plans**
		VBL Employees Gratuity Trust
		*With whom the Company had transactions during the current year and previous year.

ii. Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made in the ordinary 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 KMP (Refer note 45A)

iv. Transactions with related parties (Refer note 45B)

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

45A. Transactions with KMPs

All amounts in ₹ in million, unless otherwise stated

	For year ended 2018	For year ended 2017
I. Remuneration paid		
Mr. Varun Jaipuria	31.22	29.42
Mr. Raj Pal Gandhi	48.68	38.34
Mr. Kapil Agarwal	47.48	44.74
Mr. Kamlesh Kumar Jain	12.27	11.25
Mr. Rajesh Chopra	1.61	7.72
Mr. Ravi Batra	7.46	4.25
Mr. Mahavir Prasad Garg	2.85	1.00
Mrs. Monika Bhardwaj	0.35	1.50
II. Director sitting fees paid		
Dr. Girish Ahuja	0.50	1.30
Mr. Pradeep Sardana	0.30	0.40
Mr. Ravindra Dhariwal	0.40	1.30
Mrs. Geeta Kapoor	0.20	0.40
Mrs. Sita Khosla	0.30	-
Dr. Ravi Gupta	0.70	-
Mrs. Rashmi Dhariwal	0.80	-
III. Professional charges paid		
Mr. Rajesh Chopra	0.76	-
Mr. Ravindra Dhariwal	3.20	-
Mr. S.V. Singh	-	2.48
IV. Dividend paid		
Mr. Varun Jaipuria	97.94	97.94
Mr. Raj Pal Gandhi	1.02	1.06
Mr. Kapil Agarwal	1.02	1.05
Mr. Kamlesh Kumar Jain	0.04	0.05
Mr. Pradeep Sardana	0.00*	-
V. Rent/ lease charges paid		
Mr. S.V. Singh	-	0.19
VI. Defined benefit obligation for KMP		
i. Gratuity		
Mr. Varun Jaipuria	22.55	19.83
Mr. Raj Pal Gandhi	31.07	24.62
Mr. Kapil Agarwal	39.83	33.84
Mr. Kamlesh Kumar Jain	8.57	7.18
Mr. Ravi Batra	0.40	0.16
Mr. Rajesh Chopra	-	3.86
Mr. Mahavir Prasad Garg	0.07	-
Mrs. Monika Bhardwaj	-	0.34
ii. Compensated absences		
Mr. Varun Jaipuria	6.06	5.85
Mr. Raj Pal Gandhi	10.61	7.01
Mr. Kapil Agarwal	13.78	9.91
Mr. Kamlesh Kumar Jain	2.92	1.20
Mr. Ravi Batra	0.63	0.22

All amounts in ₹ in million, unless otherwise stated

		For year ended 2018	For year ended 2017
	Mr. Rajesh Chopra	-	1.17
	Mr. Mahavir Prasad Garg	0.15	-
	Mrs. Monika Bhardwaj	-	0.23
VII.	**Balances (payable)/receivable outstanding at the end of the year, net**		
	Mr. Varun Jaipuria	(1.69)	-
	Mr. Raj Pal Gandhi	(1.58)	-
	Mr. Kapil Agarwal	(2.13)	-
	Mr. Kamlesh Kumar Jain	(1.09)	-
	Mr. Rajesh Chopra	-	8.00
	Mr. Ravi Batra	(0.94)	-
	Mr. Mahavir Prasad Garg	(0.21)	-
	Mrs. Monika Bhardwaj	-	0.13

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

45B. Transactions with related parties

All amounts in ₹ in million, unless otherwise stated

Description	Parent and ultimate parent		Subsidiaries/ Step down subsidiary		Fellow subsidiaries and entities controlled by parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/her relative is a member or director		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Sale of goods																
- Varun Beverages (Nepal) Private Limited	-	-	84.05	86.82	-	-	-	-	-	-	-	-	-	-	**84.05**	**86.82**
- Ole Spring Bottlers (Private) Limited	-	-	16.32	29.73	-	-	-	-	-	-	-	-	-	-	**16.32**	**29.73**
- Varun Beverages Morocco SA	-	-	5.82	4.61	-	-	-	-	-	-	-	-	-	-	**5.82**	**4.61**
- Varun Beverages Lanka (Private) Limited	-	-	0.36	-	-	-	-	-	-	-	-	-	-	-	**0.36**	**-**
- Varun Food and Beverages (Zambia) Limited	-	-	-	-	-	3.11	-	-	-	-	-	-	-	-	**-**	**3.11**
- Varun Beverages (Zambia) Limited	-	-	150.36	114.51	-	-	-	-	-	-	-	-	-	-	**150.36**	**114.51**
- Varun Beverages Mozambique Limitada	-	-	-	1.59	-	-	-	-	-	-	-	-	-	-	**-**	**1.59**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	695.15	14.32	-	-	-	-	-	-	-	-	-	-	**695.15**	**14.32**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	12.24	-	-	**-**	**12.24**
- Lunarmech Technologies Private Limited	-	-	-	-	-	-	14.79	11.11	-	-	-	-	-	-	**14.79**	**11.11**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	4.14	7.12	-	-	**4.14**	**7.12**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	6.82	43.14	-	-	**6.82**	**43.14**
- Steel City Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	2.58	-	-	**-**	**2.58**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	52.64	114.04	-	-	**52.64**	**114.04**
- Devyani International Limited	-	-	-	-	83.62	88.80	-	-	-	-	-	-	-	-	**83.62**	**88.80**
- Devyani Food Industries Limited	-	-	-	-	25.73	16.43	-	-	-	-	-	-	-	-	**25.73**	**16.43**
- Alisha Retail Private Limited	-	-	-	-	15.93	8.68	-	-	-	-	-	-	-	-	**15.93**	**8.68**
- Lineage Healthcare Limited	-	-	-	-	-	-	0.06	0.09	-	-	-	-	-	-	**0.06**	**0.09**

