



VARUN BEVERAGES LIMITED



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March 3, 2020

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
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Subject: Update on clarification on certain local media reports in Nepal on probable tax demand on subsidiary of Varun Beverages Ltd. (VBL) namely Varun Beverages (Nepal) Pvt. Ltd. (VBNPL)

Dear Sir/Madam,

We had clarified on the above mentioned subject to the stock exchanges on December 21, 2019 as follows –

“VBL conducts it's business activities in several international regions and it follows best practices, systems and processes that are compliant with all laws and regulations of the operating region.

In Nepal, VBL conducts it's business through it's 100% subsidiary and it is our understanding that the demands pertain to Department of Revenue Investigation (DRI, Nepal) towards non-deposit of VAT collected from VBNPL by certain suppliers of sales promotion merchandise supplied in the ordinary course of the business, cumulatively for the period 2013-2018.

The amount of tax collected from transactions with VBNPL and allegedly not deposited by such suppliers involved under investigation including notional Income Tax on above is ~ NPR 24 cr (INR 15 cr) cumulatively for the period 2013-2018. The final demand is yet to be crystallized by the competent authorities.

VBL has been fully cooperating with the local authorities and believes it has been compliant of all the applicable laws including tax/business practices at it's end. The Company will take the appropriate legal and tax advise/action to remedy the situation if any demand on itself is formalized.”

In the light of fresh media reports, we would like to further clarify that DRI, Nepal in a charge sheet has recommended to the Court for determining and raising demand as follows:

Particular	Amount in NPR	Amount in INR
Income Tax / VAT	NPR 23.56 Cr	INR 14.73 Cr
Interest	NPR 14.98 Cr	INR 9.36 Cr
Penalty	NPR 23.56 Cr	INR 14.73 Cr
Notional Dividend Distribution Tax	NPR 2.86 Cr	INR 1.78 Cr
Total	NPR 64.96 Cr	INR 40.60 Cr

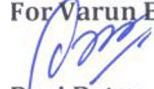
The above-mentioned recommendation is subject to receipt of Court notice and subject to remedy through representation and submission of facts. Determination of the demand will be as per the law of the land and subject to opportunity of filing an appeal for review. In the interim to avoid any victimization of the staff and ensure continuity of business as usual, adhoc Bank Guarantee of NPR

160 Cr (INR 100 Cr) including any penalty on penalty has been submitted in the past with DRI, Nepal. We are confident of waiver / reduction of the amount and receipt of BG back through the Court process and settlement of proceedings.

You are requested to take the above on record.

Yours faithfully,

For Varun Beverages Limited



Ravi Batra

Chief Risk Officer & Group Company Secretary