Healthy. Steady. Go.

Varun Beverages Limited

Annual Report 2020

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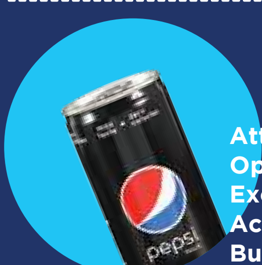

Attaining Operational Excellence. Accomplishing Business Efficacy.

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Satiating our consumers' refreshment needs through our Well-loved Beverages and Iconic Brands

Disclaimer: Images in this annual report are for illustration purpose only.

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

Forward-Looking Statements

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

Serving...

~1.35

Billion Customers

~2
Million Retail Outlets

37
Production Facilities

425
Million Cases* Sold

10,000+
People Employed

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

Healthy.
Steady.
Go.

We offer
Healthy.

We have been
Steady.

We are set to
Go.

We offer Healthy.

COVID-19 pandemic continues to rapidly evolve, and our No. 1 priority is the health and safety of our employees and our customers. With access to global best practices through PepsiCo, we have industry-leading action plans, standards and policies in place to prevent and limit the spread of COVID-19. We remain committed to serve our customers in a way that protects their health and safety.

We have been Steady.

We have been steady with our performance, having delivered consistent growth over the years, despite challenges. Our balance sheet remains robust and debt ratios at comfortable level. We have also set the highest standards of corporate governance. We are led by a dynamic management team, well-aligned to the interest of our customers, partners, employees and other stakeholders.

We are set to Go.

We remain well-positioned to capture the new growth opportunities and deliver continuous growth and value creation. With a spring in our step, we are set to Go.

Strengthened by our robust business model, spreading geographic presence and diversifying our portfolio

Serving ~1/6th of the World's Population

We are engaged in

Manufacturing, selling and distribution of PepsiCo's beverages in pre-defined territories in India

We are the world's

Second-largest international franchisee (outside United States) of carbonated soft drinks and non-carbonated beverages sold by PepsiCo India. We currently serve ~1/6th of the world's population

We serve our consumers by

Constantly satiating their evolving preferences and altering market conditions through 37 state-of-the-art production facilities

Our operations span across

27 States and 7 Union Territories in India, and 5 other countries across the world

On a global level, we have franchise rights for the territories of

India, Sri Lanka, Nepal, Morocco, Zambia and Zimbabwe

Our presence

2
Continents

6
Countries

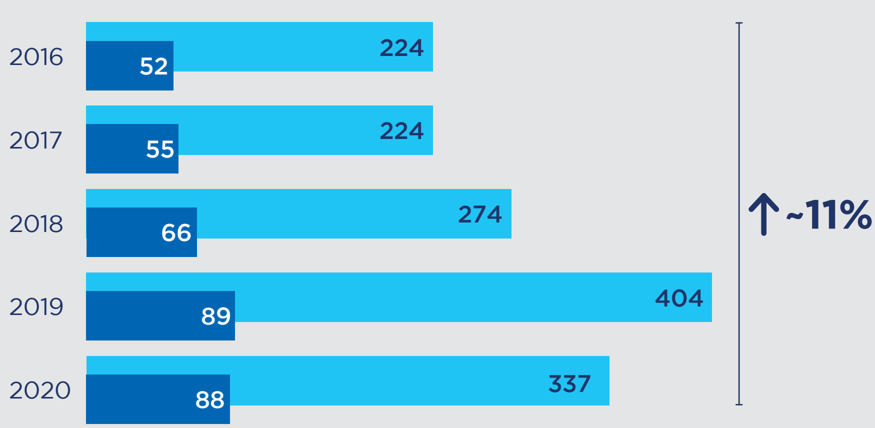
27
Indian States

7
Indian Union Territories

~2 Million
Retail Outlets

~1.35 Billion
Population Coverage

Total Sales Volume (Million Cases)



India | International | 2016-2020 Sales Volume growth CAGR

WE ARE **EVOLVING**

as a company by constantly striving to identify new opportunities and emerging trends

WE ARE **ENERGIZING**

our strategies and are making investments to expand capacities and broaden our portfolio for future growth. We are also energizing our business for growth and success in the long term

WE ARE **ENGAGING**

in our work to advance our agenda of becoming stronger and better. A strong demand revival in our product category is enabling us deliver a robust operational and financial performance, going forward

Progress Never Stops at Varun Beverages

During our near two and a half decade journey, we have emerged as a virtual pan-India PepsiCo franchisee and consolidated our position in India's soft drinks industry, deriving scale benefits. Strengthened by our business model, we are continually spreading our geographic presence across India and overseas, while expanding our portfolio.

1991

Bottling and Trademark Licensing Agreement with PepsiCo through a Group Company

1995

Incorporated Varun Beverages Limited as a Public Limited Company

1996

Commenced operations in Jaipur

1998

PepsiCo acquired 26% stake in Devyani Beverages Limited*

*(*Merged with VBL in 2004)*

1999

Started operations in Alwar, Jodhpur and Kosi

2011 & 2012

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

PepsiCo sold 26% stake in VBL to VBIL*

*(*Merged with VBL in 2012)*

2012

Sub-territories of Goa, three districts of Maharashtra and North-East India were consolidated, subsequent to merger of a group company

Also, three companies having the territories of Nepal, Sri Lanka and Morocco became subsidiaries

2013

Acquired the Delhi sub-territory (remaining parts)

2014 & 2015

Capital infusion of ₹ 4,500 million by Promoter Group

2015

Received investment from AION Investment

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

2016

Acquired 60% shareholding in Varun Beverages (Zambia) Limited

Public listing on NSE and BSE

2017

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

Acquired the incremental 30% shareholding in Varun Beverages (Zambia) Limited

2018

Acquired PepsiCo's India sub-territories in the state of Jharkhand (with production facilities), Chhattisgarh and Bihar

Acquired sales and distribution rights of Tropicana, Gatorade and Quaker Oats Milk

Set up a Greenfield production facility in Nepal and Zimbabwe

2019

Acquired PepsiCo India's previously franchised territories of parts of Maharashtra (14 districts), parts of Karnataka (13 districts) and parts of Madhya Pradesh (3 districts)

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

Driving Agility.
Delivering Increased Footprint.

Our diversified spread in India (27 States and 7 Union Territories) and 5 other developing nations in South Asia and Africa, and the strategy of acquiring new territories has resulted in state-of-the-art distribution and supply chain network. We endeavor to further extend presence in sub-territories and strengthen integrated operations across regions and newly-acquired territories.

Strengthening infrastructure

90+ depots

1,500+ primary distributors

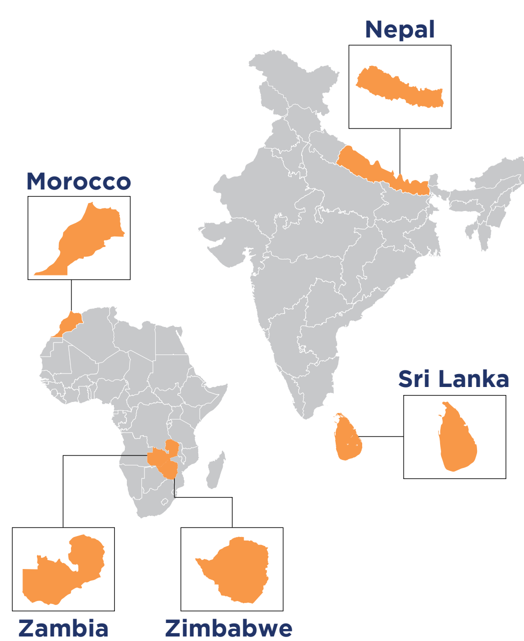
2,500+ owned vehicles

A well-entrenched distribution network INDIA

VBL India Sub-Territories

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

VBL International Territories

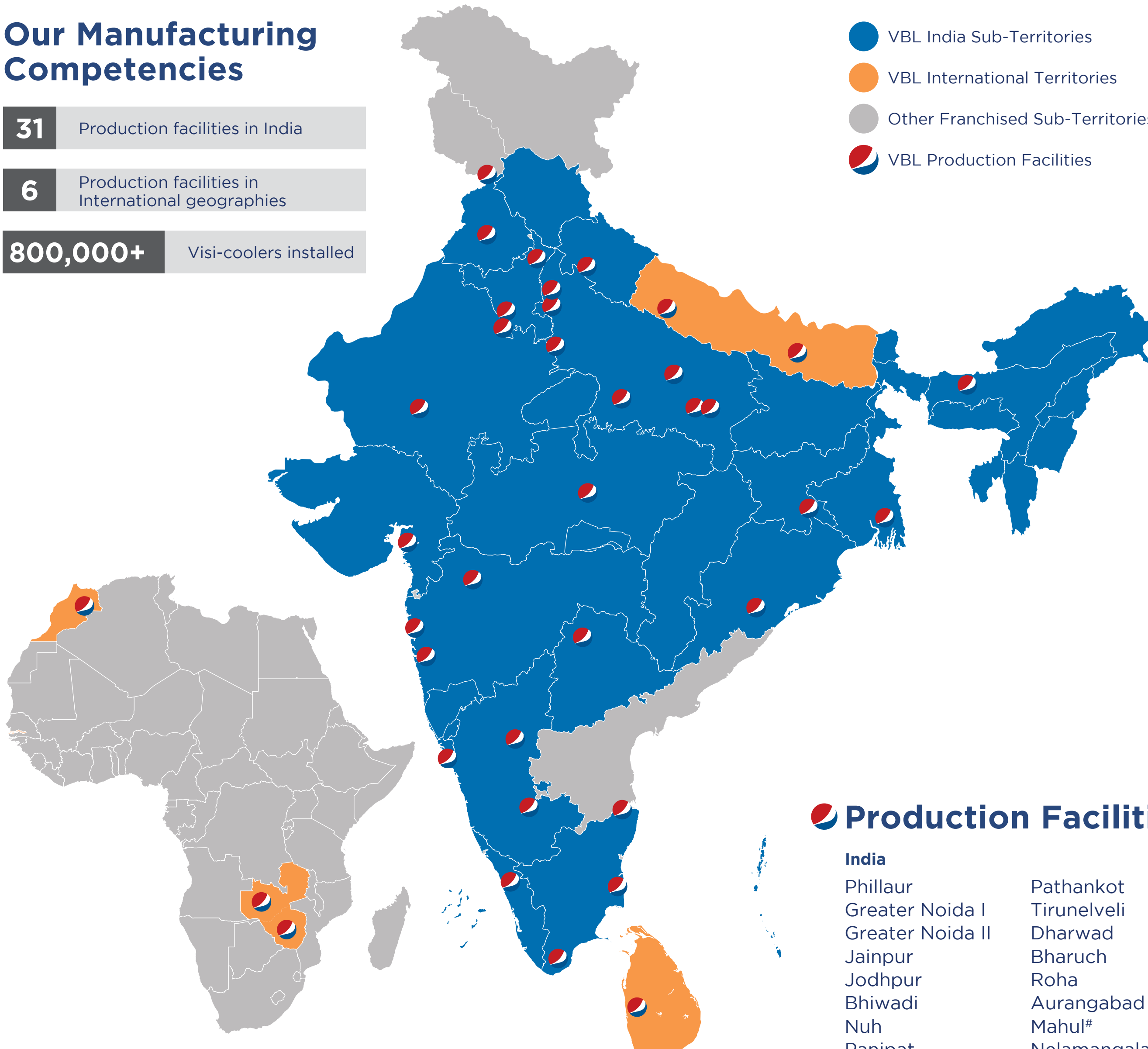


Other Franchised Sub-Territories

35 Ladakh
36 Jammu & Kashmir
37 Andhra Pradesh

Our Manufacturing Competencies

31	Production facilities in India
6	Production facilities in International geographies
800,000+	Visi-coolers installed



Map not to scale

Contributing Higher to PepsiCo India's Beverage Sales Volume

2017	~45%
2018	~51%
2019	80%+
2020	85%+

Production Facilities

India

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

International

Nepal I
Nepal II
Sri Lanka
Morocco
Zambia
Zimbabwe

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

Attaining Operational Excellence. Accomplishing Business Efficacy.

We are creating long-term value through different facets of our business. Our strong execution capabilities, efficiency of our operations and operating leverage lead us to acquire greater scale and productivity.

MANUFACTURING

Our Competitive Edge

Solid infrastructure

How we create and sustain value

Our 37 state-of-the-art production facilities help us manufacture high quality beverages

DISTRIBUTION AND WAREHOUSING

Our Competitive Edge

Robust supply chain management

How we create and sustain value

Our extensive supply chain network of 90+ owned depots, 2,500+ owned vehicles and 1,500+ primary distributors assist in deeper market penetration

CUSTOMER MANAGEMENT

Our Competitive Edge

Demand delivery

How we create and sustain value

We have 800,000+ visi-coolers installed across stores which helps our consumers take note of and enjoy our beverages. In addition to brand development and consumer marketing undertaken by PepsiCo, we also undertake local level promotion and in-store activation

IN-MARKET EXECUTION

Our Competitive Edge

Market share gains

How we create and sustain value

Our experienced region-specific sales team and a strong marketing team assists us in ensuring category and volume growth. With their support, we successfully reach out to every 6th person across the world

COST EFFICIENCIES

Our Competitive Edge

Margin expansion

How we create and sustain value

We leverage our expanding operations to earn the benefit of economies of scale. We also gain the advantage of our production and logistics efficiency. Backward integration at some of our production facilities has accorded us the benefit of cost optimization in production

CASH MANAGEMENT

Our Competitive Edge

RoE expansion/Future growth

How we create and sustain value

We practice disciplined capex investment for RoE expansion. Besides, we undertake initiatives to achieve better working capital efficiency

Evolving. Energizing. Engaging.

Serving **PepsiCo's** Beverages for nearly **three decades**

We are PepsiCo's second-largest global franchise (outside United States) and have had a strategic association with PepsiCo since 1991. We are a trusted business partner to PepsiCo and possess the rights to manufacture, distribute and sell carbonated soft drinks, fruit juice-based drinks, packaged drinking water, sports and energy drink.

Nurturing a 3-decade relationship with PepsiCo

01

Win-win partnership

We combine our expertise in manufacturing, distribution and market dynamics to increase sales volume and strengthen their brand equity. In return, PepsiCo grants additional territories and product licenses

02

Satiating PepsiCo's demand

Growing penetration on the back of a strong distribution network, diversifying product portfolio, greater visi-cooler penetration in rural/and semi-rural areas

03

Straddling across the value chain

Through PepsiCo's beverages, manufacturing, selling and distributing

04

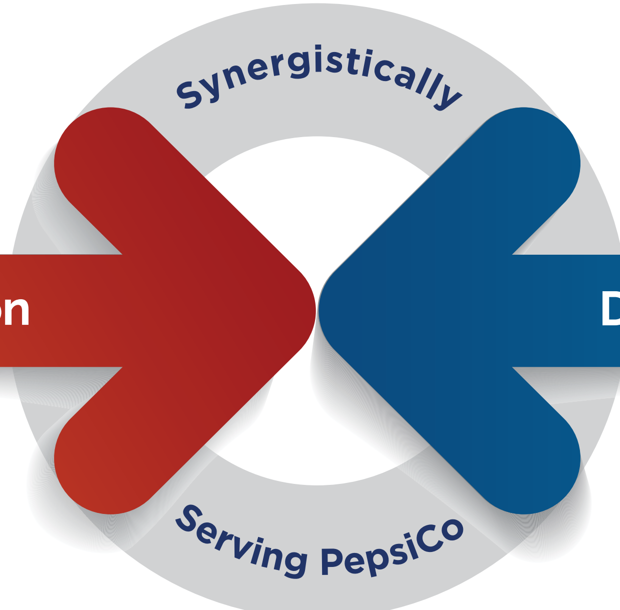
Gaining market share in new territories

Newer geographies (South and West India) expected to provide consistent volume growth due to improved distribution and supply-chain network

05

Well-placed to deliver continued growth, operationally and strategically

Creating sustainable value by satisfying evolving consumer preferences, demonstrating business agility and delivering long-term growth sustainability



PepsiCo

Demand Creation

- Trademarks
- Formulation through Concentrate
- Product and packaging innovation through investment in R&D
- Consumer Pull Management (ATL) – Brand development

VBL

Demand Delivery

- Production facilities
- Sales & Distribution – GTM and Logistics
- In-Outlet Management – Visi-Coolers
- Consumer Push Management (BTL) – Market Share Gains

Our vast operational experience, varied and rich track record, widespread integrated distribution network and in-depth market knowledge lends significant value to distribution and sale of PepsiCo products in India. We have all the building blocks in place – strong infrastructure, supply chain and margin profile.

Message to Our Shareholders

Dear Shareholders,

It gives me immense pleasure to place before you the 26th Annual Report of the Company.

Overview

We started the year 2020 on a strong note with healthy demand and robust volume growth across our domestic and international markets. However, the spread of the COVID-19 pandemic in early March 2020 resulted in country-wide lockdown and similar restrictions in many of our international geographies. This led to significant disruptions in production levels, supply chain and distribution operations. Our primary focus during this challenging period was towards undertaking all necessary measures to maintain our business operations, ensure safety of our employees, business partners, communities and to overall safeguard the interests of all our stakeholders.

Due to lockdowns imposed to restrict the spread of COVID-19, our performance during the seasonally strong period of April to June quarter was significantly impacted. Encouragingly, despite the impact of the lockdown and supply chain issues, the Company was able to sell its complete inventory in the season of summer. Furthermore, with the relaxations provided by the Government of India for essential services and particularly packaged food and beverages, our Company got the requisite permissions from respective State Governments to operate most of its production facilities during the lockdown period. However, the manufacturing operations during this period were operating at scaled-down levels. As the country moved to the

Our primary focus during this challenging period was towards undertaking all necessary measures to maintain our business operations, ensure safety of our employees, business partners, communities and to overall safeguard the interests of all our stakeholders.

unlock phase towards the end of May 2020, we started witnessing a steady revival in demand, especially from rural and semi-urban areas. Consumption across markets continued to strengthen on a month-on-month basis during the course of the year. In sync with revival in demand, we increased production in a staggered manner across our production facilities and were in a position to cater to the consumer demand.

Despite these macro-economic headwinds, we were able to restrict the revenue de-growth at 9.5%. On the profitability front, we were able to largely sustain some of the cost-optimization measures implemented during the pandemic period that enabled us to report steady profitability for the full year.

Dividend

We manage our business efficiently to the advantage of all our stakeholders. A key component of delivering value to our shareholders and winning their confidence is the steady return of capital. Therefore, the Company's Board of Directors agreed to formalize a dividend strategy with the Company's listing in November 2016.

In line with the guidelines of this dividend policy, the Board of Directors recommended an interim dividend of ₹ 2.5/share, resulting in cash outflow of ~ ₹ 721.7 million.

Message to stakeholders

In the face of a challenging and unprecedented macro-environment, VBL reported a resilient performance during the year. Our business partners, communities and employees have efficiently navigated through several operating constraints to maintain continuity in business operations with minimal disruption.

In the domestic markets, we are now seeing a steady revival in consumption emanating particularly from rural and semi-urban regions. The urban areas are also showcasing encouraging signs of rebound in demand. In addition, with the reopening of mass transportation, outdoor facilities, theaters and restaurants, there is an improved consumption trend being witnessed on a month-over-month basis. We are confident that the demand environment will only strengthen in the months ahead, thus boding well for our product categories over the medium-to-longer term.

The international territories are also seeing healthy recovery and should gain traction in the near-term. The Company continues to fortify presence across micro territories in the domestic market that are highly under-penetrated and provide huge opportunity for increasing volumes and gaining market share.

From an operational standpoint, our production facilities are now operating at near-normal utilization levels. In addition, our distribution model consisting of owned-logistics supply chain and end-to-end infrastructure facilities has also kept us on a strong footing.

Over the last few years, we have built upon our strengths and created a stronger franchise, undertaking strategically-significant initiatives including strengthening our distribution reach and scope, enhancing our operational efficiencies, improving product offerings, managing costs effectively and expanding business with value-accretive acquisitions. As we look ahead, we will continue to augment our key position in the domestic and global beverage industry with improved market presence across high-potential geographies. From an operating standpoint, VBL is solid & stable and our focus remains on generating strong free cash flows over the coming years. Overall, we are confident that further stabilization of the macro-economic environment will lead to gradual and sustainable growth, going forward.