All amounts in ₹ in million, unless otherwise stated

Description	Parent and ultimate parent		Subsidiaries/ Step down subsidiary		Fellow subsidiaries and entities controlled by parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/her relative is a member or director		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Sale of raw materials and stores																
- Varun Beverages (Nepal) Private Limited	-	-	29.38	-	-	-	-	-	-	-	-	-	-	-	**29.38**	**-**
- Varun Beverages Lanka (Private) Limited	-	-	0.15	0.73	-	-	-	-	-	-	-	-	-	-	**0.15**	**0.73**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	9.69	6.24	-	-	-	-	-	-	-	-	-	-	**9.69**	**6.24**
- Varun Beverages (Zambia) Limited	-	-	4.03	-	-	-	-	-	-	-	-	-	-	-	**4.03**	**-**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	3.03	-	-	-	**3.03**	**-**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	0.12	-	-	-	**0.12**	**-**
- Devyani Food Industries Limited	-	-	-	-	0.19	-	-	-	-	-	-	-	-	-	**0.19**	**-**
- Varun Food and Beverages (Zambia) Limited	-	-	-	-	-	0.31	-	-	-	-	-	-	-	-	**-**	**0.31**
- RJ Corp Limited	-	0.08	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**0.08**
Purchase of goods																
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	1.25	1.06	-	-	**1.25**	**1.06**
Purchase of raw materials and stores																
- Lunarmech Technologies Private Limited	-	-	-	-	-	-	514.86	383.54	-	-	-	-	-	-	**514.86**	**383.54**
- Devyani Food Industries Limited	-	-	-	-	3.99	-	-	-	-	-	-	-	-	-	**3.99**	**-**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	0.26	-	-	-	**0.26**	**-**
- Alisha Retail Private Limited	-	-	-	-	0.77	0.76	-	-	-	-	-	-	-	-	**0.77**	**0.76**
Promotional charges paid																
- Alisha Retail Private Limited	-	-	-	-	7.41	10.70	-	-	-	-	-	-	-	-	**7.41**	**10.70**
Loan given																
- Varun Beverages Morocco SA	-	-	736.26	709.59	-	-	-	-	-	-	-	-	-	-	**736.26**	**709.59**
- Varun Beverages (Zambia) Limited	-	-	241.78	514.24	-	-	-	-	-	-	-	-	-	-	**241.78**	**514.24**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

All amounts in ₹ in million, unless otherwise stated

Description	Parent and ultimate parent For year ended		Subsidiaries/ Step down subsidiary For year ended		Fellow subsidiaries and entities controlled by parent For year ended		Associate (or an associate of any member of the Company) For year ended		Relatives of KMPs For year ended		Entities in which a director or his/her relative is a member or director For year ended		Entities which are post employment benefits plans For year ended		Total For year ended	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	375.48	108.66	-	-	-	-	-	-	-	-	-	-	**375.48**	**108.66**
Interest received/(paid) (net)																
- Varun Beverages Morocco SA	-	-	144.30	108.73	-	-	-	-	-	-	-	-	-	-	**144.30**	**108.73**
- Varun Beverages Mozambique Limitada	-	-	-	0.81	-	-	-	-	-	-	-	-	-	-	**-**	**0.81**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	32.48	10.23	-	-	-	-	-	-	-	-	-	-	**32.48**	**10.23**
- Varun Beverages (Zambia) Limited	-	-	55.91	33.35	-	-	-	-	-	-	-	-	-	-	**55.91**	**33.35**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	(3.00)	-	-	-	**(3.00)**	**-**
Contribution to corporate social responsibility activities																
- Diagno Labs Private Limited	-	-	-	-	-	-	-	-	-	-	-	0.06	-	-	**-**	**0.06**
- Champa Devi Jaipuria Charitable Trust	-	-	-	-	-	-	-	-	-	-	36.50	24.00	-	-	**36.50**	**24.00**
Guarantee commission income																
- Varun Beverages Lanka (Private) Limited	-	-	-	4.55	-	-	-	-	-	-	-	-	-	-	**-**	**4.55**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	25.56	11.70	-	-	-	-	-	-	-	-	-	-	**25.56**	**11.70**
- Varun Beverages (Nepal) Private Limited	-	-	3.99	-	-	-	-	-	-	-	-	-	-	-	**3.99**	**-**
Dividend income																
- Varun Beverages (Nepal) Private Limited	-	-	192.19	190.45	-	-	-	-	-	-	-	-	-	-	**192.19**	**190.45**
Investment in preference shares																
- Varun Beverages Lanka (Private) Limited	-	-	204.38	1,381.99	-	-	-	-	-	-	-	-	-	-	**204.38**	**1,381.99**
Redemption of preference shares (classified as loan given to subsidiary)																
- Varun Beverages Lanka (Private) Limited	-	-	94.05	188.10	-	-	-	-	-	-	-	-	-	-	**94.05**	**188.10**

All amounts in ₹ in million, unless otherwise stated

Description	Parent and ultimate parent		Subsidiaries/ Step down subsidiary		Fellow subsidiaries and entities controlled by parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/her relative is a member or director		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Conversion of loan into investment																
- Varun Beverages Morocco SA	-	-	649.73	547.54	-	-	-	-	-	-	-	-	-	-	**649.73**	**547.54**
- Varun Beverages (Zambia) Limited	-	-	196.02	-	-	-	-	-	-	-	-	-	-	-	**196.02**	**-**
Service rendered: management fees																
- Varun Beverages (Nepal) Private Limited	-	-	126.56	98.35	-	-	-	-	-	-	-	-	-	-	**126.56**	**98.35**
Travelling expenses paid																
- Wellness Holdings Limited	-	-	-	-	116.43	84.40	-	-	-	-	-	-	-	-	**116.43**	**84.40**
Investment in equity shares																
- Varun Beverages (Zambia) Limited	-	-	-	719.16	-	-	-	-	-	-	-	-	-	-	**-**	**719.16**
- Varun Beverages (Nepal) Private Limited	-	-	627.34	-	-	-	-	-	-	-	-	-	-	-	**627.34**	**-**
Dividend paid																
- RJ Corp Limited	139.56	125.35	-	-	-	-	-	-	-	-	-	-	-	-	**139.56**	**125.35**
- Ravi Kant Jaipuria & Sons (HUF)	97.97	97.97	-	-	-	-	-	-	-	-	-	-	-	-	**97.97**	**97.97**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	0.01	-	-	-	-	-	**0.01**	**-**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	-	-	0.00*	-	-	-	-	-	**0.00***	**-**
Service rendered: Technical know-how fees																
- Varun Beverages (Nepal) Private Limited	-	-	213.64	196.70	-	-	-	-	-	-	-	-	-	-	**213.64**	**196.70**
(Expenses incurred by the Company on behalf of others)/ expenses incurred by others on behalf of the Company																
- Varun Beverages (Nepal) Private Limited	-	-	-	(0.43)	-	-	-	-	-	-	-	-	-	-	**-**	**(0.43)**
- Devyani International Limited	-	-	-	-	4.76	(2.95)	-	-	-	-	-	-	-	-	**4.76**	**(2.95)**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

