



VARUN BEVERAGES LIMITED

Corporate identification number: L74899DL1995PLC069839

Registered office: F-2/7, Okhla Industrial Area, Phase-I, New Delhi-110020

Corporate office: RJ Corp House, Plot No-31, Institutional Area, Sector-44, Gurugram-122002 (Haryana)

Tel: +91-124-4643100, Fax: +91-124-4643303, E-mail: complianceofficer@rjcorp.in, Website: www.varunpepsi.com

Statement of consolidated financial results for the quarter ended on 31 March 2020

₹ in million, except per share data

Particulars	Three months ended on	Three months ended on	Three months ended on	Year ended on
	31 March 2020 (Unaudited)	31 December 2019 (Unaudited)	31 March 2019 (Unaudited)	31 December 2019 (Audited)
1. Income				
(a) Revenue from operations	16,992.48	12,395.35	13,806.07	72,484.58
(b) Other income	252.64	359.84	14.02	425.28
Total income	17,245.12	12,755.19	13,820.09	72,909.86
2. Expenses				
(a) Cost of materials consumed	7,546.54	5,708.24	5,898.21	29,395.56
(b) Excise duty	228.14	192.90	214.62	1,188.80
(c) Purchases of stock-in-trade	450.14	420.22	897.38	4,237.33
(d) Changes in inventories of finished goods, stock-in-trade and work-in-progress	(1,081.90)	(689.07)	(807.39)	(1,438.61)
(e) Employee benefits expense	2,291.45	2,236.39	1,583.64	8,108.15
(f) Finance costs	869.69	790.60	590.28	3,096.42
(g) Depreciation and amortisation expense	1,351.23	1,368.46	990.29	4,886.28
(h) Other expenses	4,846.55	3,369.29	3,835.86	16,516.82
Total expenses	16,501.84	13,397.03	13,202.89	65,990.75
3. Profit/(loss) before share of profit in associates, exceptional items and tax (1-2)	743.28	(641.84)	617.20	6,919.11
4. Share of profit in associate	-	0.22	7.91	43.61
5. Profit/(loss) before exceptional items and tax (3+4)	743.28	(641.62)	625.11	6,962.72
6. Exceptional items	665.29	-	-	-
7. Profit/(loss) before tax (5-6)	77.99	(641.62)	625.11	6,962.72
8. Tax expense:				
(a) Current tax	59.05	(95.36)	144.52	1,048.28
(b) Adjustment of tax relating to earlier periods	122.96	27.67	-	29.90
(c) Deferred tax	(704.64)	(34.42)	80.19	1,162.49
Total tax expense	(522.63)	(102.11)	224.71	2,240.67
9. Net profit/(loss) for the period (7-8)	600.62	(539.51)	400.40	4,722.05
10. Other comprehensive income				
A Items that will not be reclassified to profit or loss	(27.45)	(5.27)	(59.13)	243.02
B Income tax relating to items that will not be reclassified to profit or loss	7.23	1.95	20.52	33.19
C Items that will be reclassified to profit or loss	(262.11)	883.23	153.14	416.26
D Income tax relating to items that will be reclassified to profit or loss	61.06	(205.75)	(35.68)	(96.97)
Total other comprehensive income	(221.27)	674.16	78.85	595.50
11. Total comprehensive income for the period (including non-controlling interest) (9+10)	379.35	134.65	479.25	5,317.55
12. Net profit/(loss) attributable to:				
A Owners	549.19	(593.12)	406.26	4,689.75
B Non-controlling interest	51.43	53.61	(5.86)	32.30
13. Other comprehensive income attributable to:				
A Owners	(221.27)	674.18	78.85	595.52
B Non-controlling interest	-	(0.02)	-	(0.02)
14. Total comprehensive income attributable to:				
A Owners	327.92	81.06	485.11	5,285.27
B Non-controlling interest	51.43	53.59	(5.86)	32.28
15. Paid-up equity share capital (face value of ₹ 10 each)	2,886.89	2,886.89	1,826.52	2,886.89
16. Reserves excluding revaluation reserves				30,397.33
17. Earnings per share (of ₹ 10/- each) (not annualised for quarters) (Refer note 8):				
(a) Basic	1.90	(2.05)	1.48	16.83
(b) Diluted	1.90	(2.05)	1.48	16.83
See accompanying notes				