On behalf of the Board, I would like to thank all our stakeholders including shareholders, customers and partners for their continued support. I would also like to thank our employees for their dedication, energy and irrepressible desire to always strengthen our Company.

I would like to express my sincere gratitude to all the members of our Board for their continued insights and invaluable guidance as we explore new opportunities and move ahead with confidence.

Warm regards,

Ravi Jaipuria

Chairman

Our Well-Formulated Portfolio

We have a strong and diversified product portfolio which includes carbonated soft drinks, non-carbonated juice-based drinks, packaged bottled water and value-added dairy beverages. Our improving product mix and introduction of new products is aimed towards reducing concentration risk and helping us diversify our portfolio.

Carbonated Soft Drinks Portfolio

Pepsi

Diet Pepsi

Pepsi Black

7UP

Mountain Dew

Mirinda

7UP Nimbooz Masala Soda

Evervess

Mountain Dew Ice

Other Nutritious Portfolio

Fruit Pulp/ Juice-based Drinks

Tropicana
(100%, Delight and Essentials)

Tropicana Slice

7UP Nimbooz

Ambient Temperature Value-added Dairy Beverages

Mango Shake

Cold Coffee

Belgian Choco Shake

Energy Drink

Sting

Sports Drink

Gatorade

Ice Tea

Lipton Ice Tea

Packaged Drinking Water

Aquafina & Aquavess

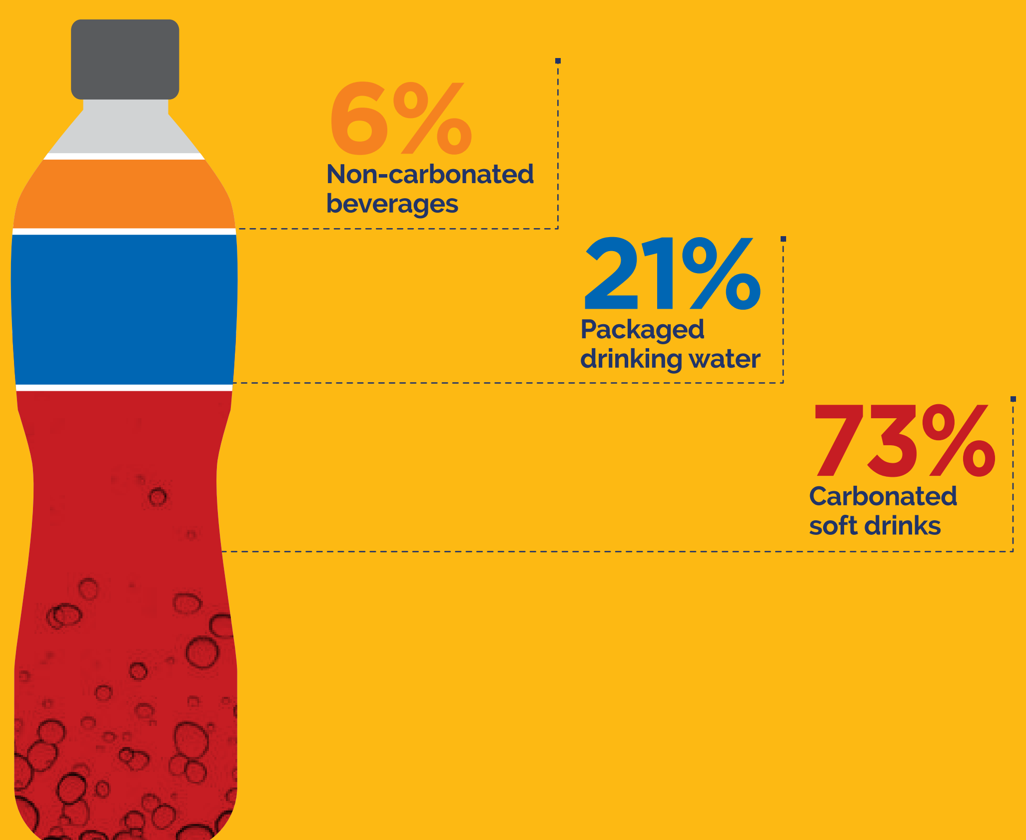
Cheers to Good Health

State-of-the-art production facilities with backward integration, strategic locations of manufacturing plants across India and an expanding distribution network are steering us towards improved margins over the years. Our international markets have also started delivering with improvement in margins and profitability during the year.

Financial highlights, 2020

6.8% Net Worth Growth	**2.51x** Net Debt to EBITDA	**0.84x** Net Debt to Equity

Segment-wise sales volumes

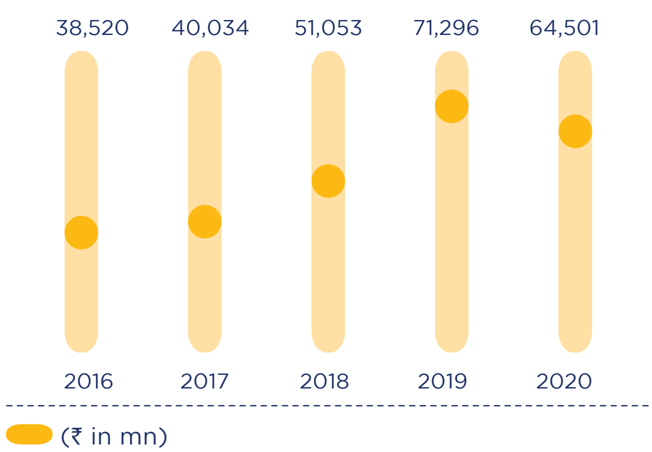


We are Healthier. Fitter. Stronger.

Our strategy of adding new territories (domestic and international) and simultaneously building capacity around it is leading us towards gradual revenue growth. Revenue has grown by a CAGR of 13.8% over the last five years (since 2016), while Profit has grown by an astounding 24.0% CAGR.

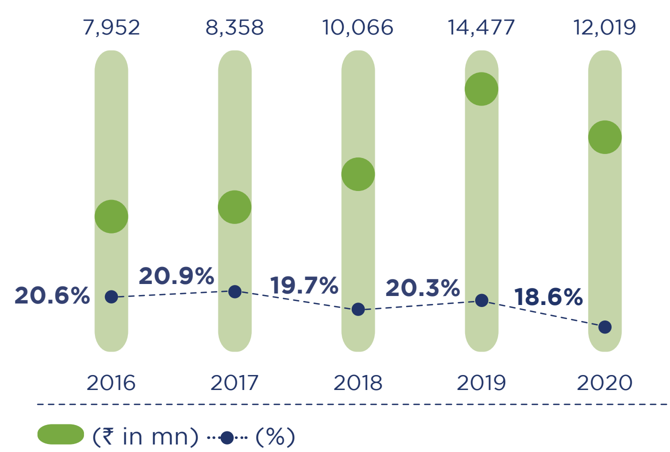
Net Revenue from Operations

(₹ in mn) | CAGR 2016-20 - **13.8%**



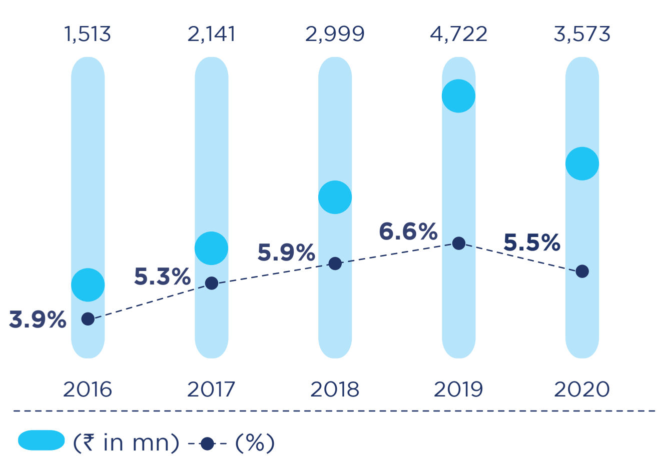
EBITDA and EBITDA Margin

(₹ in mn) | CAGR 2016-20 - **10.9%**



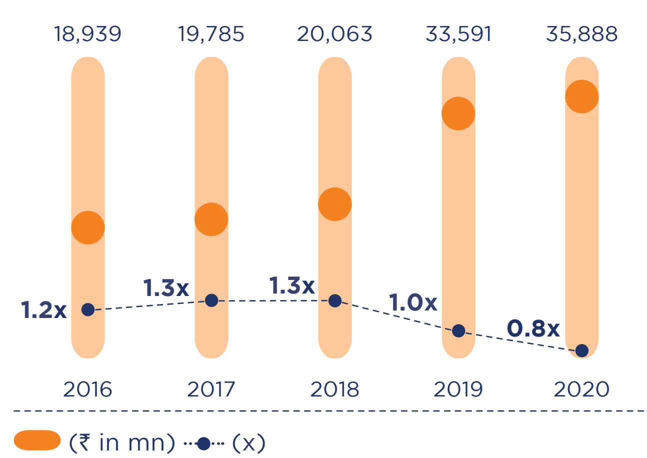
PAT and PAT Margin

(₹ in mn) | CAGR 2016-20 - **24.0%**



Net Worth and Net Debt-Equity Ratio

(₹ in mn) | CAGR 2016-20 - **17.3%**



Note: *2017 onward, financials are as per Ind AS and previous year numbers are as per IGAAP.*

Board of Directors

Ravi Jaipuria
Promoter & Chairman

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

Varun Jaipuria
Whole-time Director

He attended Millfield School, Somerset, England and holds a bachelor's degree in international business from the Regent's University, London. He has 12 years of experience in the soft drinks industry and has also completed a program for leadership development at the Harvard Business School. He has been with the Company since 2009 and has been responsible for the development of Company's new business initiatives that includes implementation of sales automation tools.

Raj Gandhi
Whole-time Director

He holds a bachelor's degree in commerce from the University of Delhi and is a member of the Institute of Chartered Accountants of India. He has 28 years of experience with the Group out of total experience of 40 years and has been instrumental in strategizing diversification, expansion, mergers and acquisitions, capex funding and institutional relationship. He also has rich experience in the field of finance, strategy, governance, legal, mergers and acquisitions.

Kapil Agarwal
Whole-time Director and CEO

He holds a bachelor's degree in commerce from the University of Lucknow and has attended the post-graduation diploma course in business management from the Institute of Management Technology, Ghaziabad. He has been associated with the Company since incorporation and currently heads the operations and management. He has 29 years of experience with the Group in sales and marketing.

Rajinder Jeet Singh Bagga
Whole-time Director

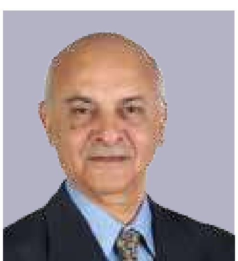
He holds a master's degree in mechanical engineering from the Indian Institute of Technology, Kanpur. He has been associated with the Company since 1996 and is currently heading technical operations since 2003. He has an experience of 24 years with the Company in managing technical operations and execution of projects. Prior to this, he was associated with Eveready Industries India Limited for approximately 10 years and was last working in the capacity of their production manager.

Dr. Naresh Trehan
Independent Director

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

Dr. Ravi Gupta
Independent Director

He holds a bachelor's degree and a master's degree in commerce from the University of Delhi. He also holds a bachelor's degree in law and a doctorate in philosophy for his thesis on 'Country Risk Analysis in Investment Financing Decision Making' from the University of Delhi. Till recently, he was employed as an Associate Professor in the commerce department of Shri Ram College of Commerce, University of Delhi.



Pradeep Sardana
Independent Director

He holds a bachelor's degree in mechanical engineering from the Indian Institute of Technology, Delhi. He has 50 years of experience (41 years in service and 9 years in consultancy). He is presently the CEO of PM Consulting, a consultancy firm in the field of food, beverages, FMCG and other industries. Previously worked at senior management level with renowned companies including Polyplex Hydro Group, PepsiCo, Hindustan Lever Limited and Union Carbide and has successfully handled diverse assignments.

Rashmi Dhariwal
Independent Director

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

Sita Khosla
Independent Director

She holds a bachelor's degree in law from the University of Delhi and is enrolled with the Bar Council of Delhi since 1987. She practices in the areas of corporate, contract and commercial laws since 1992. She has been involved in providing advice on a wide range of issues from company formation, corporate governance and regulatory compliance to mergers and acquisitions, corporate restructuring, joint ventures, foreign investments, exchange control regulations and securities laws.

Winning in Style

Key awards bagged since inception

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

2016

VBL India – FOBO Unit of the Year

Varun Beverages Lanka (Private) Limited – FOBO Country of the Year

2017

Varun Beverages (Nepal) Private Limited – Best Unit of the Year

Varun Beverages Lanka (Private) Limited – Donald M Kendall Award by PepsiCo for Small Developed Markets

VBL Sonarpur Plant – Best Plant of the Year

VBL Sonarpur Plant – CII Award for Food Safety

2018

National Best Employer Award by ET Now, in collaboration with World HRD Congress

Distinguished Entrepreneurship Award in the PHD Annual Awards for Excellence 2018 to Mr. Ravi Jaipuria

2019

Varun Beverages Limited – Bottler of the Year 2019 by PepsiCo in South Asia Region

Varun Beverages Limited – Winner of Best FMCG Corporate Governance India 2019 awarded by Capital Finance International London (UK)

Varun Beverages Limited – Global Best Employer Award Brands 2020 (Best HR Strategy in line with business) presented by ET Now/National Best Employer Brands Award for 2019, presented by Employer Branding Institute India (second successive year)

2020

Winner of Best FMCG Corporate Governance India 2020 awarded by Capital Finance International

Winner of Bottler of the Year, 2019 by PepsiCo in AMESA sector (Africa, Middle East and South Asia) received in 2020

Inculcating Agility. Integrating Sustainability.

At Varun Beverages, sustainability implies that we do things efficiently and responsibly in terms of the environment, people and the economy, with an aim of having a net positive impact on the planet. With a focus on energy and water efficiency, we have set out on the path towards sustainable development, implementing this agenda for the full benefit of today's generations and that of the future.

Sustainability-related Initiatives

PET Recycling

The Company consumed ~66,000 MT PET for its finished products CY2020. These high-quality food grade virgin PET chips can be easily recycled to make products catering to diverse industries and being put to different end-uses.

It engaged GEM Enviro Management Pvt. Ltd. for phased implementation of 100% recycling of used PET bottles from end-users. GEM is a Delhi-based Central Pollution Control Board recognised PRO company.

43,700+ MT

PET waste recycled in CY2020

~66%

Consumption of PET Resin

Key activities undertaken

Collection and recycling of packaging waste	Promotion of recycled green products made out of recycling of waste material such as used PET bottles, such as T-shirts and bags

Water Footprint Assurance

To procure details on footprint assurance, we engaged with TUV India Pvt. Ltd., which helped us verify our water mass balance. We also undertook several other initiatives towards water conservation and water recharge.

Key water conservation initiatives

- Rainwater harvesting
- Adoption, development and maintenance of ponds
- Waste water management for optimal water consumption

Scope of audit

31 Manufacturing Plants

3.68 MN KL vs 4.12 MN KL

Water consumption in 2020 against 2019

108 vs 103

Ponds adopted in 2020 against 2019

29,000+ vs 26,500+

Trees planted in 2020 against 2019

Corporate Information

(As at December 31, 2020)

Board of Directors

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

Chief Executive Officer
Mr. Kapil Agarwal

Chief Financial Officer
Mr. Vikas Bhatia

Chief Risk Officer & Group Company Secretary
Mr. Ravi Batra

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

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

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

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

Registrar and Transfer Agent
KFin Technologies Private Limited
(Formerly Karvy Fintech Private Limited)
Selenium Tower B, Plot No. 31 and 32,
Gachibowli Financial District, Nanakramguda,
Hyderabad - 500 032
Tel: +91 40 6716 2222 | **Fax:** +91 40 2343 1551
Email: einward.ris@kfintech.com | **Website:** www.kfintech.com
SEBI Registration No. INR000000221

Bankers
Axis Bank Limited
DBS Bank Limited
HDFC Bank Limited
ICICI Bank Limited
IDFC Bank Limited
IndusInd Bank Limited
JPMorgan Chase Bank N.A.
Kotak Mahindra Bank Limited
RBL Bank Limited
The Federal Bank Limited
Yes Bank Limited

Board's Report

Dear Members,

Your Directors have pleasure in presenting the 26th (Twenty Sixth) Annual Report on the business and operations of your Company along with the Audited Financial Statements for the Financial Year ended December 31, 2020.

Financial Performance

The financial performance of your Company for the Financial Year ended December 31, 2020 is summarized below:

(₹ in million)

Particulars	Standalone		Consolidated	
	Financial Year ended December 31, 2020	Financial Year ended December 31, 2019	Financial Year ended December 31, 2020	Financial Year ended December 31, 2019
Total Revenue	49,484.43	57,136.71	65,927.63	72,909.86
Total Expenses	46,792.34	50,793.80	61,637.29	65,990.75
Profit before tax after exceptional items	2,026.80	6,342.91	3,625.05	6,962.72
Less: Tax Expenses	(237.49)	1,857.44	52.34	2,240.67
Profit after tax	2,264.29	4,485.47	3,289.95*	4,689.75*
Balance brought forward from last year	8,619.78	4,972.54	5,560.11	1,720.41
Balance carried over to Balance Sheet	10,074.42	8,619.78	8,042.43	5,560.11
General Reserve	444.26	444.26	444.26	444.26
Other Reserves	26,712.10	26,720.24	23,866.43	24,392.96
Reserves & Surplus carried to Balance Sheet	37,230.78	35,784.28	32,353.12	30,397.33

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

Consolidated Financial Statements

The Consolidated Financial Statements of your Company for the Financial Year 2020 are prepared in compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), Indian Accounting Standards ('Ind AS') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['SEBI (LODR) Regulations'] which shall also be provided to the Members in their forthcoming Annual General Meeting ('AGM').

State of the Company's Affairs

Your Company has presence in 27 States and 7 Union Territories in India and 5 other countries across the world (viz. Nepal, Sri Lanka, Morocco, Zambia & Zimbabwe). Further, Company is having more than 2,500 owned vehicles, more than 1,500 primary distributors and more than 90 depots. Company is creating long term value through different facets of its business. Our strong execution capabilities, efficiency in operations and operating leverage lead us to acquire greater scale and productivity.

Deposits

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

Transfer to General Reserve

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

Change in the Nature of Business, if any

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

Dividend Distribution Policy

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

Dividend

During the year under review, the Board of Directors in their meeting held on August 4, 2020 declared an interim dividend of ₹ 2.50 per Equity Share (face value of ₹ 10/- per Equity Share) to the eligible equity shareholders of the Company. The Board of Directors do not recommend any final dividend for the Financial Year 2020.

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

Acquisition Guidelines

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

Share Capital

The Authorized Share Capital of the Company is ₹ 10,000,000,000/- (Rupees Ten Thousand Million only) divided into 500,000,000 (Five Hundred Million) Equity Shares of ₹ 10/- (Rupees Ten only) each and 50,000,000 (Fifty Million) Preference Shares of ₹ 100/- (Rupees Hundred only) each and the Issued, Subscribed and Paid-up Share Capital of the Company is ₹ 2,886,887,200/- (Rupees Two Billion Eight Hundred Eighty Six Million Eight Hundred Eighty Seven Thousand and Two Hundred only).

During the year under review, there was no change in the Authorized, Issued, Subscribed and Paid-up Share Capital of the Company.

Employee Stock Option Schemes

Your Company has two Employee Stock Option Schemes viz. Varun Beverages Limited Employee Stock Option Scheme 2013 ('ESOP Scheme 2013') and Varun Beverages Limited Employee Stock Option Scheme 2016 ('ESOP Scheme 2016'). During the year under review, there was no change in the said scheme(s).

Your Company has received a certificate from the Statutory Auditors of the Company that ESOP Scheme 2016 has been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and the resolution(s) passed by the Members of the Company. The certificate will be uploaded on website viz. https://varunpepsi.com/ for inspection by Members of the Company.