All amounts in ₹ in million, unless otherwise stated

Description	Parent and ultimate parent		Subsidiaries/ Step down subsidiary		Fellow subsidiaries and entities controlled by parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/her relative is a member or director		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
- Lunarmech Technologies Private Limited	-	-	-	-	-	-	(0.01)	-	-	-	-	-	-	-	**(0.01)**	-
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	(4.39)	-	-	-	-	-	-	-	-	-	-	-	**(4.39)**	-
- Alisha Retail Private Limited	-	-	-	-	0.28	-	-	-	-	-	-	-	-	-	**0.28**	-
- RJ Corp Limited	(0.11)	(0.09)	-	-	-	-	-	-	-	-	-	-	-	-	**(0.11)**	**(0.09)**
- Devyani Food Industries Limited	-	-	-	-	(1.48)	(2.54)	-	-	-	-	-	-	-	-	**(1.48)**	**(2.54)**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	(0.01)	(0.62)	-	-	**(0.01)**	**(0.62)**
Rent/ lease charges paid/ (received)																
- RJ Corp Limited	99.82	88.64	-	-	-	-	-	-	-	-	-	-	-	-	**99.82**	**88.64**
- Parkview City Limited	-	-	-	-	-	-	-	(0.24)	-	-	-	-	-	-	**-**	**(0.24)**
- Ravi Kant Jaipuria & Sons (HUF)	6.86	6.56	-	-	-	-	-	-	-	-	-	-	-	-	**6.86**	**6.56**
- SVS India Private Limited	-	-	-	-	0.48	0.10	-	-	-	-	-	-	-	-	**0.48**	**0.10**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	2.34	2.13	-	-	-	-	**2.34**	**2.13**
- Mrs. Shashi Jain	-	-	-	-	-	-	-	-	-	0.25	-	-	-	-	**-**	**0.25**
- Mrs. Asha Chopra	-	-	-	-	-	-	-	-	-	0.23	-	-	-	-	**-**	**0.23**
- Mrs. Rachna Batra	-	-	-	-	-	-	-	-	-	0.05	-	-	-	-	**-**	**0.05**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	(0.48)	(2.35)	-	-	**(0.48)**	**(2.35)**
Financial guarantees given																
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	998.03	958.91	-	-	-	-	-	-	-	-	-	-	**998.03**	**958.91**
- Varun Beverages (Nepal) Private Limited	-	-	468.31	-	-	-	-	-	-	-	-	-	-	-	**468.31**	**-**
Financial guarantees closed																
- Varun Beverages Lanka (Private) Limited	-	-	-	1,225.51	-	-	-	-	-	-	-	-	-	-	**-**	**1,225.51**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

All amounts in ₹ in million, unless otherwise stated

Description	Parent and ultimate parent		Subsidiaries/ Step down subsidiary		Fellow subsidiaries and entities controlled by parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/her relative is a member or director		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Purchase of fixed assets																
- Devyani Food Industries Limited	-	-	-	-	-	3.21	-	-	-	-	-	-	-	-	**-**	**3.21**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	587.50	-	-	-	**587.50**	**-**
- Steel City Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	101.49	-	-	-	**101.49**	**-**
Sale of fixed assets																
- Varun Beverages (Nepal) Private Limited	-	-	134.24	48.48	-	-	-	-	-	-	-	-	-	-	**134.24**	**48.48**
- Varun Beverages Lanka (Private) Limited	-	-	-	4.77	-	-	-	-	-	-	-	-	-	-	**-**	**4.77**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	442.72	202.76	-	-	-	-	-	-	-	-	-	-	**442.72**	**202.76**
Contribution to gratuity trust																
- VBL Employees Gratuity Trust	-	-	-	-	-	-	-	-	-	-	-	-	31.84	21.67	**31.84**	**21.67**
Purchase under business combination																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	832.00	-	-	**-**	**832.00**
- SMV Agencies Private Limited	-	-	-	-	-	-	-	-	-	-	552.13	470.00	-	-	**552.13**	**470.00**
IT infrastructure support fee received																
- Varun Beverages (Nepal) Private Limited	-	-	1.88	-	-	-	-	-	-	-	-	-	-	-	**1.88**	**-**
- Varun Beverages Lanka (Private) Limited	-	-	2.57	-	-	-	-	-	-	-	-	-	-	-	**2.57**	**-**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	7.81	-	-	-	-	-	-	-	-	-	-	-	**7.81**	**-**
- Varun Beverages (Zambia) Limited	-	-	9.56	-	-	-	-	-	-	-	-	-	-	-	**9.56**	**-**
- Varun Beverages Morocco SA	-	-	4.07	-	-	-	-	-	-	-	-	-	-	-	**4.07**	**-**
- Devyani Food Industries Limited	-	-	-	-	5.94	-	-	-	-	-	-	-	-	-	**5.94**	**-**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