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Statement of standalone financial results for the quarter ended on 31 March 2020

₹ in million, except per share data

Particulars	Three months ended	Three months ended	Three months ended	Year ended on
	on	on	on	on
	31 March 2020	31 December 2019	31 March 2019	31 December 2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Income				
(a) Revenue from operations	13,136.63	8,356.05	9,855.74	56,156.64
(b) Other income	305.32	591.09	145.97	980.07
Total income	13,441.95	8,947.14	10,001.71	57,136.71
2. Expenses				
(a) Cost of materials consumed	6,406.13	3,952.76	4,464.25	23,480.22
(b) Purchase of stock-in-trade	433.05	281.36	826.01	3,963.29
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(973.31)	(716.45)	(620.99)	(1,324.13)
(d) Employee benefits expense	1,833.37	1,785.50	1,123.60	6,308.13
(e) Finance costs	727.65	674.34	539.00	2,802.48
(f) Depreciation and amortisation expense	1,068.88	1,093.22	741.58	3,872.02
(g) Other expenses	3,230.23	2,664.45	2,157.86	11,691.79
Total expenses	12,726.00	9,735.18	9,231.31	50,793.80
3. Profit/(loss) before exceptional items and tax (1-2)	715.95	(788.04)	770.40	6,342.91
4. Exceptional items	665.29	-	-	-
5. Profit/(loss) before tax (3-4)	50.66	(788.04)	770.40	6,342.91
6. Tax expense				
(a) Current tax	5.17	(124.42)	132.93	948.70
(b) Adjustment of tax relating to earlier periods	-	9.86	-	9.86
(c) Deferred tax	(723.23)	(131.04)	82.91	898.88
Total tax expense	(718.06)	(245.60)	215.84	1,857.44
7. Net profit/(loss) after tax (5 - 6)	768.72	(542.44)	554.56	4,485.47
8. Other comprehensive income				
A. Items that will not be reclassified to profit or loss	(28.23)	(5.19)	(58.73)	249.84
B. Income tax relating to items that will not be reclassified to profit or loss	7.23	1.81	20.52	33.05
Total other comprehensive income	(21.00)	(3.38)	(38.21)	282.89
9. Total comprehensive income for the period (7+8)	747.72	(545.82)	516.35	4,768.36
10. Paid-up equity share capital (face value of ₹ 10 each)	2,886.89	2,886.89	1,826.52	2,886.89
11. Reserves excluding revaluation reserves				35,784.28
12. Earnings per share (of ₹ 10/- each) (not annualised for quarters) (Refer note 8):				
(a) Basic	2.66	(1.88)	2.02	16.10
(b) Diluted	2.66	(1.88)	2.02	16.10
See accompanying notes				



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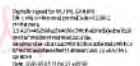
(₹ in million, except per share data)

Notes:

1. These standalone and consolidated financial results for the quarter ended on 31 March 2020 have been reviewed and recommended for approval by the Audit, Risk Management and Ethics Committee and accordingly approved by the Board of Directors of Varun Beverages Limited ("VBL" or "the Company") at their respective meetings held on 05 May 2020. The Statutory Auditors have conducted a limited review of these financial results.
2. These financial results have been prepared in accordance with the recognition and measurement principles of applicable Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in section 133 of the Companies Act, 2013 [read with SEBI Circular CIR/CFD/FAC/62/2016 dated 05 July 2016 and other recognised accounting practices and policies].
3. VBL follows calendar year as its financial year as approved by the Company Law Board, New Delhi.
4. The business activities of the Company and its subsidiaries (together referred to as the "Group") predominantly fall within a single primary business segment viz. manufacturing and sale of beverages. There is no separate reportable business segment. The Group operates in two principal geographical areas, i.e., in India, its home country, and in other countries. The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Group is seasonal.
5. On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAB in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April 2019 subject to certain conditions.
The Company has made an assessment of the impact of Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax (MAT) credit and expiry of other tax benefits/holidays available. In accordance with the Ind AS 12 "Income Taxes", the Company is also required to remeasure its deferred tax balances, for amounts that are expected to reverse in future when the Company would migrate to the new tax regime. The Company has remeasured its outstanding deferred tax balances and written back an amount of ₹ 731.85 to the Statement of Profit and Loss.
6. The Group has adopted Ind AS 116 "Leases" w.e.f. 01 January 2020, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019, using modified retrospective method with right-of-use asset recognized at an amount equal to the lease liability in the balance sheet on the initial date of application. The adoption of this standard did not have any material impact on the profit of the current quarter.
7. The outbreak of Coronavirus disease (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The nationwide lockdown ordered by the Governments has resulted in significant reduction in economic activities and also the business operation of the company in terms of sales. The management has considered the possible effects that may result from the pandemic on the carrying amount of receivables including contract assets, goodwill, intangibles, inventories and investments. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of these assets. However, the management will continue to closely monitor any material changes to future economic conditions.
8. During the year ended 31 December 2019, the Company has issued 91,327,613 equity shares of ₹10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) existing equity shares. Accordingly, earnings per share for the three months period ended on 31 March 2019 has been calculated based on number of shares outstanding in respective period, as increased for issuance of bonus shares.
9. The exceptional items for the current quarter represents provision for impairment in the value of certain plant and equipment, glass bottles and plastic shells.