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

Credit Rating

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

Long Term Rating	CRISIL AA/Stable (Re-affirmed)
Short Term Rating	CRISIL A1+ (Re-affirmed)

Related Party Transactions

To comply with the provisions of Section 188 of the Act and Rules made thereunder read with Regulation 23 of SEBI (LODR) Regulations, your Company took necessary prior approval of the Audit, Risk Management and Ethics Committee before entering into related party transactions. All contracts / arrangements / transactions entered into by the Company during the Financial Year 2020 with related parties, as defined under the Act and SEBI (LODR) Regulations were in the ordinary course of business and on arm's length basis.

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

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

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

Since all transactions which were entered into during the Financial Year 2020 were on arm's length basis and in the ordinary course of business and there was no material related party transaction entered by the Company during the Financial Year 2020 as per Policy on Related Party Transactions, hence no detail is required to be provided in Form AOC-2 prescribed under Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Particulars of Loans, Guarantees or Investments

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

Subsidiaries, Associates and Joint Ventures

Your Company has following subsidiaries as on December 31, 2020:

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

Pursuant to the approval of Hon'ble National Company Law Tribunal, Special Bench, New Delhi, Angelica Technologies Private Limited ("Angelica") was merged with Lunarmech Technologies Private Limited ("Lunarmech"), accordingly your Company is now directly holding 55.04% of the Equity Share Capital of Lunarmech. Lunarmech is now a direct subsidiary of VBL instead of Angelica, which stands dissolved without winding up w.e.f. July 7, 2020.

Further, Varun Beverages (Botswana) (Proprietary) Limited had been dissolved w.e.f. March 11, 2020 and accordingly, ceased to be step-down subsidiary of the Company.

As on December 31, 2020, there was no associate/joint venture of the Company as defined under the provisions of the Act.

To comply with the provisions of Section 129 of the Act, a separate statement containing salient features of Financial Statements of Subsidiaries of your Company (including their performance and financial position) in prescribed Form AOC-1 forms part of Consolidated Financial Statements and therefore not repeated here to avoid duplication. Further, contribution of subsidiary to the overall performance of your Company is outlined in Note No. 60 of the Consolidated Financial Statements.

Financial Statements of the aforesaid subsidiary companies are kept open for inspection by the Members at the Registered Office of your Company on all days except Saturday, Sunday and Public Holidays up to the date of AGM i.e. April 7, 2021 between 11:00 a.m. to 5:00 p.m. as required under Section 136 of the Act. Any Member desirous of obtaining a copy of the said Financial Statements may write to the Company at its Registered Office or Corporate Office. The Financial Statements including the Consolidated Financial Statements and all other documents required to be attached with this Report have been uploaded on website of the Company at https://varunpepsi.com/annual-reports.

To comply with the provisions of Regulation 16(c) of SEBI (LODR) Regulations, the Board of Directors of the Company have approved and adopted a Policy for determining Material Subsidiary. Further, Varun Beverages (Zimbabwe) Private Limited has become a material subsidiary of the Company w.e.f. February 16, 2021. Policy on Material Subsidiary is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2021/02/1doc.pdf

Directors and Key Managerial Personnel

Directors

During the year under review, in terms of Regulation 17(1A) of SEBI (LODR) Regulations, the Board of Directors, on the recommendation of Nomination and Remuneration Committee and subject to the approval of Members of the Company, accorded its approval to continue and hold office of Non-executive Independent Director of the Company by Dr. Naresh Trehan (DIN: 00012148). Further, Dr. Naresh Trehan has affirmed that he is not debarred from holding the office of Independent Director by virtue of any SEBI order or any other such Authority.

To comply with the provisions of Section 152 of the Act and in terms of the Articles of Association of the Company, Mr. Ravi Jaipuria (DIN: 00003668), Non-executive Chairman and Mr. Raj Gandhi (DIN: 00003649), Whole-time Director are liable to retire by rotation at the ensuing AGM and being eligible, seeks re-appointment. The Board of Directors, on the recommendation of Nomination and Remuneration Committee, recommended their re-appointment.

Further, at the 25th AGM of the Company held on June 26, 2020, Mr. Varun Jaipuria (DIN: 02465412) and Mr. Raj Gandhi (DIN: 00003649) were re-appointed as Whole-time Directors of the Company for a period of up to 5 (Five) years w.e.f. November 1, 2019 and Mr. Rajinder Jeet Singh Bagga (DIN: 08440479) was appointed as Whole-time Director of the Company for a period of up to 5 (Five) years w.e.f. May 2, 2019.

Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and SEBI (LODR) Regulations.

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

Key Managerial Personnel

Mr. Kapil Agarwal, Whole-time Director and Chief Executive Officer, Mr. Vikas Bhatia, Chief Financial Officer and Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary, continued to be the Key Managerial Personnel of your Company in accordance with the provisions of Section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Board Evaluation

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

i) Audit, Risk Management and Ethics Committee;

ii) Nomination and Remuneration Committee;

iii) Stakeholders' Relationship Committee; and

iv) Corporate Social Responsibility Committee.

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

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

Board and Committees of the Board

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

Remuneration Policy

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

Remuneration of Directors, Key Managerial Personnel and Particulars of Employees

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

Statutory Auditors

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

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

The Statutory Auditors' Report for the Financial Year 2020 does not contain any qualification, reservation or adverse remark. The Statutory Auditors have not reported any frauds under Section 143(12) of the Act.

Cost Audit

In terms of Section 148 of the Act and the Companies (Cost Records and Audit) Rules, 2014, Cost Audit is not applicable to the Company for the Financial Year ended 2020.

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

To comply with the provisions of Section 134 of the Act and Rules made thereunder, your Company has complied with the provisions relating to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Company is conducting training programs periodically to educate its employees so that the provisions of above-mentioned Act are complied in true spirit.

During the year under review, no complaint was filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and no complaint was pending at the beginning and end of Financial Year 2020.

Vigil Mechanism / Whistle Blower Policy

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

Secretarial Auditors

The Board of Directors on the recommendation of the Audit, Risk Management and Ethics Committee, has appointed M/s. Sanjay Grover & Associates, Company Secretaries to conduct Secretarial Audit of your Company. The Secretarial Audit Report for the Financial Year 2020 is attached to this report as **Annexure - C**.

Risk Management

Pursuant to the provisions of Regulation 21(5) of SEBI (LODR) Regulations, the top 500 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year shall constitute a Risk Management Committee. The Audit Risk Management and Ethics Committee of the Board of Directors inter-alia monitors and reviews the risk management plan and such other functions as assigned from time to time.

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

Internal Financial Controls

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

Corporate Social Responsibility (CSR)

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

Annual Report on CSR activities for the Financial Year 2020 as required under Sections 134 and 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 is attached to this report as **Annexure - D**.

Directors' Responsibility Statement

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

(a) in the preparation of the annual accounts for the Financial Year ended December 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at December 31, 2020 and of the profits of the Company for the period ended on that date;

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

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

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

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

Other Information

Management Discussion & Analysis Report

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

Business Responsibility Report

Business Responsibility Report for the year under review, as stipulated under Regulation 34(2)(f) of SEBI (LODR) Regulations, forms part of the Annual Report.

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

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

Corporate Governance Report

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

Awards

Your Company has been awarded with the following:

(a) Winner of Best FMCG Corporate Governance India 2020 awarded by Capital Finance International.

(b) Winner of Bottler of the Year, 2019 by PepsiCo in AMESA Sector (Africa, Middle East and South Asia) received in 2020.

Listing

The Equity Shares of the Company are listed on the National Stock Exchange of India Limited and BSE Limited. Both these stock exchanges have nation-wide trading terminals. Annual listing fee for the Financial Year 2020-21 has been paid to the National Stock Exchange of India Limited and BSE Limited.

Extract of the Annual Return

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

Annual Return of the Company for the Financial Year 2019 is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2021/03/AnnualReturnFY2019.pdf

Research and Development

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

Cautionary Statement

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

General

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

1. Issue of equity shares with differential voting rights as to dividend, voting or otherwise.

2. The Whole-time Directors of the Company does not receive any remuneration or commission from any of its subsidiaries.

3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

4. Issue of Sweat Equity Shares.

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

No material changes and commitments have occurred after the closure of the Financial Year 2020 till the date of this Report, which would affect the financial position of your Company.

Acknowledgement

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

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

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

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 16, 2021
Place: Gurugram

Annexure – A

Disclosure pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as at December 31, 2020

The Company has two Employee Stock Option Schemes viz. Employee Stock Option Scheme - 2013 (ESOS-2013) and Employee Stock Option Scheme - 2016 (ESOS-2016). All the relevant details of these schemes are provided below and are also available on website of the Company at www.varunpepsi.com.

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

Please refer Note No. 50 of Notes to the Standalone Financial Statements forming part of the Annual Report.

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

	ESOS - 2013	**ESOS - 2016**
Fully diluted EPS pursuant to issue of Equity Shares on exercise of options calculated in accordance with Ind AS-33 ‘Earnings Per Share’	₹ 7.84 on a standalone basis	Not Applicable

C. Details Relating to ESOS – 2013

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

<table>
<tr><th>Sl. No.</th><th>Particulars</th><th colspan="4">Details</th></tr>
<tr><td></td><td>(g) Variation in terms of options</td><td colspan="4">Under the erstwhile ESOS-2013, the vesting was to occur at the time of filing of the Red Herring Prospectus by the Company for the purpose of IPO and the exercise period was to commence only after the IPO. The vesting period got amended by the Board of Directors on December 1, 2015 in such a way that the 1^{st}, 2^{nd} and 3^{rd} vesting occurred on December 1, 2015 and the restriction on exercise of the option after IPO was removed. Thereafter, the ESOS - 2013 was amended on November 2, 2016 removing the restriction to exercise the Options in full in respect of the shares vested on a Vesting Date.
During the year under review, there was no variation in terms of options.</td></tr>
<tr><td>(ii)</td><td>Method used to account for ESOS - 2013</td><td colspan="4">Fair value</td></tr>
<tr><td>(iii)</td><td>Difference between the employee compensation cost using the intrinsic value of stock options and the employee compensation cost that shall have been recognized if it had used the fair value of the options.
The impact of this difference on profits and on EPS of the Company.</td><td colspan="4">During the Financial Year 2020, the Company followed Fair Value accounting of stock options. All the options have been vested & there were no accounting charge to Statement of Profit & Loss for the year</td></tr>
<tr><td>(iv)</td><td colspan="5">Option movement during Financial Year – 2020</td></tr>
<tr><td></td><td>Number of options outstanding at the beginning of the year</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>Number of options granted during the year</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>Number of options forfeited / lapsed during the year</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>Number of options vested during the year</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>Number of options exercised during the year</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>Number of shares arising as a result of exercise of options</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Money realized by exercise of options, if scheme is implemented directly by the Company</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>Loan repaid by the Trust during the year from exercise price received</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Number of options outstanding at the end of the year</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>Number of options exercisable at the end of the year</td><td colspan="4">Nil</td></tr>
<tr><td>(v)</td><td>Weighted-average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock</td><td colspan="4">Please refer Note No. 50 of Notes to the Standalone Financial Statements forming part of the Annual Report.</td></tr>
<tr><td>(vi)</td><td colspan="5">Employee wise details of options granted during the year to:</td></tr>
<tr><td></td><td></td><td>Name</td><td>Designation</td><td>No. of Options granted</td><td>Exercise Price (₹)</td></tr>
<tr><td></td><td>(a) Senior Managerial Personnel / Key Managerial Personnel</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>(b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year</td><td colspan="4">Nil</td></tr>
<tr><td></td><td>(c) identified employees who were granted option during any one year equal to or exceeding 1% of the issued capital of the Company (excluding outstanding warrants and conversions) at the time of grant.</td><td colspan="4">Nil</td></tr>
</table>

Sl. No.	Particulars	Details
(vii)	Description of the method and significant assumptions used during the year to estimate the fair value of options including the following information: (a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model; (b) the method used and the assumptions made to incorporate the effects of expected early exercise; (c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and (d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	Kindly refer Note No. 50 to Standalone Financial Statements forming part of the Annual Report.

D. Details Relating to ESOS – 2016*

Sl. No.	Particulars	Details
(i)	(a) Date of shareholders' approval	April 27, 2016
	(b) Total number of options approved / granted	Nil
	(c) Vesting requirements	Unless otherwise specified in ESOS-2016, the continuation of the Grantee in the services of the Company shall be primary requirement of the Vesting 25% - One year from the date of Grant (First Vesting) 25% - On the 1st day of January in the calendar year succeeding the calendar year of First Vest (Second Vesting) 25% - On the 1st day of January in the calendar year succeeding the calendar year of Second Vest (Third Vesting) 25% - On the 1st day of January in the calendar year succeeding the calendar year of Third Vest (Fourth Vesting)
	(d) Exercise price or pricing formula	Not Applicable
	(e) Maximum term of options granted	Not Applicable
	(f) Source of shares (primary, secondary or combination)	Not Applicable
	(g) Variation in terms of options	Not Applicable
(ii)	Method used to account for ESOS - 2016	Not Applicable
(iii)	Difference between the employee compensation cost using the intrinsic value of stock options and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company	Not Applicable

<table>
<tr><th>Sl. No.</th><th>Particulars</th><th colspan="4">Details</th></tr>
<tr><td>(iv)</td><td colspan="5">Option movement during Financial Year – 2020</td></tr>
<tr><td></td><td>Number of options outstanding at the beginning of the year</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Number of options granted during the year</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Number of options forfeited / lapsed during the year</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Number of options vested during the year</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Number of options exercised during the year</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Number of shares arising as a result of exercise of options</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Money realized by exercise of options, if scheme is implemented directly by the Company</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Loan repaid by the Trust during the year from exercise price received</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Number of options outstanding at the end of the year</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>Number of options exercisable at the end of the year</td><td colspan="4">Not Applicable</td></tr>
<tr><td>(v)</td><td>Weighted-average exercise prices and weighted-average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock</td><td colspan="4">Not Applicable</td></tr>
<tr><td>(vi)</td><td colspan="5">Employee wise details of options granted during the year to:</td></tr>
<tr><td></td><td></td><td>Name</td><td>Designation</td><td>No. of Options granted</td><td>Exercise Price (₹)</td></tr>
<tr><td></td><td>(a) Senior Managerial Personnel / Key Managerial Personnel</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>(b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year</td><td colspan="4">Not Applicable</td></tr>
<tr><td></td><td>(c) identified employees who were granted option during any one year equal to or exceeding 1% of the issued capital of the Company (excluding outstanding warrants and conversions) at the time of grant.</td><td colspan="4">Not Applicable</td></tr>
<tr><td>(vii)</td><td>Description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:
(a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;
(b) the method used and the assumptions made to incorporate the effects of expected early exercise;
(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and
(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.</td><td colspan="4">Not Applicable</td></tr>
</table>

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

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

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 16, 2021
Place: Gurugram

Annexure – B

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

(i) Ratio of the remuneration of each director to the median remuneration of employees of the Company for the Financial Year 2020, the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2020:

(₹ in million)

Sl. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year 2020	% increase in Remuneration in Financial Year 2020	Ratio of Remuneration of Director to Median Remuneration of employees in Financial Year 2020
1.	Mr. Varun Jaipuria, Whole-time Director	43.65	38.79	132.27
2.	Mr. Raj Gandhi, Whole-time Director@	41.56	-14.33	125.94
3.	Mr. Kapil Agarwal, Whole-time Director & Chief Executive Officer	68.31	19.59	207
4.	Mr. Rajinder Jeet Singh Bagga, Whole-time Director	31.55	Not Comparable*	Not Applicable
5.	Mr. Vikas Bhatia, Chief Financial Officer	22.53	Not Comparable^	Not Applicable
6.	Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary	9.13	10.93	27.67

@ *Despite increase in remuneration, there is percentage decrease in remuneration as he decided to forego his performance bonus due to COVID-19 for the Financial Year 2020.*

* *Appointed with effect from May 2, 2019.*

^ *Appointed with effect from August 1, 2019.*

(ii) The number of permanent employees as on December 31, 2020 were 7,808 and the median remuneration was ₹ 0.33 million annually. The median remuneration of employees (excluding above Directors and KMPs) in Financial Year 2020 has increased by 5.86%.

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

(iv) The average percentile increase already made in the salaries of employees other than Managerial Personnel was 10.24% and the average percentile increase in the remuneration of Managerial Personnel was 21.00% during the last Financial Year. The higher percentage in the increase of Managerial Personnel was based on growth plans of the Company and individual performance of the Managerial Personnel.

Statement of particulars under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended December 31, 2020 (also includes the details of top ten employees of the Company)

Sl. No.	Name	Designation	Remuneration (₹ in million)	Age	Qualification	Experience in years	Last Employment	Date of Commencement of Employment
1	Mr. Varun Jaipuria	Whole-time Director	43.65	33	Bachelor's degree in International Business from the Regent's University, London	12	-	July 1, 2009
2	Mr. Raj Gandhi	Whole-time Director	41.56	63	FCA	40	Devyani Beverages Limited	November 1, 2004
3	Mr. Kapil Agarwal	Whole-time Director & Chief Executive Officer	68.31	56	PGDM	29	Devyani Beverages Limited	November 1, 2004
4	Mr. Vivek Gupta^	Executive Director	36.98	57	PGDM	33	Lunarmech Technologies Private Limited	April 1, 2015
5	Mr. Rajinder Jeet Singh Bagga	Whole-time Director	31.55	57	M. Tech.	34	Eveready Industries India Limited	December 11, 1995
6	Mr. Vikas Bhatia	Chief Financial Officer	22.53	56	FCA and AICWA	31	Carlsberg Group	January 15, 2019
7	Mr. Kamlesh Kumar Jain^	Executive Director and COO (International)	18.09	58	FCA	31	Devyani Beverages Limited	November 1, 2004
8	Mr. Manmohan Rupal Paul	Chief Operating Officer (Sales)	14.86	47	MBA	24	-	June 3, 1996
9	Mr. Sudin Kumar Gaunker	Chief Operating Officer	14.79	49	B.Com.	21	Goa Bottling Company Limited	June 21, 2000
10	Mr. Bhupinder Singh	Regional Chief Technical Officer	14.40	56	M.Tech	30	ABInbev India Private Limited	May 1, 2015
11	Mr. Eesh Sethi#	MUGM	13.53	58	B.A.	38	Varun Beverages (Nepal) Private Limited	December 1, 2012
12	Mr. Saurabh Agrawal	Chief Strategy Officer	13.17	42	MBA	15	Accenture Solutions	September 18, 2018
13	Mr. Deepak Sharma	MUGM	12.87	48	MBA	24	Hindustan Unilever Limited	December 1, 1999
14	Mr. Pradeep Kumar Goyal	Regional Chief Financial Officer	12.45	48	FCA and ACS	24	ABInbev India Private Limited	March 1, 2015
15	Mr. Kamal Karnatak	Sr. Vice President	12.07	48	MBA	25	Unitech Limited	October 1, 2008
16	Mr. Asheeth Rajiv	MUGM	11.84	42	MBA	18	PepsiCo India Holdings Private Limited	August 1, 2018

Sl. No.	Name	Designation	Remuneration (₹ in million)	Age	Qualification	Experience in years	Last Employment	Date of Commencement of Employment
17	Mr. Suman Kumar	MUGM	11.41	45	MBA	18	Marico Ltd.	June 21, 2018
18	Mr. Manish Muley#	MUGM	11.09	50	MBA	24	PepsiCo India Holdings Private Limited	March 8, 2019
19	Mr. Sanjeev Anand	MUGM	10.86	54	B.A	37	Nitin Home Appliances Limited	December 1, 1999
20	Mr. Vinod Pamecha	Vice President	10.63	47	B.Tech	24	PepsiCo India Holdings Private Limited	June 1, 2019
21	Mr. Vivek Prakash Gupta#	MUGM	9.87	43	MBA	21	SESA Care Private Limited	March 2, 2020
22	Mr. Sugato Palit#	Chief HR Officer	6.39	49	MBA	25	Accumen	March 31, 2017
23	Mr. Sumit Luthra#	MUGM	2.38	44	MBA	21	7up Bottling	October 12, 2020

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

Employed for part of the year and in receipt of remuneration exceeding the prescribed limits.