All amounts in ₹ in million, unless otherwise stated

Description	Parent and ultimate parent		Subsidiaries/ Step down subsidiary		Fellow subsidiaries and entities controlled by parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/her relative is a member or director		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Advance paid for acquisition of new territories																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	210.60	-	-	**-**	**210.60**
- SMV Agencies Private Limited	-	-	-	-	-	-	-	-	-	-	-	40.00	-	-	**-**	**40.00**
- Steel City Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	10.00	-	-	**-**	**10.00**
Loan written off																
- Varun Beverages Mozambique Limitada	-	-	-	64.52	-	-	-	-	-	-	-	-	-	-	**-**	**64.52**
Balances outstanding at the end of the year, net including loan outstanding																
A. Receivable/(payable)																
- Varun Beverages Morocco SA	-	-	2,761.55	2,529.30	-	-	-	-	-	-	-	-	-	-	**2,761.55**	**2,529.30**
- Varun Beverages (Nepal) Private Limited	-	-	586.09	526.08	-	-	-	-	-	-	-	-	-	-	**586.09**	**526.08**
- Ole Spring Bottlers (Private) Limited	-	-	7.98	11.67	-	-	-	-	-	-	-	-	-	-	**7.98**	**11.67**
- Varun Beverages Lanka (Private) Limited	-	-	2,601.26	2,452.71	-	-	-	-	-	-	-	-	-	-	**2,601.26**	**2,452.71**
- Varun Beverages (Zambia) Limited	-	-	1,173.37	984.83	-	-	-	-	-	-	-	-	-	-	**1,173.37**	**984.83**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	1,084.73	355.01	-	-	-	-	-	-	-	-	-	-	**1,084.73**	**355.01**
- Devyani International Limited	-	-	-	-	(1.92)	(57.27)	-	-	-	-	-	-	-	-	**(1.92)**	**(57.27)**
- RJ Corp Limited (security deposits)	32.27	34.57	-	-	-	-	-	-	-	-	-	-	-	-	**32.27**	**34.57**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	1.12	1.75	-	-	-	-	**1.12**	**1.75**
- Wellness Holdings Limited	-	-	-	-	(3.94)	(5.85)	-	-	-	-	-	-	-	-	**(3.94)**	**(5.85)**
- Alisha Retail Private Limited	-	-	-	-	3.28	(2.26)	-	-	-	-	-	-	-	-	**3.28**	**(2.26)**
- Lunarmech Technologies Private Limited	-	-	-	-	-	-	(30.84)	(17.69)	-	-	-	-	-	-	**(30.84)**	**(17.69)**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

All amounts in ₹ in million, unless otherwise stated

Description	Parent and ultimate parent		Subsidiaries/ Step down subsidiary		Fellow subsidiaries and entities controlled by parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/her relative is a member or director		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
- Devyani Food Street Private Limited	-	-	-	-	-	0.01	-	-	-	-	-	-	-	-	**-**	**0.01**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	(51.25)	210.95	-	-	**(51.25)**	**210.95**
- SMV Agencies Private Limited	-	-	-	-	-	-	-	-	-	-	-	40.00	-	-	**-**	**40.00**
- Steel City Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	10.00	-	-	**-**	**10.00**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	0.89	3.07	-	-	**0.89**	**3.07**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	0.36	5.02	-	-	**0.36**	**5.02**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	0.63	1.03	-	-	**0.63**	**1.03**
- Devyani Food Industries Limited	-	-	-	-	(0.03)	(5.09)	-	-	-	-	-	-	-	-	**(0.03)**	**(5.09)**
B. Financial guarantees																
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	2,044.91	958.91	-	-	-	-	-	-	-	-	-	-	**2,044.91**	**958.91**
- Varun Beverages (Nepal) Private Limited	-	-	468.31	-	-	-	-	-	-	-	-	-	-	-	**468.31**	**-**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

46. The Company has taken various premises and other fixed assets on operating leases. The lease agreements generally have a lock-in-period of 1-5 years and are cancellable at the option of the lessee thereafter. Majority of the leases have escalation terms after certain years and are extendable by mutual consent on expiry of the lease. There are no sub-leases. During the year, lease payments under operating leases amounting to ₹ 308.21 (31 December 2017 ₹ 321.93) have been recognised as an expense in the Statement of Profit and Loss.

Non-cancellable operating lease rentals payable (minimum lease payments) for these leases are as follows:

(₹ in million)

	As at 31 December 2018	As at 31 December 2017
Payable within one year	10.81	17.78
Payable between one and five years	27.49	34.03
Payable after five years	-	1.95
Total	**38.29**	**53.76**

47. 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.

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, 2006 to the extent information available with the Company is given below:

(₹ in million)

Particulars	31 December 2018	31 December 2017
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	2.47	8.71
Interest due on above	0.01	0.12
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	-	-
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.	0.16	0.43
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.91	0.74
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	0.91	0.74

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

49. Details of Corporate Social Responsibility (CSR) expenditure

In accordance with the provisions of section 135 of the Companies Act, 2013, the Board of Directors of the Company had constituted CSR Committee. The details for CSR activities is as follows.

(₹ in million)

Particulars		For the year ended 31 December 2018	For the year ended 31 December 2017
a)	Gross amount required to be spent by the Company during the year	41.42	27.63
b)	Amount spent during the year on the following		
	1. Construction / Acquisition of any asset	-	-
	2. On purpose other than 1 above	41.42	27.73

Refer note 45B for amounts paid to Champa Devi Jaipuria Charitable Trust towards contribution for "Shiksha Kendra" for the education of poor and under privileged children and to Diagno Labs Private Limited for free health check-up camps.

50. Acquisitions and disposals

Acquisitions and disposals during the year ended 31 December 2018:

A. Acquisitions under business combination

The Company acquired PepsiCo India's previously franchised territory in the of State of Jharkhand in India along with manufacturing unit at Jamshedpur for a total purchase consideration of ₹ 552.13 on a slump sale basis, excluding net payable of ₹ 60.33 on account of net working capital adjustment taken over as part of business.

The details of the business combination are as follows:

(₹ in million)

Particulars	**Jharkhand**
Name of acquiree	SMV Agencies Private Limited
Acquisition date	23 March 2018
Non-current assets recognised	
Property, plant and equipment	211.79
Other intangible assets (Franchise rights)	424.73
Deferred tax assets	11.20
Total non-current assets (a)	**647.72**
Non-current liabilities recognised	
Employee benefits payable	(32.87)
Security deposits from distributors	(62.72)
Total non-current liabilities (b)	**(95.59)**
Net current liabilities acquired	
Other current liabilities	(78.88)
Other current assets	18.55
Net current liabilities (c)	**(60.33)**
Identifiable net assets (d = a+b+c)	491.80

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

B. Assets acquisitions

i. On 11 January 2018, the Company has acquired PepsiCo India's previously franchised territory in the State of Chhattisgarh along with certain property, plant and equipment and other intangible assets for a total purchase consideration of ₹ 150.00 from SMV Beverages Private Limited.

ii On 17 January 2018, PepsiCo India has transferred franchise territory in the State of Bihar to the Company. Subsequently on 12 December 2018, the Company has paid an amount of ₹ 450.00 to Lumbini Beverages Private Limited for acquiring certain property, plant and equipment and other intangible assets for the State of Bihar.

iii On 18 January 2018, the Company has acquired a manufacturing unit at Cuttack, Odisha along with certain assets for a total purchase consideration of ₹ 437.50 from SMV Beverages Private Limited.

iv On 05 April 2018, the Company has acquired a manufacturing unit at Jamshedpur, Jharkhand along with certain assets for a total purchase consideration of ₹ 101.49 from Steel City Beverages Private Limited.