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

**RAJ PAL
GANDHI**



Raj Gandhi
Whole Time Director

Place : Gurugram
Dated : 05 May 2020

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Varun Beverages Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') (refer Annexure 1 for the list of subsidiaries included in the Statement) for the quarter ended 31 March 2020, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and as per the presentation requirements of SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 (hereinafter referred to as 'the SEBI Circular'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), to the extent applicable.

4. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review reports of the other auditors referred to in paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and as per the presentation requirements of the SEBI Circular and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We did not review the interim financial results of seven subsidiaries included in the Statement, whose financial information reflect total revenues of ₹ 4,372.74 million, total net loss after tax of ₹ 187.13 million and total comprehensive loss of ₹ 186.35 million, for the quarter ended on 31 March 2020, as considered in the Statement. These interim financial results have been reviewed by other auditors whose review reports have been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the review reports of such other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion is not modified in respect of this matter.

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (Cont'd)

6. The Statement includes the interim financial results of two subsidiaries, which have not been reviewed by their auditors, whose interim financial results reflects total revenues of ₹ 188.55 million, total net profit after tax of ₹ 31.17 million and total comprehensive income of ₹ 31.17 million for the quarter ended 31 March 2020, as considered in the Statement and have been furnished to us by the Holding Company's management. Our conclusion on the Statement, and our report in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), read with SEBI Circular, in so far as it relates to the aforesaid subsidiaries, are based solely on such unreviewed interim financial results. According to the information and explanations given to us by the management, these interim financial results are not material to the Group.

Our conclusion is not modified in respect of this matter.

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013



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Kumar
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Anupam Kumar
Partner
Membership No.: 501531
UDIN: 20501531AAAACM2224

Place: Gurugram
Date: 05 May 2020

L-41 Connaught Place,
New Delhi 110 001

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

Sumit Kathuria
Partner
Membership No.: 520078
UDIN: 20520078AAAACC3740

Place: Gurugram
Date: 05 May 2020

606, 6th Floor, PP City Centre, Road No. 44,
Pitampura, New Delhi 110 034

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Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (Cont'd)

Annexure 1

List of entities included in the Statement

Holding Company

1. Varun Beverages Limited

Subsidiaries

1. Varun Beverages (Nepal) Private Limited
2. Varun Beverages Lanka (Private) Limited
3. Varun Beverages Morocco SA
4. Ole Spring Bottlers (Private) Limited
5. Varun Beverages (Zambia) Limited
6. Varun Beverages (Zimbabwe) (Private) Limited
7. Varun Beverages (Botswana) (Proprietary) Limited
8. Angelica Technologies Private Limited
9. Lunarmech Technologies Private Limited

Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Varun Beverages Limited

1. We have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of Varun Beverages Limited ('the Company') for the quarter ended 31 March 2020, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
2. The Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and as per the presentation requirements of SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016, (hereinafter referred to as 'the SEBI Circular'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and as per the presentation requirements of the SEBI Circular, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013



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Anupam Kumar
Partner
Membership No.: 501531
UDIN: 20501531AAAACL7774

Place: Gurgaon
Date: 05 May 2020

L-41, Connaught Place,
New Delhi 110 001

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

Sumit Kathuria
Partner
Membership No.: 520078
UDIN: 20520078AAAACB5479

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Place: Gurgaon
Date: 05 May 2020

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