Notes:

1. Mr. Varun Jaipuria is the son of Mr. Ravi Jaipuria, Non-executive Chairman of the Company and holds 50,663,250 (17.55%) equity shares of the Company. None of the other employees hold by himself or along with his/her spouse and dependent children, 2% or more of equity shares of the Company. Except above, none of the other employee is a relative of any Director of the Company.
2. None of the employee receive remuneration during 2020 in excess of the remuneration of any of the Directors except the details of employees forming part of this annexure.
3. Nature of employment for all these employees are permanent.

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

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 16, 2021
Place: Gurugram

Annexure – C

Secretarial Audit Report

For the Financial Year ended December 31, 2020

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

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

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

We report that-

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

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

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

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year started from 1st January, 2020 ended on 31st December, 2020 ("audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st December, 2020 according to the provisions of:

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

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

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

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

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

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

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred as "PIT Regulations");

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

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

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

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

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

(h) *The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred as "SEBI LODR").

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

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

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

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

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors that took place during the audit period.

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

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

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

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

Devesh Kumar Vasisht
Partner
CP No.: 13700
FCS No.: F8488
UDIN: F008488B002931089

Date: February 16, 2021
Place: New Delhi

Annexure – D

Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2020

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	Refer Section on Corporate Social Responsibility in Board's Report. Further, overview of projects or programs undertaken during the year under review, is provided in the table at item 5(c) below.
2.	The composition of the CSR Committee	1) Mr. Ravi Jaipuria- Chairman 2) Mr. Varun Jaipuria- Member 3) Mr. Raj Gandhi- Member 4) Dr. Naresh Trehan- Member 5) Ms. Rashmi Dhariwal- Member
3.	Average net profit of the Company for last three Financial Years	₹ 3,752.06 million
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹ 75.04 million
5.	Details of CSR spent during the Financial Year 2020:	
	(a) Total amount to be spent for the Financial Year;	₹ 75.04 million
	(b) Amount unspent, if any;	Nil
	(c) Manner in which the amount spent during the Financial Year	Details given below

(₹ in million)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or program wise**	**Amount spent on the projects or programs Sub-Heads; (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure up to the reporting period**	**Amount spent direct or through implementing agency**
(a)	Promoting education to poor and underprivileged children	Promoting education	Gurugram and Jaipur	20.00	20.00	20.00	Through Implementing Agency- Champa Devi Jaipuria Charitable Trust
(b)	Promoting employment enhancing vocational skills	Promoting vocational skills	Gurugram and Jaipur	10.80	10.80	10.80	Through Implementing Agency- Mala Jaipuria Foundation
(c)	Promoting Healthcare, Education, Environmental Sustainability, Rural Development, etc.	Promoting Healthcare, Education, Environmental Sustainability, Rural Development, etc.	Across India	33.59	33.59	33.59	Through Implementing Agency- RJ Foundation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or program wise**	**Amount spent on the projects or programs Sub-Heads; (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure up to the reporting period**	**Amount spent direct or through implementing agency**
(d)	Promoting Healthcare	Healthcare	Across India	10.00	10.00	10.00	Through Implementing Agency-Medanta Institute of Education and Research
(e)	Eradicating hunger, poverty and malnutrition	Covid-19	Panipat, Karnataka & Pathankot	0.65	0.65	0.65	Direct

6. In case the Company has failed to spend the two percent of the average net profit of last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

   Not applicable.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

   "The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company."

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

Raj Gandhi
Whole-time Director
DIN: 00003649

Ravi Jaipuria
Chairman - CSR Committee
DIN: 00003668

Date: February 16, 2021
Place: Gurugram

Annexure – E

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

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

(a) Conservation of energy

(i)	Steps taken or impact on conservation of energy	A multi-pronged and sustainable approach is deployed in most of our plants as well as products to infuse the concept of energy conservation. Some of the energy conservation measures adopted across the manufacturing units were: 1. Use of frequency drive in ammonia and air compressor which saves electric energy. 2. Use of frequency drive in boiler for ID and FD fan which saves electric energy. 3. Heat recovery from hot compressed gases and used for heating water. 4. Recovery of treated hot water from three stage syrup transfer PHE. 5. Beverage filling at ambient temperature leading to huge power savings in refrigeration. 6. Replacement of CFL/FTL lamps with LED lamps. 7. Replacement of low efficiency pump with high energy efficient pump. 8. Improving efficiency on critical resources like water and energy by doing water recoveries and optimizing energy consumption. 9. Optimizing the resource consumptions and minimizing wastages by automations and controls.
(ii)	Steps taken by the Company for utilizing alternate sources of energy	The Company has successfully utilized the environment friendly fuels like biomass for steam generation and installed solar panels in the plant for generating clean energy.
(iii)	Capital investment on energy conservation equipments	1. Installation and commissioning of Solar Plant at Nuh and Greater Noida Plants. 2. Air recovery system in Blow Moulding Machine. 3. Filling machines which are capable of filling beverage at ambient temperature with high speed running. 4. Green Oven for Bottle Blowing machine which consumes less energy as compare to the traditional ones. 5. High energy efficient pumps. 6. Steam condensate recovery system in all the units.

(b) Technology absorption

(i)	Efforts made towards technology absorption	The Company has been continuously improving on resource use efficiencies, especially that of common resources such as water, fuel and energy. The Company follows series of environment performance indicators for monitoring natural resources consumption on per case basis and continual improvement is being achieved and sustained.
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution	Over the past ten years, Company has reduced water usage around 10% on per case basis and significant reduction of energy consumption on per case basis. Some of the factories have also received the Green Factory certification from Indian Green Building Council (IGBC), Gold rating. Our Company also achieved significant reduction in weight of closure (from 1880 long height closure to 1881 short height closure) and preforms over years. This is implemented across all units resulting in to saving of resin consumption. Usage of nitrogen in packaged drinking water enables unit to reduce 10% of package weight. Recently, we also started metal cage for preform storage and handling to minimize recycling waste.

(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	There is no imported technology involved in the operation of the Company.
	(a) Details of technology imported	N.A.
	(b) Year of import	N.A.
	(c) Whether the technology been fully absorbed	N.A.
	(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.
(iv)	Expenditure incurred on Research and Development	Due to the nature of its business, the Company need not to initiate specific research and development activities, however Company supports all the pilot projects feasibility and commercialization along with PepsiCo.

(c) Foreign Exchange Earnings & Outgo

(₹ in million)

Sl. No.	Particulars	As at December 31, 2020	As at December 31, 2019
(i)	Earnings in Foreign Currency	682.59	926.33
(ii)	Expenditure in Foreign Currency	2,445.42	4,110.66

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

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 16, 2021
Place: Gurugram

Annexure – F

Corporate Governance Report

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

Company's Philosophy on Corporate Governance

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

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

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

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

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

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

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

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

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

Best Corporate Governance practices

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

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

Governance Policies

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

- Code of Conduct for Board of Directors and Senior Management;
- Code of Conduct for Prohibition of Insider Trading;
- Code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information;

- Policy on Related Party Transactions;
- Corporate Social Responsibility Policy;
- Policy for Determination of Material Subsidiary and Governance of Subsidiaries;
- Policy for Determination of Materiality of Events / Information;
- Remuneration Policy for Directors, Key Managerial Personnel, Members of Senior Management and other Employees of the Company;
- Familiarization Programme for Independent Directors;
- Vigil Mechanism/Whistle Blower Policy;
- Policy for Preservation of Documents;
- Policy on Diversity of the Board of Directors;
- Risk Management Policy;
- Dividend Distribution Policy;
- Archival Policy;
- Guidelines for Acquisition in India;
- Environment, Health and Safety Policy;
- Anti-Bribery Policy; and
- Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace.

Board of Directors

As at December 31, 2020, 5 (Five) out of 10 (Ten) Directors on the Board were Independent Directors. At VBL, it is our belief that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board's actions and decisions are aligned with the Company's best interests. The Board critically evaluates the Company's strategic direction, management policies and their effectiveness.

Size and composition of the Board of Directors as at December 31, 2020 is given below:

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

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

Inter-se Relationship among Directors

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

Core Skills / Expertise / Competencies available with the Board

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

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

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

Selection of Independent Directors

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

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

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

Independent Directors' Induction and Familiarization

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

Board Evaluation

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

Board Evaluation for the Financial Year ended December 31, 2020 has been completed by the Company internally which included the evaluation of the performance of the Board as a whole, Board Committees and Directors individually and results of the same were shared with the Board.

Internal Audit

As recommended by the Audit, Risk Management and Ethics Committee, the Board of Directors in their meeting held on February 7, 2020 re-appointed M/s O. P. Bagla & Co., LLP, Chartered Accountants as Internal Auditors of the Company for the Financial Year 2020 to conduct internal audit of the Company and their report on findings is submitted to the Audit, Risk Management and Ethics Committee on periodic basis.

Separate Meeting of Independent Directors

To comply with the provisions of Schedule IV of the Act read with Regulation 25 of SEBI (LODR) Regulations, the Independent Directors met once during the Financial Year 2020, without the presence of Non-Independent Directors and members of the management team and inter-alia reviewed:

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

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

Board Meetings, Board Committee Meetings and Procedure

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

As at the end of the year under review, the Board has 7 (Seven) Committees, namely Audit, Risk Management and Ethics Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Allotment Committee, QIP Committee and Investment and Borrowing Committee.

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

Board Meetings

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

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

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

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

4 (Four) Board meetings were held during the Financial Year 2020 on February 7, 2020, May 5, 2020, August 4, 2020 and November 3, 2020. The gap between two Board meetings was within the limit prescribed under Section 173(1) of the Act and Regulation 17(2) of the SEBI (LODR) Regulations.

Board Business

The business of the Board inter-alia includes:

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

Board Support

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

Recording Minutes of proceedings of Board and Committee meetings

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

Post meeting follow-up mechanism

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

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

Name and DIN	Category & Designation	Attendance in Financial Year 2020		Number of Directorships in other Companies as on December 31, 2020$		Committee Membership and Chairmanship in other Companies# as on December 31, 2020		Shareholding in the Company as on December 31, 2020
		Board Meetings	AGM	Private	Public	Chairmanship	Membership	
Mr. Ravi Jaipuria (00003668)	Promoter (Non-executive Chairman)	4/4	Yes	4	8	Nil	Nil	Nil
Mr. Varun Jaipuria (02465412)	Promoter & Whole-time Director (Executive Director)	4/4	Yes	4	2	Nil	Nil	50,663,250
Mr. Raj Gandhi (00003649)	Whole-time Director (Executive Director)	4/4	Yes	3	7	Nil	3	611,250
Mr. Kapil Agarwal (02079161)	Whole-time Director & Chief Executive Officer (Executive Director)	4/4	Yes	Nil	Nil	Nil	Nil	410,464
Mr. Rajinder Jeet Singh Bagga (08440479)	Whole-time Director (Executive Director)	4/4	Yes	Nil	Nil	Nil	Nil	129,750
Dr. Naresh Trehan (00012148)	Non-executive & Independent Director	4/4	Yes	9	1	Nil	Nil	Nil
Dr. Ravi Gupta (00023487)	Non-executive & Independent Director	4/4	Yes	11	3	Nil	1	Nil
Mr. Pradeep Sardana (00682961)	Non-executive & Independent Director	4/4	Yes	Nil	Nil	Nil	Nil	1,287
Ms. Rashmi Dhariwal (00337814)	Non-executive & Independent Director	4/4	Yes	5	4	1	4	Nil
Ms. Sita Khosla (01001803)	Non-executive & Independent Director	4/4	Yes	Nil	Nil	Nil	Nil	Nil

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

$ Does not include directorship in foreign companies.

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

Pursuant to Part C of Schedule V of the SEBI (LODR) Regulations, details of Directorship in other listed entity and category of Directorship as on December 31, 2020, are mentioned below:

Sl. No.	Name of Director	Company	Category of Directorship
1.	Mr. Ravi Jaipuria	Lemon Tree Hotels Limited	Non-executive Director

Committees of the Board

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

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

(i) Audit, Risk Management and Ethics Committee

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

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

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

The Audit, Risk Management and Ethics Committee met 4 (Four) times during the Financial Year 2020 on February 7, 2020, May 5, 2020, August 4, 2020 and November 3, 2020.

Composition of the Committee and attendance of the Members at the meetings held during the Financial Year 2020:

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

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

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

The Chairman of the Audit, Risk Management and Ethics Committee was present at the last AGM held on June 26, 2020.

(ii) Stakeholders' Relationship Committee

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

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

The Stakeholders' Relationship Committee met 1 (One) time during the Financial Year 2020 on December 31, 2020.

Composition of the Committee and attendance of the Members at the meetings held during the Financial Year 2020:

Sl. No.	Name	Category	Designation	No. of Meeting Attended
1	Ms. Sita Khosla	Independent Director	Chairperson	0/1
2	Ms. Rashmi Dhariwal	Independent Director	Member	1/1
3	Mr. Raj Gandhi	Executive Director	Member	1/1

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

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

The Chairperson of the Stakeholders' Relationship Committee was present at the last AGM held on June 26, 2020.

Investor Grievances / Complaints

The details of the Investor Complaints received and resolved during the Financial Year ended December 31, 2020 are as follows:

Opening Balance	No. of complaints received	No. of complaints resolved	No. of complaints not solved to the satisfaction of shareholders	No. of complaints pending
0	38	38	0	0

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

(iii) Nomination and Remuneration Committee

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

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

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

The Nomination and Remuneration Committee met 2 (Two) times during the Financial Year 2020 on February 7, 2020 and November 3, 2020.

Composition of the Committee and attendance of the Members at the meetings held during the Financial Year 2020:

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

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

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

The Chairperson of the Nomination and Remuneration Committee was present at the last AGM held on June 26, 2020.

Performance evaluation criteria for Independent Directors

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

Remuneration of Directors

Details of remuneration paid to Directors of the Company for the Financial Year ended December 31, 2020, are as follows:

(₹ in million)

Sl. No.	Name	Sitting Fee	Salary	Perquisite	Bonus/Incentive	Total
1	Mr. Varun Jaipuria	-	41.42	0.04	2.23	43.69
2	Mr. Raj Gandhi	-	41.56	0.04	-	41.60
3	Mr. Kapil Agarwal	-	68.31	0.03	-	68.34
4	Mr. Rajinder Jeet Singh Bagga	-	31.55	0.04	-	31.59
5	Dr. Ravi Gupta	1.00	-	-	-	1.00
6	Mr. Pradeep Sardana	0.40	-	-	-	0.40
7	Ms. Rashmi Dhariwal	1.30	-	-	-	1.30
8	Ms. Sita Khosla	0.90	-	-	-	0.90

Since all the stock options have been vested and exercised accordingly during the year under review, no options have been exercised by any Director of the Company under Employee Stock Option Scheme –2013.

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

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

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

There has been no pecuniary relationship or transactions of the Non-executive Directors vis-à-vis the Company during the year except the sitting fee paid to them as detailed above.

Prohibition of Insider Trading

To comply with the provisions of Regulation 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for Prohibition of Insider Trading and the same is uploaded on website of the Company at https://varunpepsi.com/wp-content/uploads/2020/01/Code-of-Conduct-for-Prohibition-of-Insider-Trading.pdf.

Vigil Mechanism / Whistle Blower Policy

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

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

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

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

Compliance with the Code of Conduct

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

On the basis of declarations received from Board Members and Senior Management Personnel, the Whole-time Director & Chief Executive Officer has given a declaration that the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code during the Financial Year 2020. A copy of such declaration is also attached with this report.

General Body Meetings

Annual General Meeting

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

AGM	Financial Year	Day, Date & Time	Venue	Brief description of Special Resolutions
25th	2019	Friday, June 26, 2020 at 11:00 a.m.	Registered Office Through Video Conferencing / Other Audio Visual Means facility	• Payment of profit related commission to Non-executive Directors.
24th	2018	Wednesday, April 17, 2019 at 11:00 a.m.	PHD Chamber of Commerce and Industry, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi - 110 016	• Re-appointment of Dr. Naresh Trehan as an Independent Director. • Raising of Capital through Qualified Institutions Placement (QIP).
23rd	2017	Tuesday, April 17, 2018 at 11:00 a.m.	PHD Chamber of Commerce and Industry, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi - 110 016	• Re-appointment of Mr. Pradeep Sardana as an Independent Director. • Ratification of Re-appointment of Ms. Geeta Kapoor as an Independent Director. • Ratification of Re-appointment of Mr. Sanjoy Mukerji as an Independent Director. • Alteration of Memorandum of Association of the Company for aligning the same as per Table - A of the Companies Act, 2013. • Alteration of Articles of Association of the Company for aligning the same as per the provisions of the Companies Act, 2013.

Extra-ordinary General Meeting

Apart from the Annual General Meeting, no other General Meeting was held during the Financial Year 2020.

Postal Ballot

During the year, no special resolution was passed through postal ballot.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require special resolution through postal ballot.

Means of Communication

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

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

General Shareholders Information

A) Annual General Meeting

Date: April 7, 2021 (Wednesday)

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

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

B) Financial Year

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

C) Financial Calendar 2021 (tentative)

First Quarter Results	: On or before May 15, 2021
Second Quarter Results	: On or before August 14, 2021
Third Quarter Results	: On or before November 14, 2021
Audited Annual Results for the year ending on December 31, 2021	: On or before March 1, 2022
Annual Book Closure	: March 31, 2021 to April 7, 2021 (both days inclusive)

D) Dividend and its Payment

During the year under review, the Board of Directors in their meeting held on August 4, 2020 declared an interim dividend of ₹ 2.50 per equity share (face value of ₹ 10/- per equity share) to the eligible equity shareholders of the Company.

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

E) Listing of Shares on Stock Exchanges and Stock Code

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

Annual listing fee for the Financial Year 2020- 21 has been paid to the National Stock Exchange of India Limited and BSE Limited.