Acquisitions and disposals during the year ended 31 December 2017

C. Acquisitions under business combination

The Company acquired PepsiCo India's previously franchised territories in the parts of Madhya Pradesh and State of Odisha along with two manufacturing units at Bargarh and Bhopal (Mandideep) for a total purchase consideration of ₹ 470.00 and ₹ 832.00 respectively on a slump sale basis. The aforesaid purchase consideration excludes adjustment for working capital taken over as part of business.

The details of the business combination are as follows:

(₹ in million)

Particulars	Madhya Pradesh	Odisha
Name of seller	SMV Beverages, a unit of SMV Agencies Private Limited	SMV Beverages Private Limited
Acquisition date	27 September 2017	26 September 2017
Recognised amounts of identifiable net assets		
Property, plant and equipment	238.85	333.27
Other intangible assets (Franchisee rights)	272.85	531.42
Total non-current assets (a)	**511.70**	**864.69**
Employee benefits payable	(14.64)	(6.55)
Security deposits from distributors	(29.54)	(43.06)
Total non-current liabilities (b)	**(44.18)**	**(49.61)**
Net consideration	467.52	815.08
Net current assets acquired		
Other current liabilities	(107.29)	(87.48)
Other current assets	7.51	9.26
Net Working Capital (c)	**(99.78)**	**(78.22)**
Identifiable net assets (d =a+b+c)	367.74	736.86
Amount paid (e)	**370.22**	**753.78**
Goodwill (e - d)	**2.48**	**16.92**

Goodwill

Goodwill of ₹ 19.40 primarily relates to growth expectations, expected future profitability. Goodwill has been allocated to the beverages segment and is deductible for tax purposes.

D. Acquisition of 30% stake in Varun Beverages (Zambia) Limited

The Company increased its controlling stake in its existing subsidiary company namely, Varun Beverages (Zambia) Limited from existing 60% up to 90% by acquiring further 15,000 shares from the existing shareholders (Multi Treasure Ltd.: 9,200 shares and Africa Bottling Company Ltd.: 5,800 shares) for a consideration of ₹ 719.16 million on 20 February 2017.

E. Disposal of 41% stake in Varun Beverages Mozambique Limitada

The Company sold 41% equity quota of Varun Beverages Mozambique Limitada to reduce its stake from 51% down to 10% for a consideration of ₹ 0.11 on 02 March 2017. This transaction did not have any material impact on these financial statements.

During the year ended 31 December 2018, the Company sold its 10% stake in Varun Beverages Mozambique Limitada to other shareholder for a consideration of ₹ 0.03.

51. Share-based payments

Description of share based payments arrangements

During the year ended 31 December 2013, the Company granted stock options to certain employees of the Company and its subsidiaries. The Company has the following share-based payment arrangements for employees.

A. Employee Stock Option Plan 2013 (ESOP 2013)

The ESOP 2013 ("the Plan") was approved by the Board of Directors and the shareholders on 13 May 2013 and further amended by Board of Directors on 01 December 2015. The plan entitles key managerial personnel and employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. Stock options can be settled by issue of equity shares. As per the Plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 149.51, which is 1.14 % above the stock price at the date of grant, i.e., 13 May 2013.

The expense recognised for employee services received during the respective years is ₹ Nil.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and changes in, share options during the year:

Particulars	31 December 2018	31 December 2018	31 December 2017	31 December 2017
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	78,285	149.51	352,700	149.51
Options exercised during the year	(55,000)	149.51	(274,415)	149.51
Outstanding at the end of the year	**23,285**		**78,285**	
Exercisable at the end of the year	23,285	-	78,285	-

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

The fair values of options granted under new plan were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The following principal assumptions were used in the valuation:

	Options vested and exercised	Options vested and unexercised
Number of options	2,006,550	668,850
Fair value on grant date (₹)	65.92	66.44
Share price at grant date (₹)	147.83	147.83
Exercise price (₹)	149.51	149.51
Expected volatility	16.63%	16.63%
Expected life	7.56 years	7.64 years
Expected dividends	0%	0%
Risk-free interest rate (based on government bonds)	7.53%	7.53%

The measure of volatility has been calculated based on the average volatility of closing market price of the BSE 500 during the period 01 January 2013 to 31 December 2013.

Particulars of Scheme	
Name of scheme	**Employee Stock Option Plan 2013**
Vesting conditions	668,850 options on the date of grant ('First vesting')
	668,850 options on first day of January of the calendar year following the first vesting ('Second vesting')
	668,850 options on first day of January of the calendar year following the second vesting ('Third vesting')
	668,850 options on first day of January of the calendar year following the third vesting ('Fourth vesting')
	Notwithstanding any other clause of this Plan, no vesting shall occur until 01 December 2015 or fourth vesting, whichever is earlier
Exercise period	Stock options can be exercised within a period of 5 years from the date of vesting.
Number of share options	2,675,400
Exercise price	149.51
Method of settlement	Equity
Fair value on the grant date	"Options vested: ₹ 65.92 Options to be vested : ₹ 66.44"
Remaining life as on 31 December 2018	1.94 years
Remaining life as on 31 December 2017	2.94 years

The following share options were exercised during the current year:

	Options series	Number exercised	Share price at exercise date	Exercise date
Granted on 13 May 2013	ESOP 2013	12,700	₹ 717.10	24 January 2018
Granted on 13 May 2013	ESOP 2013	15,000	₹ 608.15	20 March 2018
Granted on 13 May 2013	ESOP 2013	19,500	₹ 688.25	26 July 2018
Granted on 13 May 2013	ESOP 2013	7,800	₹ 765.80	22 November 2018

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

The following share options were exercised during the previous year:

	Options series	Number exercised	Share price at exercise date	Exercise date
Granted on 13 May 2013	ESOP 2013	99,400	₹ 404.78	20 February 2017
Granted on 13 May 2013	ESOP 2013	98,200	₹ 473.90	24 April 2017
Granted on 13 May 2013	ESOP 2013	46,815	₹ 514.64	11 August 2017
Granted on 13 May 2013	ESOP 2013	27,000	₹ 510.98	25 September 2017
Granted on 13 May 2013	ESOP 2013	3,000	₹ 512.51	11 October 2017

B. Employee Stock Option Plan 2016 ("ESOS 2016")

The ESOS 2016 ("the Scheme") was approved by the Board of Directors and the shareholders on 27 April 2016. The Scheme entitles key managerial personnel and employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. Stock options can be settled by issue of equity shares. No options under this Scheme have been granted in the financial year ended 31 December 2018.