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

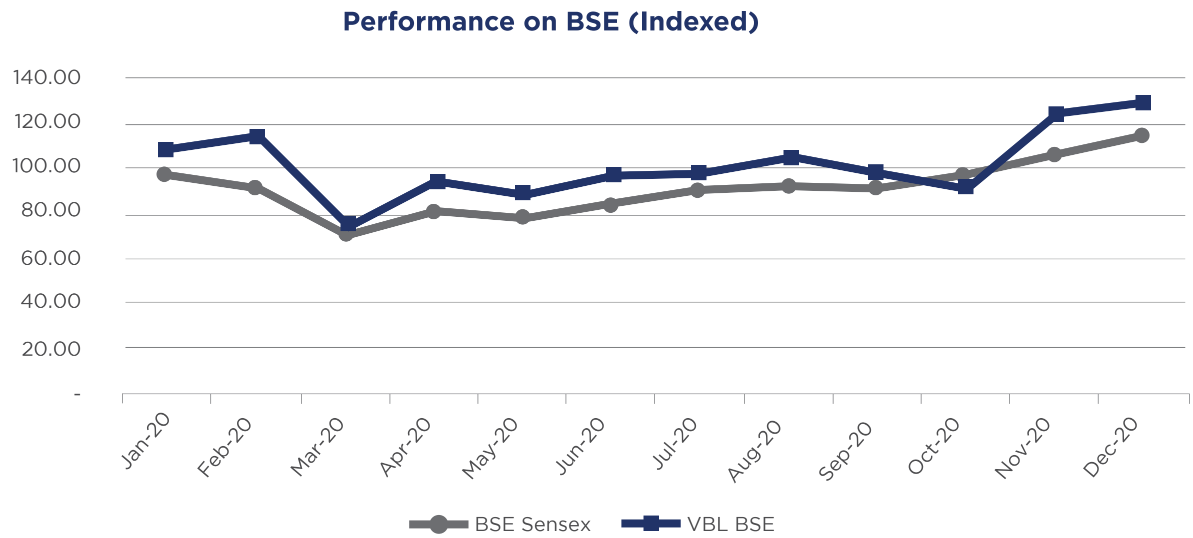
G) Market Price Data for the period from January 1, 2020 to December 31, 2020

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
Jan-20	869.95	685.50	439,260	870.00	684.75	4,669,038
Feb-20	863.05	750.00	1,345,029	862.95	750.25	5,956,211
Mar-20	832.75	485.05	429,767	832.95	482.20	5,921,444
Apr-20	687.40	502.05	191,134	688.00	500.00	4,324,106
May-20	690.85	571.60	331,992	692.00	571.25	5,611,396
Jun-20	738.40	589.10	2,388,654	739.05	586.00	8,573,396
Jul-20	733.00	662.00	261,149	732.00	661.35	6,081,574
Aug-20	797.00	680.55	210,293	796.80	680.00	5,332,146
Sep-20	784.95	662.00	927,963	778.00	665.75	4,345,564
Oct-20	735.00	645.20	226,219	710.00	646.35	6,532,083
Nov-20	924.30	656.40	647,330	924.00	654.90	9,553,038
Dec-20	999.10	823.30	327,681	999.75	821.85	8,395,920

Performance in comparison to broad - based indices

Performance on BSE

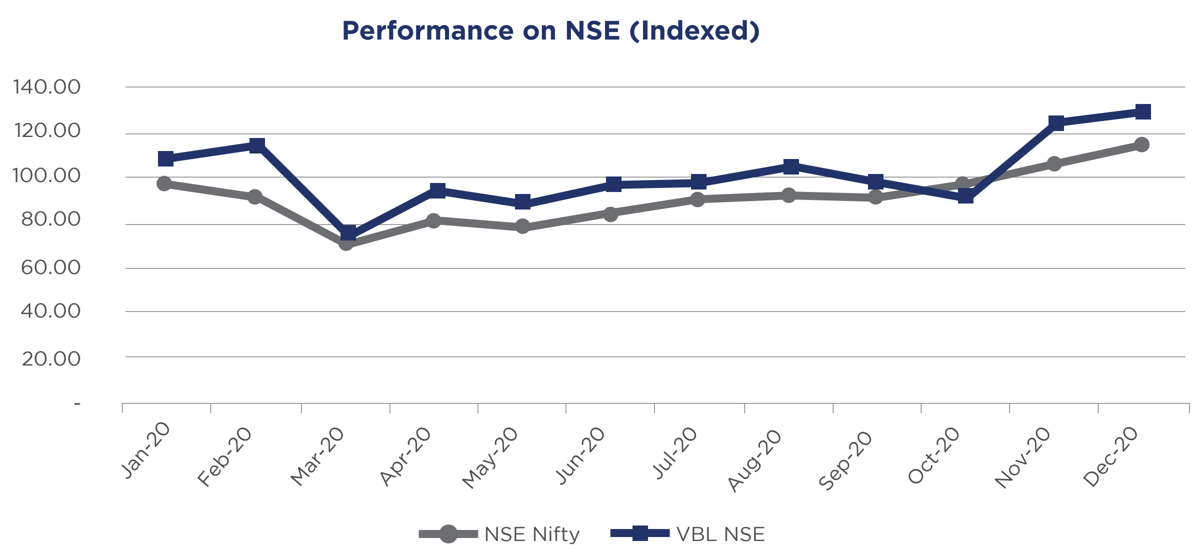
Comparison of share price of VBL with BSE Sensex.



	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	Jul'20	Aug'20	Sep'20	Oct'20	Nov'20	Dec'20
VBL BSE	109.09	113.95	74.94	94.80	89.31	96.43	99.94	103.98	98.71	92.48	123.35	129.31
BSE Sensex	98.71	92.83	71.43	81.73	78.60	84.64	91.16	93.64	92.28	96.03	107.02	115.75

Performance on NSE

Comparison of share price of VBL with NSE Nifty.



	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	Jul'20	Aug'20	Sep'20	Oct'20	Nov'20	Dec'20
VBL NSE	108.26	114.75	74.72	94.49	89.14	96.10	99.93	103.87	98.55	92.42	122.97	129.28
NSE Nifty	98.30	92.06	70.66	81.03	78.73	84.66	91.00	93.58	92.43	95.68	106.58	114.90

H) **Registrar and Share Transfer Agent**

All the work relating to the shares held in physical form as well as the shares held in the electronic (demat) form is being done at one single point through SEBI Registered Category 1 Registrar and Share Transfer Agent (RTA), whose details are given below:

KFin Technologies Private Limited
(formerly Karvy Fintech Private Limited)
Selenium Tower B,
Plot No. 31 and 32, Gachibowli
Financial District, Nanakramguda, Hyderabad 500 032
Tel: +91 40 6716 2222
Fax: +91 40 23431551
Email: einward.ris@kfintech.com
Website: www.kfintech.com
SEBI Registration No. INR000000221

I) **Share Transfer System**

As on December 31, 2020 - 288,688,429 (Two Hundred Eighty-Eight Million Six Hundred Eighty-Eight Thousand Four Hundred Twenty-Nine) equity shares of the Company were in dematerialized form and 291 (Two Hundred Ninety One) equity shares were held in physical form.

Transfer of Equity Shares in dematerialized form are done through depositories with no involvement of the Company. In terms of SEBI (LODR) regulations, effective from 1st April, 2019, securities of listed companies can be transferred in dematerialized form except where the claim is lodged for transmission or transposition of shares. Company obtains a half-yearly certificate from a Company Secretary in Practice as required under Regulation 40(9) of SEBI (LODR) Regulations and file copy of the said certificate with the Stock Exchanges.

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

J) **Distribution of Shareholding (as on December 31, 2020)**

(Nominal Value ₹ 10 per share)

Shareholding	No. of Shareholders	Percentage	Amount (₹)	Percentage
1 – 5000	46,730	93.60	29,619,980	1.03
5001 – 10000	1,258	2.52	8,724,910	0.30
10001 - 20000	749	1.50	11,091,810	0.38
20001 - 30000	314	0.63	7,697,780	0.27
30001 - 40000	140	0.28	4,883,060	0.17
40001 - 50000	109	0.22	4,872,090	0.17
50001 - 100000	211	0.42	14,569,320	0.50
100001 & Above	414	0.83	2,805,428,250	97.18
Total	**49,925**	**100.00**	**2,886,887,200**	**100.00**

K) **Categories of Shareholders (as on December 31, 2020)**

Sl. No.	Description	Total No. of Equity Shares	Percentage
1	Alternative Investment Fund	1,052,225	0.36
2	Body Corporates	6,772,624	2.35
3	Clearing Members	124,501	0.04
4	Directors (Other than Promoter Director)	1,152,751	0.40
5	Employees	428,853	0.15
6	Foreign Institutional Investors	202,062	0.07

Sl. No.	Description	Total No. of Equity Shares	Percentage
7	Foreign Nationals	6,000	0.00
8	Foreign Portfolio - Corporates	42,487,803	14.72
9	Foreign Portfolio Investors	16,361,507	5.67
10	HUF	220,458	0.08
11	Insurance Companies	116,762	0.04
12	Mutual Funds	15,754,896	5.46
13	NBFC	2,800	0.00
14	Non Resident Indians	617,146	0.21
15	Non Resident Indian Non Repatriable	467,404	0.16
16	Promoter and Promoter Group	191,691,041	66.40
17	Resident Individuals	9,783,876	3.39
18	Qualified Institutional Buyer	1,444,611	0.50
19	Trusts	1,400	0.00
	Total	**288,688,720**	**100.00**

L) Dematerialization of Shares and Liquidity

As on December 31, 2020, 99.99% of the total equity shares were held in dematerialized form. The Company's shares are actively traded on the stock exchanges.

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

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

The details for the same have been provided in the Notes to Financial Statements of the Company for the Financial Year 2020.

N) Credit Rating

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

Long Term Rating	CRISIL AA/Stable (Re-affirmed)
Short Term Rating	CRISIL A1+ (Re-affirmed)

O) Plant locations

The Plant locations have been provided at page no. 9 of the Annual Report.

P) Reconciliation of Share Capital Audit

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

Q) Equity Shares in the Suspense Account

The Company does not have any shares in the demat suspense account or unclaimed suspense account as on December 31, 2020.

R) Compliances under SEBI (LODR) Regulations

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

S) CEO and CFO Certification

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

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

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

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

U) Fees paid to the Statutory Auditors

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to Statutory Auditors of the Company and their other associated firms during the Financial Year ended December 31, 2020, is as follows:

(₹ in Million)

Particulars	M/s. Walker Chandiok & Co. LLP	M/s. APAS & Co.
Audit Fee	6.80	4.93
Other Services	0.00	1.53
Reimbursement of expenses	0.50	0.02
Total	**7.30**	**6.48**

V) Information on deviation from Accounting Standards, if any

No deviations from Indian Accounting Standards (Ind AS) in preparation of annual accounts for the Financial Year 2020.

W) Investor Correspondence

Mr. Ravi Batra

Chief Risk Officer & Group Company Secretary

Plot No. 31, Institutional Area, Sector - 44,

Gurugram 122 002 (Haryana)

Tel: +91 124 4643100

Email: ravi.batra@rjcorp.in

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

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

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

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

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

DISCLOSURES

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

(ii) The Company has complied with the requirements of Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets and there was no instances of non-compliance during the last three years except that during the last Financial Year 2019, composition of Board was not compliant of Regulation 17 of SEBI (LODR) Regulations from May 2, 2019 to July 31, 2019 as half of the directors were not Independent Directors and in this respect penalty as imposed by the National Stock Exchange of India Limited and BSE Limited was deposited by the Company. Presently, the Company is compliant of all the applicable provisions of SEBI (LODR) Regulations.

(iii) Policy for Determination of Material Subsidiary and Governance of Subsidiaries can be accessed at https://varunpepsi.com/wp-content/uploads/2021/02/1doc.pdf

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

Green Initiative

Pursuant to Sections 101 and 136 of the Act read with the Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014, the Company can send Notice of Annual General Meeting, Financial Statements and other communication in electronic form. Your Company is sending the Annual Report including the Notice of Annual General Meeting, Audited Financial Statements, Board's Report along with their annexure etc. for the Financial Year 2020 in electronic mode to the shareholders who have registered their e-mail address with the Company and/or their respective Depository Participants (DPs).

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

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

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 16, 2021
Place: Gurugram

CODE OF CONDUCT

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

It is further confirmed that all the Directors and Senior Management have affirmed their compliance with the Code for the Financial Year ended December 31, 2020.

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

Date: February 16, 2021
Place: Gurugram

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

To
The Board of Directors,
Varun Beverages Limited

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

A) We have reviewed Financial Statements and the Cash Flow Statement for the Financial Year ended December 31, 2020 and that to the best of our knowledge and belief:

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

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

B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year ended December 31, 2020 which are fraudulent, illegal or violative of the Company's Code of Conduct.

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

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

(i) significant changes in internal control over financial reporting during the Financial Year ended December 31, 2020;

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

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

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

Vikas Bhatia
Chief Financial Officer

Date: February 16, 2021
Place: Gurugram

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

1. That Varun Beverages Limited (CIN: L74899DL1995PLC069839) is having its registered office at F-2/7, Okhla Industrial Area, Phase-I, New Delhi-110020 (hereinafter referred as "the Company"). The equity shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited.

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

3. In our opinion and to the best of our information and according to the verifications and examination of the disclosures under section 184/189, 170, 164, 149 of the Companies Act, 2013 ("the Act") provided by the Company and DIN status at MCA portal (www.mca.gov.in), as considered necessary and explanations furnished to us by the Company and its officers, we certify that none of the below named Directors on the Board of the Company as on December 31, 2020 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority:

Sl. No.	Name of Director	Director Identification Number (DIN)	Date of Appointment in Company
1	Mr. Ravi Jaipuria	00003668	16/06/1995
2	Mr. Varun Jaipuria	02465412	01/01/2009
3	Mr. Raj Gandhi	00003649	21/10/2004
4	Mr. Kapil Agarwal	02079161	01/01/2012
5	Mr. Rajinder Jeet Singh Bagga	08440479	02/05/2019
6	Dr. Naresh Trehan	00012148	01/12/2015
7	Dr. Ravi Gupta	00023487	19/03/2018
8	Mr. Pradeep Sardana	00682961	28/03/2016
9	Ms. Rashmi Dhariwal	00337814	19/03/2018
10	Ms. Sita Khosla	01001803	16/02/2018

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

5. This certificate is based on the information and records available up to this date and we have no responsibility to update this certificate for the events and circumstances occurring after the date of the certificate.

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

Devesh Kumar Vasisht
Partner
CP No.: 13700
FCS No. F8488
UDIN.: F008488B002931023

Date: February 16, 2021
Place: New Delhi

CORPORATE GOVERNANCE CERTIFICATE

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

We have examined the compliance of conditions of Corporate Governance by **Varun Beverages Limited** ("the Company"), for the financial year ended December 31, 2020 as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

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

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

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

Devesh Kumar Vasisht
Partner
CP No.: 13700
UDIN: F008488B002931067

Date: February 16, 2021
Place: New Delhi

Annexure – G

Form No. MGT-9

Extract of Annual Return

As on the Financial Year ended on December 31, 2020

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

I. Registration and Other Details

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

(ii) **Registration Date** - 16.06.1995

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

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

(v) **Address of the Registered Office and Contact Details** - F-2/7, Okhla Industrial Area, Phase – I, New Delhi – 110 020; Tel: +91 11 41706720; E-mail: complianceofficer@rjcorp.in

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

(vii) **Name, Address and Contact Details of Registrar and Transfer Agent** - KFin Technologies Private Limited (formerly Karvy Fintech Private Limited), Selenium Tower B, Plot No. 31 and 32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500 032; Tel: +91 40 6716 2222; Fax: +91 40 2343 1551; Email: einward.ris@kfintech.com; Website: www.kfintech.com

II. Principal Business Activities of the Company

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Manufacturing of Beverages	1104	98.14%

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Varun Beverages (Nepal) Private Limited Sinamangal - 32, Koteshwar, Kathmandu, Nepal	NA	Subsidiary	100.00	2(87)
2.	Varun Beverages Morocco SA Z. I. Bouskoura, 27182, B.P.408, Casablanca, Morocco	NA	Subsidiary	100.00	2(87)
3.	Varun Beverages Lanka (Private) Limited No. 140, Low Level Road, Embulgama, Ranala, Sri Lanka	NA	Subsidiary	100.00	2(87)
4.	Ole Springs Bottlers (Private) Limited* No. 140, Low Level Road, Embulgama, Ranala, Sri Lanka	NA	Subsidiary	99.99	2(87)
5.	Varun Beverages (Zambia) Limited Plot number 37426, Mungwi Road, P.O. Box 30007, Lusaka, Zambia	NA	Subsidiary	90.00	2(87)
6.	Varun Beverages (Zimbabwe) (Private) Limited 1824, Corner Simon Mazorodze & St. George's, Ardbennie, Harare, Zimbabwe	NA	Subsidiary	85.00	2(87)
7.	Lunarmech Technologies Private Limited Flat No. 3089, Pocket -C3, Vasant Kunj, New Delhi -110070	U72900DL2009PTC190619	Subsidiary	55.04	2(87)

**Subsidiary of Varun Beverages Lanka (Private) Limited*

IV. Shareholding Pattern (Equity Share Capital Break up as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter & Promoter Group									
(1) Indian									
(a) Individual / HUF	116,502,724	0	116,502,724	40.36	111,757,524	0	111,757,524	38.71	(1.65)
(b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(c) State Govt(s).	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bodies Corporate	81,033,517	0	81,033,517	28.07	79,933,517	0	79,933,517	27.69	(0.38)
(e) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
(f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A)(1):-	**197,536,241**	**0**	**197,536,241**	**68.43**	**191,691,041**	**0**	**191,691,041**	**66.40**	**(2.03)**
(2) Foreign									
(a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A)(2):-	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	**197,536,241**	**0**	**197,536,241**	**68.43**	**191,691,041**	**0**	**191,691,041**	**66.40**	**(2.03)**
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	17,228,654	0	17,228,654	5.97	15,754,896	0	15,754,896	5.46	(0.51)
(b) Banks/FI	17,030	0	17,030	0.01	0	0	0	0.00	(0.01)
(c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(d) State Govt(s).	0	0	0	0.00	0	0	0	0.00	0.00
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f) Insurance Companies	0	0	0	0.00	116,762	0	116,762	0.04	0.04
(g) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify) - (i) Foreign Portfolio Investorss	55,868,365	0	55,868,365	19.35	59,051,372	0	59,051,372	20.46	1.11
ii) Alternate Investment Fund	974,229	0	974,229	0.34	1,052,225	0	1,052,225	0.36	0.02
Sub-total (B)(1):-	**74,088,278**	**0**	**74,088,278**	**25.67**	**75,975,255**	**0**	**75,975,255**	**26.32**	**0.65**
(2) Non- Institutions									
(a) Bodies Corporate									
i) Indian	2,747,718	0	2,747,718	0.95	6,772,624	0	6,772,624	2.35	1.40
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	7,489,734	291	7,490,025	2.59	6,416,511	291	6,416,802	2.22	(0.37)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	4,870,067	0	4,870,067	1.69	4,954,678	0	4,954,678	1.72	0.03
(c) Others (specify)									
i) Trusts	1,375	0	1,375	0.00	1,400	0	1,400	0.00	0.00
ii) NRIs	644,788	0	644,788	0.22	617,146	0	617,146	0.21	(0.01)
iii) NRIs (Non-Repatriation)	521,213	0	521,213	0.18	467,404	0	467,404	0.16	(0.02)
iv) Clearing Members	100,334	0	100,334	0.04	124,501	0	124,501	0.04	0.00
v) HUF	302,280	0	302,280	0.10	220,458	0	220,458	0.08	(0.02)
vi) Foreign Bodies	0	0	0	0.00	0	0	0	0.00	0.00
vii) NBFC	0	0	0	0.00	2,800	0	2,800	0.00	0.00
viii) Qualified Institutional Buyers	386,401	0	386,401	0.13	1,444,611	0	1,444,611	0.50	0.37
Sub-total (B)(2):-	**17,063,910**	**291**	**17,064,201**	**5.90**	**21,022,133**	**291**	**21,022,424**	**7.28**	**1.38**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**91,152,188**	**291**	**91,152,479**	**31.57**	**96,997,388**	**291**	**96,997,679**	**33.60**	**2.03**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**288,688,429**	**291**	**288,688,720**	**100.00**	**288,688,429**	**291**	**288,688,720**	**100.00**	**0.00**

(ii) Shareholding of Promoter & Promoter Group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
Promoters								
1.	Ravi Kant Jaipuria & Sons (HUF)	57,481,805	19.91	0.00	53,881,805	18.66	0.00	(1.25)
2.	Varun Jaipuria	50,663,250	17.55	0.00	50,663,250	17.55	0.00	0.00
3.	RJ Corp Limited	81,033,517	28.07	0.00	79,933,517	27.69	0.00	(0.38)
Promoter Group								
4.	Devyani Jaipuria	8,102,647	2.81	0.00	7,002,647	2.43	0.00	(0.38)
5.	Dhara Jaipuria	3,022	0.00	0.00	3,022	0.00	0.00	0.00
6.	Vivek Gupta	252,000	0.09	0.09	206,800	0.07	0.00	(0.02)
	Total	**197,536,241**	**68.43**	**0.09**	**191,691,041**	**66.40**	**0.00**	**(2.03)**

(iii) Change in Promoter and Promoter Group's Shareholding

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**Ravi Kant Jaipuria & Sons (HUF)**				
	At the beginning of the year	57,481,805	19.91		
	Increase / (Decrease) in Shareholding during the year				
	09/06/2020 (Transfer)	(2,100,000)	(0.73)	55,381,805	19.18
	26/06/2020 (Transfer)	(1,500,000)	(0.52)	53,881,805	18.66
	At the end of the year			**53,881,805**	**18.66**
2.	**Dhara Jaipuria**				
	At the beginning of the year	3,022	0.00		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**3,022**	**0.00**
3.	**Varun Jaipuria**				
	At the beginning of the year	50,663,250	17.55		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**50,663,250**	**17.55**
4.	**Devani Jaipuria**				
	At the beginning of the year	8,102,647	2.81		
	Increase / Decrease in Shareholding during the year				
	26/06/2020 (Transfer)	(1,100,000)	(0.38)	7,002,647	2.43
	At the end of the year			**7,002,647**	**2.43**
5.	**RJ Corp Limited**				
	At the beginning of the year	81,033,517	28.07		
	Increase / Decrease in Shareholding during the year				
	24/02/2020 (Transfer)	(1,100,000)	(0.38)	79,933,517	27.69
	At the end of the year			**79,933,517**	**27.69**
6.	**Vivek Gupta**				
	At the beginning of the year	252,000	0.09		
	Increase / Decrease in Shareholding during the year				
	13/03/2020 (Transfer)	(8,521)	(0.01)	243,479	0.08
	17/03/2020 (Transfer)	(200)	(0.00)	243,279	0.08
	20/03/2020 (Transfer)	(5,212)	(0.00)	238,067	0.08
	08/06/2020 (Transfer)	(12,512)	(0.00)	225,555	0.08
	09/06/2020 (Transfer)	(2,881)	(0.00)	222,674	0.08
	12/06/2020 (Transfer)	(11,000)	(0.01)	211,674	0.07
	15/06/2020 (Transfer)	(4,874)	(0.00)	206,800	0.07
	At the end of the year			**206,800**	**0.07**

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

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1. GOVERNMENT PENSION FUND GLOBAL				
At the beginning of the year	5,791,650	2.01		
Increase / Decrease in Shareholding during the year				
12/06/2020 (Transfer)	1,993,330	0.69	7,784,980	2.70
19/06/2020 (Transfer)	6,670	0.00	7,791,650	2.70
10/07/2020 (Transfer)	500,000	0.17	8,291,650	2.87
At the end of the year			**8,291,650**	**2.87**
2. NIPPON LIFE INDIA TRUSTEE LTD- A/C NIPPON INDIA MULTI ASSET FUND				
At the beginning of the year	6,352,607	2.20		
Increase / Decrease in Shareholding during the year				
03/01/2020 (Transfer)	690	0.00	6,353,297	2.20
10/01/2020 (Transfer)	60	0.00	6,353,357	2.20
17/01/2020 (Transfer)	1,173	0.00	6,354,530	2.20
24/01/2020 (Transfer)	897	0.00	6,355,427	2.20
24/01/2020 (Transfer)	(71,691)	(0.02)	6,283,736	2.18
31/01/2020 (Transfer)	(759)	(0.00)	6,282,977	2.18
07/02/2020 (Transfer)	1,186	0.00	6,284,163	2.18
14/02/2020 (Transfer)	161	0.00	6,284,324	2.18
21/02/2020 (Transfer)	(6,358)	(0.00)	6,277,966	2.17
28/02/2020 (Transfer)	326,000	0.11	6,603,966	2.29
28/02/2020 (Transfer)	(99)	(0.00)	6,603,867	2.29
06/03/2020 (Transfer)	115,889	0.04	6,719,756	2.33
13/03/2020 (Transfer)	378,551	0.13	7,098,307	2.46
20/03/2020 (Transfer)	71,074	0.02	7,169,381	2.48
20/03/2020 (Transfer)	(2,302)	(0.00)	7,167,079	2.48
27/03/2020 (Transfer)	288,701	0.10	7,455,780	2.58
27/03/2020 (Transfer)	(161)	(0.00)	7,455,619	2.58
31/03/2020 (Transfer)	1,219	0.00	7,456,838	2.58
03/04/2020 (Transfer)	200	0.00	7,457,038	2.58
10/04/2020 (Transfer)	84,603	0.03	7,541,641	2.61
17/04/2020 (Transfer)	800	0.00	7,542,441	2.61
17/04/2020 (Transfer)	(20)	(0.00)	7,542,421	2.61
24/04/2020 (Transfer)	46	0.00	7,542,467	2.61
01/05/2020 (Transfer)	(644)	(0.00)	7,541,823	2.61
08/05/2020 (Transfer)	56	0.00	7,541,879	2.61
15/05/2020 (Transfer)	2,769	0.00	7,544,648	2.61
22/05/2020 (Transfer)	391	0.00	7,545,039	2.61
29/05/2020 (Transfer)	184	0.00	7,545,223	2.61
05/06/2020 (Transfer)	150,000	0.05	7,695,223	2.67
05/06/2020 (Transfer)	(414)	(0.00)	7,694,809	2.67
12/06/2020 (Transfer)	100,046	0.03	7,794,855	2.70

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
19/06/2020 (Transfer)	(30,207)	(0.01)	7,764,648	2.69
26/06/2020 (Transfer)	(966)	(0.00)	7,763,682	2.69
30/06/2020 (Transfer)	(5,106)	(0.00)	7,758,576	2.69
03/07/2020 (Transfer)	121	0.00	7,758,697	2.69
10/07/2020 (Transfer)	(325,809)	(0.11)	7,432,888	2.57
17/07/2020 (Transfer)	(100,828)	(0.03)	7,332,060	2.54
24/07/2020 (Transfer)	(33)	(0.00)	7,332,027	2.54
31/07/2020 (Transfer)	65,810	0.02	7,397,837	2.56
31/07/2020 (Transfer)	(552)	(0.00)	7,397,285	2.56
07/08/2020 (Transfer)	(8,316)	(0.00)	7,388,969	2.56
14/08/2020 (Transfer)	29,400	0.01	7,418,369	2.57
14/08/2020 (Transfer)	(23)	(0.00)	7,418,346	2.57
21/08/2020 (Transfer)	(1,586)	(0.00)	7,416,760	2.57
28/08/2020 (Transfer)	83,032	0.03	7,499,792	2.60
28/08/2020 (Transfer)	(50,368)	(0.02)	7,449,424	2.58
04/09/2020 (Transfer)	7,089	0.00	7,456,513	2.58
11/09/2020 (Transfer)	25,000	0.01	7,481,513	2.59
11/09/2020 (Transfer)	(438)	(0.00)	7,481,075	2.59
18/09/2020 (Transfer)	85,802	0.03	7,566,877	2.62
25/09/2020 (Transfer)	805	0.00	7,567,682	2.62
30/09/2020 (Transfer)	612	0.00	7,568,294	2.62
02/10/2020 (Transfer)	(391)	(0.00)	7,567,903	2.62
09/10/2020 (Transfer)	30,000	0.01	7,597,903	2.63
09/10/2020 (Transfer)	(782)	(0.00)	7,597,121	2.63
16/10/2020 (Transfer)	40,322	0.01	7,637,443	2.65
23/10/2020 (Transfer)	137	0.00	7,637,580	2.65
30/10/2020 (Transfer)	460	0.00	7,638,040	2.65
06/11/2020 (Transfer)	179	0.00	7,638,219	2.65
13/11/2020 (Transfer)	(299)	(0.00)	7,637,920	2.65
27/11/2020 (Transfer)	32	0.00	7,637,952	2.65
04/12/2020 (Transfer)	69	0.00	7,638,021	2.65
04/12/2020 (Transfer)	(230,859)	(0.08)	7,407,162	2.57
11/12/2020 (Transfer)	(81,622)	(0.03)	7,325,540	2.54
18/12/2020 (Transfer)	(45,000)	(0.02)	7,280,540	2.52
25/12/2020 (Transfer)	92	0.00	7,280,632	2.52
25/12/2020 (Transfer)	(47,265)	(0.02)	7,233,367	2.51
At the end of the year			**7,233,367**	**2.51**
3. STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL				
At the beginning of the year	5,307,654	1.84		
Increase / Decrease in Shareholding during the year				
17/01/2020 (Transfer)	(9,874)	0.00	5,297,780	1.84
24/01/2020 (Transfer)	(4,610)	0.00	5,293,170	1.83
07/02/2020 (Transfer)	(14,038)	0.00	5,279,132	1.83
14/02/2020 (Transfer)	(83,929)	(0.03)	5,195,203	1.80

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
21/02/2020 (Transfer)	(14,868)	(0.01)	5,180,335	1.79
28/02/2020 (Transfer)	(183,891)	(0.06)	4,996,444	1.73
06/03/2020 (Transfer)	(91,024)	(0.03)	4,905,420	1.70
20/03/2020 (Transfer)	(26,043)	(0.01)	4,879,377	1.69
25/09/2020 (Transfer)	91,078	0.03	4,970,455	1.72
30/09/2020 (Transfer)	41,286	0.01	5,011,741	1.74
02/10/2020 (Transfer)	9,602	0.00	5,021,343	1.74
09/10/2020 (Transfer)	109,872	0.04	5,131,215	1.78
16/10/2020 (Transfer)	18,162	0.01	5,149,377	1.78
30/10/2020 (Transfer)	280,000	0.10	5,429,377	1.88
06/11/2020 (Transfer)	198,000	0.07	5,627,377	1.95
13/11/2020 (Transfer)	132,000	0.05	5,759,377	2.00
20/11/2020 (Transfer)	270,000	0.09	6,029,377	2.09
11/12/2020 (Transfer)	189,000	0.07	6,218,377	2.15
18/12/2020 (Transfer)	91,000	0.03	6,309,377	2.19
At the end of the year			**6,309,377**	**2.19**
4. NORDEA 1 - ASIAN STARS EQUITY FUND				
At the beginning of the year	3,082,198	1.07		
Increase / Decrease in Shareholding during the year				
07/02/2020 (Transfer)	39,480	0.01	3,121,678	1.08
20/03/2020 (Transfer)	(41,715)	(0.01)	3,079,963	1.07
27/03/2020 (Transfer)	(164,472)	(0.06)	2,915,491	1.01
01/05/2020 (Transfer)	6,780	0.00	2,922,271	1.01
01/05/2020 (Transfer)	(23,499)	(0.01)	2,898,772	1.00
08/05/2020 (Transfer)	(194,175)	(0.07)	2,704,597	0.94
22/05/2020 (Transfer)	(15,276)	(0.01)	2,689,321	0.93
29/05/2020 (Transfer)	(60,959)	(0.02)	2,628,362	0.91
05/06/2020 (Transfer)	60,959	0.02	2,689,321	0.93
10/07/2020 (Transfer)	7,322	0.00	2,696,643	0.93
17/07/2020 (Transfer)	6,290	0.00	2,702,933	0.94
31/07/2020 (Transfer)	10,701	0.00	2,713,634	0.94
04/09/2020 (Transfer)	49,821	0.02	2,763,455	0.96
11/09/2020(Transfer)	118,000	0.04	2,881,455	1.00
18/09/2020 (Transfer)	201,927	0.07	3,083,382	1.07
25/09/2020 (Transfer)	(11,913)	0.00	3,071,469	1.06
16/10/2020 (Transfer)	325,751	0.11	3,397,220	1.18
23/10/2020 (Transfer)	212,347	0.07	3,609,567	1.25
13/11/2020 (Transfer)	1,430,988	0.50	5,040,555	1.75
11/12/2020 (Transfer)	66,000	0.02	5,106,555	1.77
18/12/2020 (Transfer)	269,150	0.09	5,375,705	1.86
25/12/2020 (Transfer)	9,117	0.00	5,384,822	1.87
At the end of the year			**5,384,822**	**1.87**

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5. SUNDARAM MUTUAL FUND A/C SUNDARAM BLUE CHIP FUND				
At the beginning of the year	5,503,952	1.91		
Increase / Decrease in Shareholding during the year				
03/01/2020 (Transfer)	(21,362)	(0.01)	5,482,590	1.90
10/01/2020 (Transfer)	(22,742)	(0.01)	5,459,848	1.89
24/01/2020 (Transfer)	(45,964)	(0.02)	5,413,884	1.88
31/01/2020 (Transfer)	(16,349)	(0.01)	5,397,535	1.87
07/02/2020 (Transfer)	(6,882)	0.00	5,390,653	1.87
14/02/2020 (Transfer)	(75,804)	(0.03)	5,314,849	1.84
28/02/2020 (Transfer)	5,572	0.00	5,320,421	1.84
06/03/2020 (Transfer)	43,961	0.02	5,364,382	1.86
06/03/2020 (Transfer)	(33,076)	(0.01)	5,331,306	1.85
20/03/2020 (Transfer)	36,439	0.01	5,367,745	1.86
20/03/2020 (Transfer)	(20,000)	(0.01)	5,347,745	1.85
10/04/2020 (Transfer)	26,000	0.01	5,373,745	1.86
17/04/2020 (Transfer)	5,000	0.00	5,378,745	1.86
24/04/2020 (Transfer)	(9,536)	0.00	5,369,209	1.86
01/05/2020 (Transfer)	(5,000)	0.00	5,364,209	1.86
29/05/2020 (Transfer)	10,108	0.00	5,374,317	1.86
10/07/2020 (Transfer)	(156,434)	(0.05)	5,217,883	1.81
17/07/2020 (Transfer)	(264,263)	(0.09)	4,953,620	1.72
24/07/2020 (Transfer)	(157,292)	(0.05)	4,796,328	1.66
31/07/2020 (Transfer)	(70,690)	(0.02)	4,725,638	1.64
14/08/2020 (Transfer)	(72,380)	(0.03)	4,653,258	1.61
28/08/2020 (Transfer)	(29,194)	(0.01)	4,624,064	1.60
04/09/2020 (Transfer)	(4,668)	0.00	4,619,396	1.60
11/09/2020 (Transfer)	(64,458)	(0.02)	4,554,938	1.58
02/10/2020 (Transfer)	(849)	0.00	4,554,089	1.58
09/10/2020 (Transfer)	(30,432)	(0.01)	4,523,657	1.57
16/10/2020 (Transfer)	(107,528)	(0.04)	4,416,129	1.53
23/10/2020 (Transfer)	(29,059)	(0.01)	4,387,070	1.52
06/11/2020 (Transfer)	45,652	0.02	4,432,722	1.54
13/11/2020 (Transfer)	17,699	0.01	4,450,421	1.54
13/11/2020 (Transfer)	(27,500)	(0.01)	4,422,921	1.53
20/11/2020 (Transfer)	(7,500)	0.00	4,415,421	1.53
27/11/2020 (Transfer)	(5,000)	0.00	4,410,421	1.53
04/12/2020 (Transfer)	(1,000)	0.00	4,409,421	1.53
11/12/2020 (Transfer)	(84,445)	(0.03)	4,324,976	1.50
18/12/2020 (Transfer)	(31,659)	(0.01)	4,293,317	1.49
25/12/2020 (Transfer)	(30,262)	(0.01)	4,263,055	1.48
31/12/2020 (Transfer)	(25,005)	(0.01)	4,238,050	1.47
At the end of the year			**4,238,050**	**1.47**
6. TATA BALANCED ADVANTAGE FUND				
At the beginning of the year	4,323,827	1.50		
Increase / Decrease in Shareholding during the year				

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
17/01/2020 (Transfer)	150,000	0.05	4,473,827	1.55
17/01/2020 (Transfer)	(150,000)	(0.05)	4,323,827	1.50
31/01/2020 (Transfer)	(52,011)	(0.02)	4,271,816	1.48
21/02/2020 (Transfer)	(145,000)	(0.05)	4,126,816	1.43
28/02/2020 (Transfer)	(21,500)	(0.01)	4,105,316	1.42
20/03/2020 (Transfer)	(1,588,258)	(0.55)	2,517,058	0.87
28/08/2020 (Transfer)	(14,000)	0.00	2,503,058	0.87
09/10/2020 (Transfer)	200,000	0.07	2,703,058	0.94
13/11/2020 (Transfer)	20,000	0.01	2,723,058	0.94
11/12/2020 (Transfer)	(70,641)	(0.02)	2,652,417	0.92
18/12/2020 (Transfer)	(150,000)	(0.05)	2,502,417	0.87
25/12/2020 (Transfer)	10,000	0.00	2,512,417	0.87
At the end of the year			**2,512,417**	**0.87**
7. SMALLCAP WORLD FUND, INC				
At the beginning of the year	9,289,129	3.22		
Increase / Decrease in Shareholding during the year				
03/01/2020 (Transfer)	(12,462)	(0.00)	9,276,667	3.21
10/01/2020 (Transfer)	(73,168)	(0.03)	9,203,499	3.19
17/01/2020 (Transfer)	(229,225)	(0.08)	8,974,274	3.11
24/01/2020 (Transfer)	(46,342)	(0.02)	8,927,932	3.09
07/02/2020 (Transfer)	188,875	0.07	9,116,807	3.16
28/02/2020 (Transfer)	135,400	0.05	9,252,207	3.20
06/03/2020 (Transfer)	(227,541)	(0.08)	9,024,666	3.13
13/03/2020 (Transfer)	(272,459)	(0.09)	8,752,207	3.03
27/03/2020 (Transfer)	50,128	0.02	8,802,335	3.05
31/03/2020 (Transfer)	161,096	0.06	8,963,431	3.10
15/05/2020 (Transfer)	168,310	0.06	9,131,741	3.16
22/05/2020 (Transfer)	95,579	0.03	9,227,320	3.20
10/07/2020 (Transfer)	218,065	0.08	9,445,385	3.27
18/09/2020 (Transfer)	(354,183)	(0.12)	9,091,202	3.15
25/09/2020 (Transfer)	(54,736)	(0.02)	9,036,466	3.13
30/09/2020 (Transfer)	(1,047,337)	(0.36)	7,989,129	2.77
02/10/2020 (Transfer)	(61,639)	(0.02)	7,927,490	2.75
09/10/2020 (Transfer)	(165,706)	(0.06)	7,761,784	2.69
16/10/2020 (Transfer)	(1,244,758)	(0.43)	6,517,026	2.26
23/10/2020 (Transfer)	(786,290)	(0.27)	5,730,736	1.99
30/10/2020 (Transfer)	(235,000)	(0.08)	5,495,736	1.90
06/11/2020 (Transfer)	(2,362,842)	(0.82)	3,132,894	1.09
20/11/2020 (Transfer)	(156,200)	(0.05)	2,976,694	1.03
27/11/2020 (Transfer)	(131,985)	(0.05)	2,844,709	0.99
04/12/2020 (Transfer)	(507,631)	(0.18)	2,337,078	0.81
18/12/2020 (Transfer)	(161,530)	(0.06)	2,175,548	0.75
At the end of the year			**2,175,548**	**0.75**

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
8. AMERICAN FUNDS DEVELOPING WORLD GROWTH AND INCOME FUND				
At the beginning of the year	2,128,768	0.74		
Increase / Decrease in Shareholding during the year				
17/01/2020 (Transfer)	280,156	0.10	2,408,924	0.83
26/06/2020 (Transfer)	(155,057)	(0.05)	2,253,867	0.78
30/06/2020 (Transfer)	(107,866)	(0.04)	2,146,001	0.74
21/08/2020 (Transfer)	(115,851)	(0.04)	2,030,150	0.70
At the end of the year			**2,030,150**	**0.70**
9. CAISSE DE DEPOT ET PLACEMENT DU QUEBEC-ENAM ASSET				
At the beginning of the year	1,000,000	0.35		
Increase / Decrease in Shareholding during the year				
21/08/2020 (Transfer)	250,000	0.09	1,250,000	0.43
20/11/2020 (Transfer)	500,000	0.18	1,750,000	0.61
At the end of the year			**1,750,000**	**0.61**
10. KIFS TRADE CAPITAL PRIVATE LIMITED				
At the beginning of the year	0	0.00		
Increase / Decrease in Shareholding during the year				
04/09/2020 (Transfer)	114,500	0.04	114,500	0.04
30/09/2020 (Transfer)	500,000	0.17	614,500	0.21
02/10/2020 (Transfer)	110,500	0.04	725,000	0.25
16/10/2020 (Transfer)	(610,500)	(0.21)	114,500	0.04
23/10/2020 (Transfer)	(114,500)	(0.04)	0	0.00
30/10/2020 (Transfer)	875,000	0.30	875,000	0.30
13/11/2020 (Transfer)	700,000	0.25	1,575,000	0.55
At the end of the year			**1,575,000**	**0.55**

Notes:

(a) List of top 10 shareholders were taken as on 31.12.2020. The increase / (decrease) in shareholding as stated above is based on details of benefical ownership furnished by the depository.