52. 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, less cash and cash equivalents, excluding discontinued operations, if any.

The amounts managed as capital by the Company for the reporting periods are summarised as follows:

(₹ in million)

Particulars	As at 31 December 2018	As at 31 December 2017
Non-current borrowings (Refer note 21A)	18,359.13	16,061.57
Current borrowings (Refer note 21B)	3,188.75	1,925.88
Current portion of deferred payment liabilities (Refer note 21D)	429.58	2,976.98
Current maturities of long-term debts (Refer note 21C)	3,376.93	2,883.23
	25,354.39	**23,847.66**
Less: Cash and cash equivalents (Refer note 13)	17.75	312.64
Net debt	**25,336.64**	**23,535.02**
Equity share capital (Refer note 19)	1,826.42	1,825.87
Other equity (Refer note 20)	24,062.97	21,142.14
Total capital	**25,889.39**	**22,968.01**
Capital and net debt	**51,226.03**	**46,503.03**
Gearing ratio	**49.46%**	**50.61%**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

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 2018 and 31 December 2017.

Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowing in the reporting periods.

53. Assets pledged as security

The carrying amount of assets pledged as security are:

(₹ in million)

Particulars	As at 31 December 2018	As at 31 December 2017
Inventories and trade receivable (Refer note 11 and 12)	5,527.99	4,103.60
Other bank deposits (Refer note 14)	0.65	0.06
Current loans (Refer note 15)	104.68	94.31
Other current financial assets (Refer note 16)	1,783.80	1,373.30
Other current assets (Refer note 17)	1,581.41	959.74
Other intangible assets (Refer note 5A and 5B)	5,235.20	4,375.24
Property, plant and equipment (Refer note 4)	27,983.04	28,404.80
Capital work-in-progress (Refer note 4)	3,392.26	119.69

54. Recent accounting pronouncements (Ind AS issued but not yet effective)

The Ministry of Corporate Affairs ("MCA") issued the Companies (Indian Accounting Standards) Amendments Rules, 2018 and Companies (Indian Accounting Standards) Second Amendments Rules, 2018, notifying Ind AS 115, 'Revenue from Contract with Customers', Appendix B to Ind AS 21, Foreign currency transactions and advance consideration and amendments to Ind AS 20, Government grants. These amendments are in line with recent amendments made by International Accounting Standards Board ("IASB"). These amendments are applicable to the Company from accounting periods beginning on or after 01 January 2019, i.e., from financial year 2019.

Ind AS 115, Revenue from Contract with Customers:

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flows arising from contract with customers. The principle of Ind AS 115 is that entity should recognize revenue that demonstrates the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effects of contracts that are not completed contacts at the date of initial application of the standard.

The Company is evaluating the requirements of the standard and the effect on the financial statements.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

The appendix clarifies that the date of transaction for the purpose of determining the exchange rate to use an initial recognition of the asset, expense or income (or part of it) is the date on which an entity initially recognizes the non- monetary asset or non-monetary liability arising from the payment or receipt of advance consideration towards such assets, expense or income. If there are multiple payments or receipts of advance, then an entity must determine transaction date for each payment or receipts of advance consideration.

The Company is evaluating the requirements of the amendment and the effect on the financial statements.

Ind AS 20, Government grant:

The amendment provides alternative to recognition of government grants related to assets and non-monetary grant. Government grant related to assets can also be presented by deducting the grant from the carrying amount of the asset and non-monetary grant can be recognised at a nominal amount.

The Company has evaluated the requirements of the amendment and is not expecting to use such options.

55. 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 2018	As at 31 December 2018	Maximum balance outstanding during the year 2017	As at 31 December 2017
Varun Beverages Morocco SA	3.50% + Libor	Unsecured	2,950.67	2,621.10	2,681.03	2,303.19
Varun Beverages Lanka (Private) Limited*	Zero to 2% + Libor	Unsecured	2,663.13	2,598.89	2,448.52	2,448.52
Varun Beverages (Zambia) Limited	4% + Libor	Unsecured	420.05	216.72	392.63	370.14
Varun Beverages (Zambia) Limited	2% + Libor	Unsecured	824.14	792.14	503.24	492.24
Varun Beverages (Zimbabwe) (Private) Limited	4% + Libor	Unsecured	277.73	635.11	233.33	233.33

The above loans are given for business purposes.

*Loan solely consists of debt component of investments in redeemable preference shares.

(₹ in million)

ii)

Name of the Investee	As at 31 December 2018	As at 31 December 2017
Varun Beverages Morocco SA	3,740.10	3,090.37
Varun Beverages (Nepal) Private Limited	798.91	171.56
Varun Beverages Lanka (Private) Limited	522.97	522.98
Varun Beverages (Zambia) Limited	2,670.39	2,474.37
Angelica Technologies Private Limited	12.56	12.56
Varun Beverages (Zimbabwe) (Private) Limited	0.06	0.06

The above investments are made for business purposes.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

(₹ in million)

iii) Guarantees outstanding, given on behalf of	As at 31 December 2018	As at 31 December 2017
Varun Beverages (Nepal) Private Limited	468.31	-
Varun Beverages (Zimbabwe) (Private) Limited	2,044.91	958.91

The above financial guarantees are given on behalf of subsidiaries for business purposes.

All transactions are in the ordinary course of business.

56. 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.