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

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**Mr. Ravi Jaipuria, Non-executive Chairman**				
	At the beginning of the year	Nil	Nil		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**Nil**	**Nil**
2.	**Mr. Varun Jaipuria, Whole-time Director**				
	At the beginning of the year	50,663,250	17.55		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**50,663,250**	**17.55**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3.	**Mr. Raj Gandhi, Whole-time Director**				
	At the beginning of the year	611,250	0.21		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**611,250**	**0.21**
4.	**Mr. Kapil Agarwal, Whole-time Director & Chief Executive Officer**				
	At the beginning of the year	410,464	0.14		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**410,464**	**0.14**
5.	**Mr. Rajinder Jeet Singh Bagga, Whole-time Director**				
	At the beginning of the year	129,750	0.04		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**129,750**	**0.04**
6.	**Dr. Naresh Trehan, Independent Director**				
	At the beginning of the year	Nil	Nil		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**Nil**	**Nil**
7.	**Dr. Ravi Gupta, Independent Director**				
	At the beginning of the year	Nil	Nil		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**Nil**	**Nil**
8.	**Mr. Pradeep Sardana, Independent Director**				
	At the beginning of the year	1,287	0.00		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**1,287**	**0.00**
9.	**Ms. Rashmi Dhariwal, Independent Director**				
	At the beginning of the year	Nil	Nil		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**Nil**	**Nil**
10.	**Ms. Sita Khosla, Independent Director**				
	At the beginning of the year	Nil	Nil		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**Nil**	**Nil**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
11.	**Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary**				
	At the beginning of the year	Nil	Nil		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**Nil**	**Nil**
12.	**Mr. Vikas Bhatia, Chief Financial Officer**				
	At the beginning of the year	8,800	0.00		
	Increase / Decrease in Shareholding during the year	-	-		
	At the end of the year			**8,800**	**0.00**

Note: *Figures under () denotes sale while other denotes purchase.*

V. Indebtedness

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

(₹ in million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	30,008.37	2,000.00	-	**32,008.37**
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	127.61	-	-	127.61
Total (i+ii+iii)	**30,135.98**	**2,000.00**	-	**32,135.98**
Change in Indebtedness during the financial year				
• Addition	13,238.54	1,000.00	-	14,238.54
• Reduction	(13,957.14)	(2,000.00)	-	(15,957.14)
• Others*	136.44	-	-	136.44
Net Change	**(582.16)**	**(1,000.00)**	**-**	**(1,582.16)**
Indebtedness at the end of the financial year				
(i) Principal Amount	29,471.13	1,000.00	-	30,471.13
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	82.69	-	-	82.69
Total (i+ii+iii)	**29,553.82**	**1,000.00**	**-**	**30,553.82**

**Includes impact of fair value changes and exchange fluctuation.*

Note: *Working capital facilities are taken on net basis.*

VI. Remuneration of Directors and Key Managerial Personnel

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

(₹ in million)

Sl. No.	Particulars of Remuneration	Mr. Varun Jaipuria, Whole-time Director	Mr. Raj Gandhi, Whole-time Director	Mr. Kapil Agarwal, Whole-time Director & Chief Executive Officer	Mr. Rajinder Jeet Singh Bagga, Whole-time Director	Total Amount
1.	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	43.65	41.56	68.31	31.55	185.07
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	0.04	0.04	0.03	0.04	0.15
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.00	0.00	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00	0.00	0.00
4.	Commission					
	- as % of profit	0.00	0.00	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00	0.00	0.00
5.	Others, please specify	0.00	0.00	0.00	0.00	0.00
	Total (A)	**43.69**	**41.60**	**68.34**	**31.59**	**185.22**
	Ceiling as per the Act	₹ 199.21 Million (being 10% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013)				

Note: *Remuneration of Mr. Varun Jaipuria includes incentive of ₹ 2.23 million during the Financial Year 2020.*

B. Remuneration to other Directors (Non-executive Directors including Independent Directors):

(₹ in million)

Sl. No.	Particulars of Remuneration	Dr. Ravi Gupta	Mr. Pradeep Sardana	Ms. Rashmi Dhariwal	Ms. Sita Khosla	Total Amount
1.	Fee for attending Board/Committee Meetings	1.00	0.40	1.30	0.90	3.60
2.	Commission	0.00	0.00	0.00	0.00	0.00
3.	Others, please specify	0.00	0.00	0.00	0.00	0.00
	Total (B)	**1.00**	**0.40**	**1.30**	**0.90**	**3.60**
	Total Managerial Remuneration (A+B)	**₹ 188.82 Million**				
	Overall Ceiling as per the Act	₹ 219.13 Million (being 11% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013)				

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

(₹ in million)

Sl. No.	Particulars of Remuneration	Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary	Mr. Vikas Bhatia, Chief Financial Officer	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	9.13	22.53	31.66
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission	0.00	0.00	0.00
	- as % of profit	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00
5.	Others, please specify	0.00	0.00	0.00
	Total	**9.13**	**22.53**	**31.66**

VII. Penalties / Punishment / Compounding of offences

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

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

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 16, 2021
Place: Gurugram

Management Discussion & Analysis

Economic Overview & Outlook

Global Economy

In the year 2020, worldwide economies and various industries across the international markets faced an unprecedented situation brought upon by the outbreak of the COVID-19 pandemic. The disruption due to the spread of the COVID-19 virus triggered one of the most pronounced contractions witnessed by global economies in modern times. Lockdowns and border closures across key global markets paralyzed economic activities, halted production processes and stunted business operations in most key markets. Global trade was impacted by a significant margin in the first half of the year. As per IMF estimates, global economy contracted by 3.5% in 2020[1].

Indian Economy

Over the last few years, India has evolved as one of the world's fastest growing major economies. However, the outbreak of the COVID-19 pandemic in March 2020 along with the subsequent actions to contain the spread of the virus, such as stringent lockdown measures and restrictions on logistics across states severely disrupted economic activities. This, in combination with derailed consumer demand and supply chain issues, resulted in a significant slowdown for the economy in the first half of the calendar year 2020. However, staggered unlocking measures from May/June 2020 onwards brought initial signs of normalcy in the domestic markets. In addition, a combination of improving high-frequency macro & micro indicators coupled with healthy crop-cycles, widespread monsoon and rural demand are pointing towards recovery in the Indian economy. The Indian economy is further expected to pick up momentum in the year 2021. As per the IMF, India is likely to bounce back with an 11.5% growth rate in fiscal year 2021, thus re-establishing the position of the fastest growing emerging economy[1].

Soft Drinks Market Overview & Outlook

In the beginning of 2020, the domestic soft drinks market witnessed improved consumption and reported broad-based growth across categories. However, in March 2020, the widening spread of the COVID-19 virus led to significant uncertainty across the domestic and global markets. Lockdown measures and restrictions caused unparalleled disruption across economic and business activities in India, thus impacting overall demand and consumption in markets, especially in the key season of summer. In addition, severe supply chain issues impacted soft drink volumes during the first half of 2020.

The lockdown period also saw significant shift in consumer purchase patterns. Although at-home consumption increased, out-of-home consumption which historically contributes to higher volumes, was notably impacted during the first phase of the lockdown. However, as lockdown restrictions were relaxed gradually, there were notable changes in purchase patterns of consumers from basic necessities to items such as beverages, snacks, processed foods and ice-creams. This resulted in elevated sales for at-home consumption across regions.

Towards the latter half of the year 2020, the country witnessed healthy recovery in demand, particularly in rural and semi-urban areas, which resulted in improved momentum. Going forward, the soft drinks industry in India is expected to report normalized growth across categories. The main segments constituting the soft drinks market in India are carbonates, juices and bottled water. In value terms, carbonates is the largest category.

Key Growth Drivers & Opportunities

The soft drink consumption in India is on a steady growth trajectory. Rising young population, low per capita consumption, improving retail penetration across semi-urban and rural markets, better agro-economics and rising trend of at-home consumption makes it an attractive growth market. The Indian soft drinks industry has a huge potential and there are several key drivers that influence growth in the industry which include:

Demographic Profile: India is a young country with individuals below the age of 30 years accounting for majority of the overall population, which provides the country with a large workforce to support economic growth.

Rising Affordability and Urbanization: With more than 50% of India's population falling under the working age category, there has been a rise in disposable income leading to a substantial change in the spending patterns. Also, the increasing trend of women workforce in India has led to an increase in the disposable income of families, thus resulting in higher household consumption. Given

[1] Source: World Economic Outlook Update - January 2021 (IMF)

the changing population demographics, higher spending capacity of young consumers, rapid urbanization and growing rural consumption are expected to drive consumption of soft drinks in India.

Improving Trend in Consumer Purchase Pattern: Over the years, the country has seen a steady increase in the consumption of carbonated beverages and juices with sale of packaged goods gaining strong traction. Although the per capita consumption in India is relatively low as compared to other global markets, evolving factors such as favorable demographics, growing number of young consumers, rapid urbanization and growing rural consumption are expected to drive consumption of soft drinks in India.

Uptick in Rural Demand & Electrification: Rural sentiment is expected to maintain healthy momentum with good monsoons and better agro-economics, boding well for the overall economic revival. While the urban areas have historically yielded higher volume offtake, there is now a sense of strong demand emanating from rural markets. In addition, 100% electrification of all villages in India along with improving quality of electricity supply will help enhance penetration of cooling infrastructure in these regions, thereby supporting growth of the industry.

Innovative Offerings: A large young population is driving demand for new and innovative flavors in India. In sync with these trends, the industry is continuously focused on expanding its product offerings and launching new and innovative offerings and new packaging solutions.

Location: Majority of the Indian population reside in hot and dry climatic or temperate regions. This is expected to sustainably drive consumption of soft drinks in the foreseeable future.

Business Overview – A Key Player in the Beverage Industry

VBL Presence

Varun Beverages Limited (“VBL” or the “Company”) is a key player in the beverage industry. The Company’s operations span across 6 countries – 3 in the Indian Subcontinent (India, Sri Lanka, Nepal), which contributed ~81% to total revenue, and 3 in Africa (Morocco, Zambia, Zimbabwe), which contributed ~19% of revenue in CY20.

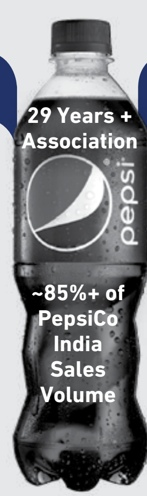
Symbiotic Relationship with PepsiCo

The Company enjoys a strategic, symbiotic and longstanding association with PepsiCo spanning 29 years, since their entry in India, accounting for 85%+ of their sales volumes in India. VBL manufactures, markets and distributes PepsiCo owned products, which include carbonated soft drinks, carbonated juices, juice-based beverages, energy drinks and packaged bottled water, through its vast manufacturing facilities and well-established distribution network. The various PepsiCo brands manufactured and distributed by VBL include Pepsi, Pepsi Black, Diet Pepsi, Pepsi Max, Mirinda Lemon, Mirinda Orange, Mountain Dew, Mountain Dew Ice, Slice Fizzy, Seven-Up, Seven-Up Nimbooz Masala Soda, Teem, Sting, Evervess, Tropicana Slice, Tropicana Juices (100%, Delight and Essentials), Seven-Up Nimbooz, Gatorade, as well as packaged drinking water under the brand Aquafina.

The Company has developed strong sales teams that work closely with PepsiCo to develop and implement local advertising and marketing strategies. Franchise rights have also been given to the Company for various PepsiCo products across 27 States and 7 Union Territories in India as well as international territories of Nepal, Sri Lanka, Morocco, Zambia, and Zimbabwe.

VBL – Demand Delivery

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



PepsiCo – Demand Creation

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

Business Model

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

VBL has vast experience in managing the distribution of soft drinks, involving complex logistics and packaging of products. While business operations in each market is similar, each territory and sub-territory presents specific operational challenges, varying from steady electricity supply and refrigeration and cooling equipment, logistics infrastructure as well as the demographic profile and general socio-economic conditions in the relevant market.

The Company boasts of a solid and well-entrenched distribution network covering urban, semi-urban and rural markets, addressing demands of a wide range of consumers. The distribution network is strategically located to maximize market penetration across licensed sub-territories in India, with an increased focus on higher growth markets such as semi-urban and rural sub-territories. The Company's solid production capabilities and distribution network enables it to effectively respond to competitive pressures, market demand and evolving consumer preferences across targeted territories. As of December 31, 2020, the Company has 31 state-of-the-art manufacturing facilities in India and 6 overseas. Further, it has a robust supply chain with 90+ owned depots, 2,500+ owned vehicles, 1,500+ primary distributors. Presently, it has 800,000+ visi-coolers across various markets.

VBL has undertaken a number of strategic initiatives towards improving operational excellence. These include backward integration of its production processes and centralized sourcing of raw materials. The Company has established backward integration facilities for production of preforms, crowns, plastic closures, corrugated boxes, corrugated pads, plastic crates and shrink-wrap films in certain facilities to ensure operational efficiencies and high-quality standards.

With its committed and knowledgeable sales staff, the organization focuses on driving growth and expanding market share across categories through various customer push strategies in licensed territories. It undertakes local level promotion, in-store activations, customer relation management, merchandizing, individual account management and evaluation of high demand region for strategic placement of vending machines and visi-coolers.

Over the years, VBL has expanded its operations in India through the acquisition of additional territories from PepsiCo as well as previously franchised territories.

Key Business Developments – 2020

COVID-19 Impact on Business Operations:

In light of the COVID-19 pandemic and disruptions in the macro-economic environment, the Company outlined the following focus areas during the year to minimize the impact of the macro-environment on its business operations:

Health & Safety:

- One of the key focus areas for the management was undertaking all necessary measures to ensure safety and well-being of its employees, business partners, communities and to safeguard the interests of its customers and distributors to the best possible extent during the unprecedented times.

Manufacturing Facilities:

- As per the relaxations provided by the Government of India for essential services particularly, packaged food and beverages, VBL received the requisite permissions from respective state governments to operate certain production facilities during the lockdown period.
- While these units were operating at a lower utilization level during the lockdown, as of December 31, 2020, all the manufacturing facilities are operating at normal levels.
- The Company continues to undertake all necessary measures to ensure and maintain the highest standards of hygiene and social distancing norms at its plants and corporate office.

Distribution:

- The VBL teams were actively in contact with all its distributors in order to ensure streamlined deliveries and supplies during the lockdown period.
- VBL's business model consisting of owned logistics, supply chain systems and end-to-end infrastructure facilities provided adequate cushion to its business operations despite an industry-wide supply chain disruption in the country.

Debt Obligations:

- Despite the impact of the pandemic, the Company did not avail moratorium for its debt repayments and has been timely servicing all its debt obligations.

Awards & Accolades:

- Winner of bottler of the year, 2019 by PepsiCo in AMESA sector (Africa, Middle East and South Asia) received in 2020.

- Winner of Best FMCG Corporate Governance India 2020 awarded by Capital Finance International.

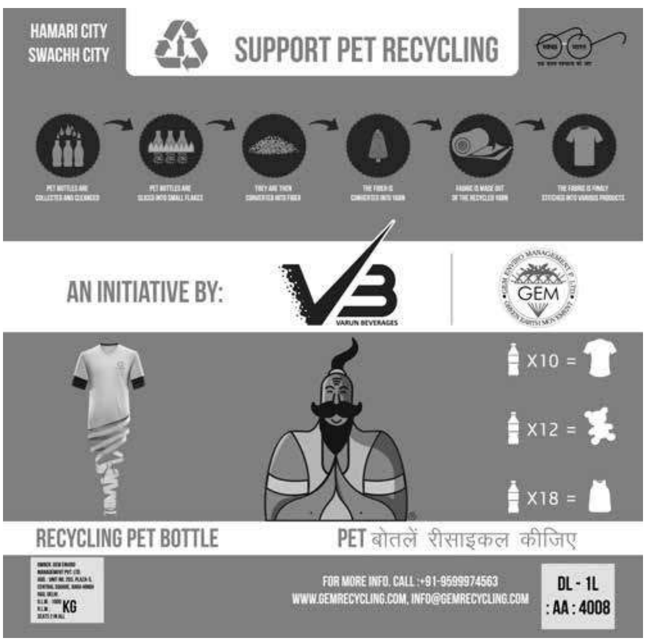
Dividend Payout:

- For CY20, in line with the guidelines of dividend policy, the Board of Directors recommended a dividend of ₹ 2.50/- per share, resulting in cash outflow of ₹ 721.7 million.

  For details on dividend distribution policy, please refer to the Company's website at www.varunpepsi.com.

Sustainability Initiatives

PET Recycling:



- VBL consumed ~ 66,000 MT PET resin as packaging material for its finished product in CY20. These are high quality food grade virgin PET chips which can be easily recycled to make various products for diverse industries and end uses.

- VBL has engaged with GEM Enviro Management Pvt. Ltd. for phased implementation of 100% recycling of used PET bottles through collection from end users by placing dustbins / reverse vending machines, direct collection from Institutions (Hotels, Banquet Halls, Exhibitions, etc.) and spreading awareness through workshops.

- GEM Enviro Management Pvt. Ltd., a Delhi based Central Pollution Control Board recognized PRO (Producer Responsible Organization) company specializes in a) collection and recycling of packaging waste & b) promotion of recycled green products like TShirts, bags etc. made from recycling of waste material such as used PET bottles.

- During the year CY20, 43,700+ MT of PET waste was recycled (~66% of PET resin consumed).

Water Positive Balance:

- VBL engaged TÜV India Pvt. Ltd. for Company's water footprint assurance, wherein, water mass balance and its various initiatives towards water conservation and water recharge were verified.

- About TÜV NORD Group: Founded in the year 1869, TÜV NORD was established as an industrial self-control organization for providing independent, neutral third party services. With a current workforce of over 14,000 employees across 70 countries globally, the TÜV NORD GROUP is one of the world's largest inspection, certification & testing organizations.

- The scope of audit covered 31 manufacturing plants of VBL in India. Key water conservation initiatives included rainwater harvesting, ponds adoption, development & maintenance, waste water management on the principles of reduce, reuse and recycle, for optimal water consumption.

- Lockdown restrictions due to the COVID-19 pandemic resulted in decline in sales volumes and consequently, the water consumption in CY20 is lower than previous year. Hence, the water recharge ratio is higher than usual.