56.1Market risk analysis

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The functional currency of the Company is Indian Rupees ('INR' or '₹'). Most of the Company's transactions are carried out in Indian Rupees. Exposures to currency exchange rates mainly arise from the Company's overseas sales and purchases, lending to overseas subsidiary companies, external commercial borrowings etc. which are primarily denominated in US Dollars ('USD'), Euro, Singapore Dollars ('SGD') and Pound Sterling ('GBP').

The Company has limited exposure to foreign currency risk and thereby it mainly relies on natural hedge. To further mitigate the Company's exposure to foreign currency risk, non-INR cash flows are continuously monitored and derivative contracts are entered into wherever considered necessary.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

The carrying amounts of the Company's foreign currency denominated monetary items are restated at the end of each reporting period. Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are as follows:

(in million)

	USD	GBP	SGD	Euro
31 December 2018				
Financial assets				
(i) Loans (non-current and current)				
(a) Loans to related parties	61.11	-	-	-
(ii) Trade receivables (current)	7.63	-	-	-
(iii) Other financial assets (current)				
(a) Interest accrued on loan to related parties	2.57	-	-	-
(b) Guarantee commission receivable	0.49	-	-	-
(c) Other receivables	0.32	-	-	-
(iv) Other current assets	0.98	-	-	0.36
Total financial assets	**73.10**	**-**	**-**	**0.36**
Financial liabilities				
(i) Borrowings (non-current)				
(a) Foreign currency loans from banks	-	-	33.13	-
(b) Deferred payment liabilities	-	-	-	5.35
(ii) Trade payables (current)	9.15	0.01	-	1.13
(iii) Other current financial liabilities				
(a) Interest accrued but not due on borrowings	-	-	0.15	-
Total financial liabilities	**9.15**	**0.01**	**33.28**	**6.48**
31 December 2017				
Financial assets				
(i) Loans (non-current)				
(a) Loans to related parties	53.17	-	-	-
(ii) Trade receivables (current)	3.35	-	-	-
(iii) Other financial assets (current)				
(a) Interest accrued on loan to related parties	4.07	-	-	-
(b) Guarantee commission receivable	0.27	-	-	-
(c) Other receivables	0.88	-	-	-
Total financial assets	**61.74**	**-**	**-**	**-**
Financial liabilities				
(i) Borrowings (non-current)				
(a) Deferred payment liabilities	-	-		5.42
(ii) Trade payables (current)	1.55	0.00*		0.27
Total financial liabilities	**1.55**	**-**	**-**	**5.69**

*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/GBP, INR/SGD and INR/Euro exchange rate for the year ended at 31 December 2018 (31 December 2017: 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.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

If the INR had strengthened against the USD by 1% (31 December 2017: 1%), Euro by 1% (31 December 2017: 1%), SGD by 1% (31 December 2017: Nil) and GBP by 1% (31 December 2017: 1%), the following would have been the impact:

(₹ in million)

	Profit for the year		Equity	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
USD	(44.63)	(38.47)	(44.63)	(38.47)
GBP	0.01	0.00*	0.01	0.00*
Euro	4.88	4.35	4.88	4.35
SGD	16.91	-	16.91	-

*Rounded off to Nil.

If the INR had weakened against the USD by 1% (31 December 2017: 1%), Euro by 1% (31 December 2017: 1%), SGD by 1% (31 December 2017: Nil)and GBP by 1% (31 December 2017: 1%), the following would have been the impact:

(₹ in million)

	Profit for the year		Equity	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
USD	44.63	38.47	44.63	38.47
GBP	(0.01)	(0.00)*	(0.01)	(0.00)*
Euro	(4.88)	(4.35)	(4.88)	(4.35)
SGD	(16.91)	-	(16.91)	-

*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 2017: +/- 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 for the year		Equity	
	+1%	-1%	+1%	-1%
31 December 2018	(151.03)	151.03	(151.03)	151.03
31 December 2017	(108.82)	108.82	(108.82)	108.82

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 purchase contracts.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

Commodity price sensitivity

The following tables shows the effect of price change in sugar and pet chips

(₹ in million)

Particulars	Change in yearly average price		Effect on profit before tax		Effect on equity	
31 December 2018						
Sugar	+1%	-1%	(46.07)	46.07	(46.07)	46.07
Pet chips	+1%	-1%	(31.49)	31.49	(31.49)	31.49

(₹ in million)

Particulars	Change in yearly average price		Effect on profit before tax		Effect on equity	
31 December 2017						
Sugar	+1%	-1%	(49.11)	49.11	(49.11)	49.11
Pet chips	+1%	-1%	(17.72)	17.72	(17.72)	17.72

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.

56.2 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 2018	As at 31 December 2017
Classes of financial assets-carrying amounts:		
Investments (current)	0.01	0.04
Loans (current and non-current)	7,063.74	6,025.16
Trade receivables	1,344.74	946.90
Cash and cash equivalents	17.75	312.64
Bank balances other than mention above	0.65	0.06
Other financial assets (current and non-current)	1,792.14	1,382.26
	10,219.03	**8,667.06**

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,

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

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 2018	As at 31 December 2017
Balance at the beginning of the year	222.41	190.20
Loss allowance measured at lifetime expected credit loss	33.52	32.21
Balance at the end of the year	**255.93**	**222.41**

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.

56.3 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 2018, the Company's non-derivative financial liabilities have contractual maturities as summarised below:

(₹ in million)

31 December 2018	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	6,995.26	16,401.73	629.81
Trade payables	1,783.18	-	-
Other financial liabilities (current)	3,136.49	-	-
Total	**11,914.93**	**16,401.73**	**629.81**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

This compares to the maturity of the Company's non-derivative financial liablities in the previous reporting periods as follows:

(₹ in million)

31 December 2017	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	7,786.09	16,009.82	413.62
Trade payables	838.32	-	-
Other financial liabilities (current)	1,626.68	-	-
Total	**10,251.09**	**16,009.82**	**413.62**

As at 31 December 2018, the contractual cash flows (excluding interest thereon) of the Company's derivative financial instruments are as follows:

(₹ in million)

31 December 2018	1 to 12 months	1 to 5 years
Cross currency interest rate swap	-	1,686.78

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 2017	1 to 12 months	1 to 5 years
Cross currency interest rate swap	341.50	-

57. Fair value measurements

Financial instruments by categories

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

Particulars	Notes	Carrying value		Fair value/amortised cost	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Financial assets					
Fair value through profit and loss ('FVTPL')					
(i) Non-current financial assets					
(a) Investment (non-current)	7	0.01	0.04	0.01	0.04
Amortised cost					
(i) Non-current financial assets					
(a) Loans	8	6,959.06	5,930.85	6,959.06	5,930.85
(b) Other	9	8.34	8.96	8.34	8.96
(ii) Current financial assets					
(a) Trade receivables	12	1,344.74	946.90	1,344.74	946.90
(b) Cash and cash equivalents	13	17.75	312.64	17.75	312.64
(c) Bank balances other than (b) above	14	0.65	0.06	0.65	0.06
(d) Loans	15	104.68	94.31	104.68	94.31
(e) Other	16	1,783.80	1,373.30	1,783.80	1,373.30
Total		**10,219.03**	**8,667.06**	**10,219.03**	**8,667.06**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

(₹ in million)

Particulars	Notes	Carrying value		Fair value/amortised cost	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Financial liabilities					
FVTPL					
(i) Current financial liability					
(a) Liability for foreign currency derivative contract	26	77.97	25.85	77.97	25.85
Amortised cost					
(i) Non-current borrowings (excluding those disclosed under FVTPL category above)	21A	18,359.13	16,061.57	18,359.13	16,061.57
(ii) Current financial liabilities					
(a) Borrowings	21B	3,188.75	1,925.88	3,188.75	1,925.88
(b) Trade payables	25	1,783.18	838.32	1,783.18	838.32
(c) Other	26	6,865.03	7,461.04	6,865.03	7,461.04
Total		**30,274.06**	**26,312.66**	**30,274.06**	**26,312.66**

Valuation technique to determine fair value

Cash and cash equivalents, other bank balances, trade receivables, loans, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the long term borrowings, loans and other deferred payments are determined by using discounted cash flow method using the appropriate discount rate. The discount rate is determined using other similar instruments incorporating the risk associated.

- The Company executed derivative financial instruments such as cross currency interest rate swap being valued using valuation techniques, which employs use of market observable inputs. The Company uses mark to market valuation provided by bank for its valuation.

Fair value hierarchy

The financial assets measured at fair value are grouped into the fair value hierarchy as on 31 December 2018 and 31 December 2017 as follows: (also refer note 3.1)

(₹ in million)

31 December 2018	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2018	**0.01**	-	-	0.01

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

(₹ in million)

31 December 2018	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
(a) Liability for foreign currency derivative contract	31 December 2018	**77.97**	-	77.97	-

There have been no transfers of financial assets and financial liabilities between the levels during the year 2018.

(₹ in million)

31 December 2017	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2017	**0.04**	-	-	0.04

(₹ in million)

31 December 2017	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
(a) Liability for foreign currency derivative contract	31 December 2017	**25.85**	-	25.85	-

58. Details of hedged and unhedged exposure in foreign currency denominated monetary items

A. Exposure in foreign currency - hedged

The Company executes cross currency and interest rate swap contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

Outstanding foreign currency exposure hedged (excluding interest thereon):

(in million)

Particulars	Period	Foreign currency		Hedged currency	
ECB Loan	31 December 2018	SGD	33.13	USD	25.00
	31 December 2017	USD	5.00	INR	341.50

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2018

B. Exposure in foreign currency - unhedged

Outstanding foreign currency exposure not being hedged against adverse currency fluctuation:

(in million)

Particulars	Period	Foreign currency		Hedged currency	
Trade receivable	31 December 2018	USD	7.63	INR	532.55
	31 December 2017	USD	3.35	INR	214.42
Advance to vendors	31 December 2018	USD	1.00	INR	72.44
	31 December 2017	USD	0.19	INR	12.44
	31 December 2018	EURO	0.36	INR	29.28
	31 December 2017	EURO	0.10	INR	7.99
Loan given	31 December 2018	USD	61.11	INR	4,265.07
	31 December 2017	USD	53.17	INR	3,398.90
Other receivables	31 December 2018	USD	3.36	INR	234.84
	31 December 2017	USD	5.22	INR	333.45
Trade payables	31 December 2018	USD	9.15	INR	640.89
	31 December 2017	USD	1.55	INR	99.38
	31 December 2018	GBP	0.01	INR	0.61
	31 December 2017	GBP	0.00*	INR	0.02
	31 December 2018	EURO	6.48	INR	524.03
	31 December 2017	EURO	5.69	INR	434.76

*Rounded off to Nil.

Closing rate as at 31 December 2018: 1 USD = ₹ 69.7923 (31 December 2017: 1 USD = ₹ 63.9273)

Closing rate as at 31 December 2018: 1 EURO = ₹ 79.7805 (31 December 2017: 1 EURO = ₹ 76.3867)

Closing rate as at 31 December 2018: 1 GBP = ₹ 88.5488 (31 December 2017: 1 GBP = ₹ 86.0653)

59. Event occurring after the reporting period

A. Subsequent to year end, on 18 February 2019, the Board of Director at their meeting considered and approved, its intent to enter into a binding agreement with PepsiCo India to acquire franchisee rights in South and West regions of India for a national bottling, sales and distribution footprint in 7 states and 5 Union Territories (subject to receipt of necessary statutory approvals). Upon completion of the acquisitions and related formalities, the Company will be a franchise of PepsiCo India's beverages business across 27 states and 7 Union Territories of India.

B. Subsequent to year ended 31 December 2018, on 14 February 2019, the Company concluded acquisition of franchise rights for a total purchase consideration of ₹ 150.00 from SMV Beverages Private Limited and Nectar Beverages Private Limited (together referred as 'SMV Group') to sell and distribute PepsiCo India's beverage brands in 13 districts in State of Karnataka, 14 districts in State of Maharashtra and 3 districts in State of Madhya Pradesh.

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership no.: 501531

For **APAS & Co.**
Chartered Accountants
Firm's Registration No.: 000340C

Sumit Kathuria
Partner
Membership no.: 520078

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

Kamlesh Kumar Jain
Chief Financial Officer and Whole Time Director
DIN 01822576

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

Place : Gurugram
Dated : 20 February 2019

Notes

VARUN BEVERAGES

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