- The key findings from the report, as follows:

Parameter	Jan '20-Dec '20 (Audited)	Jan '19-Dec '19 (Audited)
Water consumption	3.68 mn KL	4.12 mn KL
Water recharge	10.19 mn KL	7.22 mn KL
Water recharge ratios	2.8x	1.8x
No. of ponds adopted	108	103
No. of trees planted	29,000+	26,500+

Financial Summary

Profit & Loss

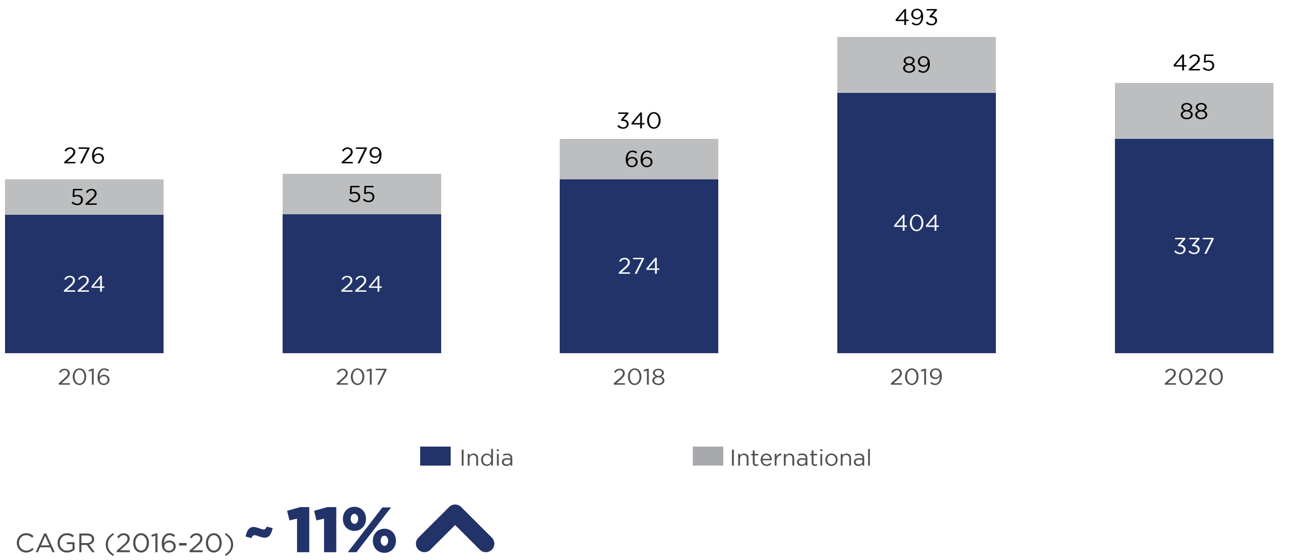
Particulars (₹ million)	CY20	CY19	Y-o-Y (%)
1. Income			
(a) Revenue from operations	65,557.9	72,484.6	-9.6%
(b) Excise Duty	1,056.5	1,188.8	-11.1%
Net Revenues	**64,501.4**	**71,295.8**	**-9.5%**
(c) Other income	369.7	425.3	-13.1%
2. Expenses			
(a) Cost of materials consumed	26,885.1	29,395.6	-8.5%
(b) Purchase of stock-in-trade	925.9	4,237.3	-78.1%
(c) Changes in inventories of FG, WIP and stock-in-trade	(171.6)	(1,438.6)	88.1%
(d) Employee benefits expense	8,897.4	8,108.2	9.7%
(e) Finance costs	2,811.0	3,096.4	-9.2%
(f) Depreciation and amortisation expense	5,287.0	4,886.3	8.2%
(g) Other expenses	15,946.0	16,516.8	-3.5%
Total expenses	**60,580.8**	**64,802.0**	**-6.5%**
EBITDA	**12,018.6**	**14,476.5**	**-17.0%**
3. Profit/(loss) before tax and share of profit in associate (1-2)	4,290.3	6,919.1	-38.0%
4. Share of profit in associate	-	43.6	
5. Exceptional items	665.3	-	
6. Profit (Loss) before tax (3+4-5)	3,625.0	6,962.7	-47.9%
7. Tax expense	52.3	2,240.7	-97.7%
8. Net profit (loss) for the period (6-7)	3,572.7	4,722.0	-24.3%

Balance Sheet

Particulars (₹ million)	31-Dec-20	31-Dec-19
Equity and liabilities		
Equity		
(a) Equity share capital	2,886.9	2,886.9
(b) Other equity	32,353.1	30,397.3
(c) Non-controlling interest	647.9	306.8
Total equity	**35,887.9**	**33,591.0**
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	19,796.2	23,553.8
(ii) Other financial liabilities	244.4	-
(b) Provisions	2,039.1	1,703.4
(c) Deferred tax liabilities (Net)	2,259.4	2,825.1
(d) Other non-current liabilities	7.3	8.2
Total non-current liabilities	**24,346.4**	**28,090.5**
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	7,138.6	4,671.5
(ii) Trade payables	5,113.9	4,776.6
(iii) Other financial liabilities	8,543.5	10,258.1
(b) Other current liabilities	3,182.9	2,044.9
(c) Provisions	331.7	299.8
(d) Current tax liability	38.9	152.0
Total current liabilities	**24,349.5**	**22,202.9**
Total liabilities	**48,695.9**	**50,293.4**
Total equity and liabilities	**84,583.8**	**83,884.4**

Particulars (₹ million)	31-Dec-20	31-Dec-19
Assets		
Non-current assets		
(a) Property, plant and equipment	58,271.9	58,925.0
(b) Capital work-in-progress	668.2	638.2
(c) Goodwill	242.3	242.3
(d) Other intangible assets	5,572.0	5,623.1
(e) Investment in associates	-	-
(f) Financial assets	419.1	454.4
(g) Deferred tax assets (Net)	110.2	128.5
(h) Other non-current assets	1,303.4	1,154.0
Total non-current assets	**66,587.1**	**67,165.5**
Current assets		
(a) Inventories	9,288.0	8,815.1
(b) Financial assets		
(i) Trade receivables	2,417.9	1,725.6
(ii) Cash and cash equivalents	1,045.6	1,379.7
(iii) Other bank balances	854.9	331.1
(iv) Loans	100.2	69.4
(v) Others	1,670.0	2,189.8
(c) Current tax assets (Net)	102.2	10.2
(d) Other current assets	2,517.9	2,198.0
Total current assets	**17,996.7**	**16,718.9**
Total assets	**84,583.8**	**83,884.4**

Sales Volume
Total Sales Volumes (MN Cases*)



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

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

The Company began the year 2020 on a strong note with healthy demand and robust volume growth across its domestic and international markets. However, the spread of the COVID-19 pandemic in early March 2020, leading to multiple lockdowns, resulted in significant disruption across domestic and international markets. With the period of March to May being a key season for the Company's performance, the disruptions in production levels, supply chain and distribution operations, particularly in the months of April and May negatively impacted both domestic and international business performance.

In addition, with the anticipation of the favorable season of summer, the Company had actively built-up additional stock of inventory in the month of March 2020. Encouragingly, despite the impact of the lockdown and supply chain issues, the Company was able to sell its complete inventory in the season of summer. Furthermore, with the relaxations provided by the Government of India for essential services and particularly packaged food and beverages, VBL got the requisite permissions from respective state governments to operate most of its production facilities during the lockdown period. However, the manufacturing operations were operating at scaled-down levels.

As the country moved to the unlock phase towards the end of May 2020, the Company witnessed a steady revival in demand, which continued to strengthen on a month-on-month basis during the course of the year. In sync with revival in demand, the Company steadily ramped-up manufacturing operations across units to increase production levels and ensure continuity in deliveries and supplies. International territories also saw faster than expected recovery in consumption in the second half of the year.

Overall, revenue stood at ₹ 64,501.4 million as against ₹ 71,295.78 million in 2019. Total sales volumes stood at 425.3 million cases in 2020 as compared to 492.7 million cases in 2019. In the domestic market, sales volume stood at 337.4 million cases as compared to 403.7 million cases in 2019. CSD constituted 72.6%, Juice 6.3% and Packaged Drinking water 21.1% of total sales volumes in 2020.

Realization per case increased to ₹ 151.6 in 2020 from ₹ 144.7 in 2019 due to favorable mix and improvement in realization in the international markets.

On the profitability front, the Company consciously undertook cost-rationalization initiatives during the lockdown period to boost financial strength and drive higher efficiencies. For 2020, EBITDA was ₹ 12,018.6 million. Gross margins stood at 57.1% during 2020, while EBITDA margin was 18.6% in 2020.

Depreciation increased by 8.2% in 2020. Finance cost decreased by 9.2% in 2020. In 2020, PAT stood at ₹ 3,572.7 million as compared to ₹ 4,722.1 million in 2019.

On the balance sheet front, Net debt stood at ₹ 30,158.5 million as on December 31, 2020 as against ₹ 32,461.0 million as on December 31, 2019. Debt to Equity ratio stood at 0.84x as on December 31, 2020. Working capital days have remained stable at ~31 days as on December 31, 2020 due to lower sales volume.

Growth Outlook

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

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

- Repayment of debt through strong cash generation.
- To enable significant interest cost savings.

- 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.

Over the course of the year 2020, the Company has undertaken maximum efforts to secure its business operations, drive business efficiencies and to ensure well-being of its people. Showcasing a high degree of agility, the VBL team efficiently adapted to unprecedented changes in the operating environment and consumer ordering patterns during the uncertain time of the COVID-19 pandemic. From an operational standpoint, the Company's manufacturing facilities are now operating at near-normal utilization levels. Its well-oiled distribution model consisting of owned-logistics supply chain and end-to-end infrastructure facilities has also kept VBL on a strong footing in the face of challenging times.

The Company is now seeing a steady revival in consumption across markets, especially from rural and semi-urban regions and is confident that the demand environment will only strengthen in the months ahead. In addition, a gradual recovery in the Indian economy should further enable higher recovery in demand and consumption across the domestic market. With the reopening of mass transportation, outdoor facilities, theaters and restaurants, there is an improved consumption trend on a month-to-month basis. The international territories are also seeing healthy recovery, which should gain traction in the near-term. The Company continues to fortify presence across micro territories.

Going forward, the Company aims to continue expanding its product portfolio and distribution reach, focus on increasing volumes, particularly in markets with lower penetration. VBL's comprehensive infrastructure, diversified product portfolio, well-established distribution network, unique business model and seasoned management team continues to hold the Company in a good stead and will enable it to achieve scale and business efficiency in the coming years.

Threats, Risks and Concerns

The risks and opportunities of all corporations are inherent and inseparable elements. Directors and management of the Company take constructive decisions to protect the interests of the stakeholders. The Company has in place a Risk Management Policy which is monitored and reviewed under the guidance of Audit, Risk Management and Ethics Committee. The Committee comprises various departmental heads who meet regularly to identify processes exposed to risks, determine risk mitigation strategies and monitor their implementation.

Risk	Description	Mitigation
1. Demand Risk	A cyclical downturn can lead to a slowdown in the Company's target markets and impact its sales velocity.	Over the years, the Company has demonstrated its ability to drive significant growth in sales volumes by aiming to provide the right brand, the right price, the right product and the right channel. In addition, the business is present in relatively under-penetrated markets with favorable demographics, climatic conditions and the rising population which should witness steady demand growth. Further, its wide range of product portfolio enables it to cater to diverse consumer segments.
2. Business Agreement Risk	The Company relies on strategic relationship and agreements with PepsiCo. Termination of agreements or less favorable renewal terms could adversely affect profitability.	Over the last two and a half decades, the Company has partnered with PepsiCo, consolidating its market relationship with them, increasing the number of approved territories and sub-territories, producing and distributing a wider range of PepsiCo drinks, adding multiple SKUs into the portfolio and expanding distribution network. The proven ability of the Company to substantially strengthen the market share of PepsiCo enables it to be a reliable partner. The business maintains a symbiotic relationship with PepsiCo, working closely as active development partners, investing in joint projects and business planning with a focus on strategic issues. In 2019, bottling appointment and trademark license agreement for India with PepsiCo India was extended till April 30, 2039 from October 2, 2022.
3. Regulatory Risk	Regulations on consumer health and the risk of the Company's products being targeted for discriminatory tax and packaging waste recovery may adversely impact business.	The Company proactively works with PepsiCo, government and regulatory authorities to ensure that the facts are clearly understood and that its products are not singled out unfairly. VBL adheres to the sustainable manufacturing practices and takes very seriously the environmental issues related to packaging and waste recovery. The Company consistently works together with stakeholders to establish sustainability solutions that focus on protecting the environment, including NGOs and the communities in which it operates. PepsiCo's strategy of introducing healthier and zero sugar variant of products also augur well for the Company's future. The Company has undertaken certain sustainability initiatives such as engagement of GEM Enviro Management Pvt. Ltd. for phased implementation of 100% recycling of used PET bottles and TUV India Pvt. Ltd. for Company's water footprint assurance.
4. Business Viability Risk	Inability to integrate the operations of, or leverage potential operating and cost efficiencies from, the newly acquired territories and sub-territories may adversely affect the Company's business and future financial performance.	The clear strategy and financial requirements of VBL ensure that all future acquisitions or collaborations are value-added and in compliance with the acquisition guidelines of the Board. The Company also spends considerable management time and financial resources to ensure the performance of the newly acquired activities, develop local market strategies (including for possible cultural and language barriers), and assimilate business practices to ensure business viability.
5. Consumer Preference Risk	Failure to adapt to changing consumer health trends and address misconceptions about the health effects of soft drink consumption may adversely affect demand.	In order to remain relevant, VBL's sales team works closely with PepsiCo to assess evolving consumer habits and continually concentrate on product innovation and increasing product range. In addition, the new product plan of PepsiCo lays more emphasis on healthy products with zero / limited calorie content and sugar content.
6. Raw Material Risk	An interruption in the supply or significant increase in the price of raw materials or packaging materials may adversely affect the Company's business prospects, results of operations and financial condition.	An integral part of VBL's strategy is to maximize cost efficiencies, focusing on actively reducing the cost of goods sold, minimizing operating expenses efficiently and increasing cash flows. Hence, the business has pursued many programs for this purpose, including backward integration and consolidated sourcing of materials. It also leverages on its scale of operations to achieve better bargaining power with suppliers resulting in better working capital management. The Company is focused on optimally utilizing its assets to help achieve higher operating efficiency and to amortize overheads costs on a wider case. In addition, the Company continues to invest in innovative solutions to boost operational efficiencies and work processes in its activities, ensuring consolidated operational data from production, scheduled sourcing and superior monitoring of the supply of goods from manufacturers to the retail point of sale.

Human Resources

VBL employed 10,000+ full-time employees collectively around the world as of December 31, 2020 (7,500+ in India and 2,500+ in foreign subsidiaries). Along with every other component of its business strategy, the Company acknowledges the need for talent management within the Company and its criticality for its potential development and success. Training workers, growing their skill levels and encouraging sustained employee participation has always been very important for the Company. Through skill-building initiatives and career development programs at all levels and across functions, VBL arranges in-house training. Key employees are also involved in PepsiCo's management and staff growth initiatives as well as at India's leading management institutions.

Risk Management, Audit and Internal Control System

The Company has well-equipped and effective internal control systems in place that match the scale of its sector and the complexity of the market it works in. Such stringent and detailed controls ensure the effective and productive use of resources to the degree that the Company's assets and interests are safeguarded, transactions are approved, registered, and properly reported and checks and balances guarantee reliability and consistency of accounting data. The Audit, Risk Management and Ethics Committee is undertaking a comprehensive system of internal audits and periodic assessments to ensure compliance with best practices. The Company has employed Walker Chandiok & Co. LLP, Chartered Accountants & M/s APAS & Co., Chartered Accountants, the Joint Statutory Auditors of the Company to report on the financial controls of the Company.

Business Responsibility Report

Section A: General information about the Company

Sl. No.	Particulars	Details
1.	Corporate Identity Number (CIN) of the Company	L74899DL1995PLC069839
2.	Name of the Company	Varun Beverages Limited
3.	Registered address	F-2/7, Okhla Industrial Area, Phase – I, New Delhi - 110020
4.	Website	www.varunpepsi.com
5.	E-mail id	complianceofficer@rjcorp.in
6.	Financial Year reported	January 1, 2020 to December 31, 2020
7.	Sector(s) that the Company is engaged in (industrial activity code wise)	ITC Code - 220600 Manufacturing and Distribution of Carbonated, Non-carbonated beverages and packaged drinking water
8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	Pepsi, Mountain Dew and Tropicana Juices
9.	Total number of locations where business activity is undertaken by the Company	
	(i) Number of International Locations (Provide details of major 5)	5 (Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe)
	(ii) Number of National Locations	Presence in 27 states and 7 Union Territories
10.	Markets served by the Company – Local / State / National / International	India, Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe

Section B: Financial details of the Company

Sl. No.	Particulars	Details
1.	Paid-up Capital	₹ 2,886.89 million
2.	Total Turnover	₹ 48,764.51 million
3.	Total profit after taxes	₹ 2,264.29 million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	3.31% of profit after tax of Financial Year 2020
5.	List of activities in which expenditure in 4 above has been incurred	Please refer Annexure – D to the Board's Report

Section C: Other details

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

Section D: Business Responsibility information

1. Details of Director/Directors responsible for BR

Sl. No.	Particulars	Details	
1.	Details of the Director/Directors responsible for implementation of the BR policy/policies	DIN	02079161
		Name	Mr. Kapil Agarwal
		Designation	Whole-time Director & Chief Executive Officer
2.	Details of the BR head	DIN	08440479
		Name	Mr. Rajinder Jeet Singh Bagga
		Designation	Whole-time Director
		Telephone Number	+91-124-4643100
		E-mail id	rjs.bagga@rjcorp.in

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

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

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

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

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

#Policies of the Company are compliant of the applicable laws in India and uploaded on website of the Company at www.varunpepsi.com

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

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

***VBL Environment, Health and Safety Policy at https://varunpepsi.com/wp-content/uploads/2019/03/Varun-Beverages-Limited-EHS-POLICY.pdf

****VBL Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace at https://varunpepsi.com/wp-content/uploads/2021/03/Revised_POSH-Policy_-26.02.2021-1.pdf

*****VBL Corporate Social Responsibility Policy at https://varunpepsi.com/wp-content/uploads/2016/09/Corporate-Social-Responsibility-Policy.pdf

4. Governance related to BR

Sl. No.	Particulars	Details
1.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
2.	Does the Company publish a BR or Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes, it is published annually. The same may be accessed at www.varunpepsi.com as part of Annual Report 2020

Section E: Principle-wise performance

Principle 1:

Sl. No.	Particulars	Details
1.	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No	Yes
2.	Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs/Others?	No
3.	How many stakeholder complaints have been received in the past Financial Year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	For details on investor complaints, refer to "Investor Grievances/ Complaints" section of Corporate Governance Report in the Annual Report.

Principle 2:

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

Varun Beverages Limited (VBL) is in the business of providing high quality food products to consumers such as carbonated, non-carbonated sweetened beverages and packaged drinking water with endeavor to make its business and ecosystem sustainable. The Company tries to embed the principles of sustainability into various stages of product, procurement of raw material, manufacturing of products, transportation of raw materials and supply of finished goods. In order to continuously reduce the Company environmental footprint, the Company is improving efficiencies, especially on critical resources such as water, fuel and energy, optimizing the resource consumption and minimizing wastages, increasing green cover in manufacturing plants and also developing outside establishments. Our company has significantly reduced weight of the closure and preforms over the period of time to contribute towards environment sustainability. Usage of nitrogen in packaged drinking water enables unit to reduce 10% of package weight. The Company has implemented the guidelines provided by international standards such as Environment Management System ISO 14001, OHSAS 18001 and all our units are AIB and FSSC certified which is the world's most advanced food safety management system accepted globally. We have also implemented water consumption optimization measures and water recovery and reuse of the water across all plants.

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

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

   The Company follows number of key Environmental Indicators to monitor the efficiency and consumption of natural resources in manufacturing such as water consumption and recycling, fuel consumption, energy consumption, raw materials yield and waste generation. The Company regularly track these consumption patterns of critical nature resources and also ensures improvement is achieved in the KPI's on sustainable ways.

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

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

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

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

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

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

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

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

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

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

Principle 3:

Sl. No.	Particulars	Details
1.	Please indicate the total number of employees	7,808 employees as on December 31, 2020 (only for India)
2.	Please indicate the total number of employees hired on temporary/ contractual/casual basis	8,200 employees as on December 31, 2020
3.	Please indicate the number of permanent women employees	199 employees as on December 31, 2020
4.	Please indicate the number of permanent employees with disabilities	24

Sl. No.	Particulars	Details
5.	Do you have an employee association that is recognized by management	Yes
6.	What percentage of your permanent employees are members of this recognized employee association?	66.41%
7.	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment, discriminatory employment in the last financial year and pending, as on the end of the Financial Year	Nil
8.	What percentage of your employees were given safety & skill upgradation training in the last year?	Safety Training: 98% Skill Upgradation Training: 58%
	(a) Permanent Employees	
	(b) Permanent Women Employees	
	(c) Casual/Temporary/Contractual Employees	
	(d) Employees with Disabilities	

Principle 4:

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

Principle 5:

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

Principle 6:

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

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

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

   Yes. The Company is committed to reach the industry best standards in terms of water usage, fuel and energy consumption as well as other environmental parameters. We also encourage and use clean energy to ensure less dependence on fossil fuel by implementing solar panels etc. The performance progress is documented at plant and Corporate level which is reviewed at regular intervals. For hyperlink, please refer Section D of BRR.

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

   Yes. Identification of potential environment risk is part of our Environment management system- ISO 14001 which is implemented in most of our plants to assess impact on environment. All the potential environment risk are mitigated by adapting effective control measures.

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

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

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

   Yes. The Company is proactive in adopting new technologies that use cleaner fuels and forms of energy. Having commissioned a solar power at its manufacturing set up at Nuh and Greater Noida and redesigned the power generation units at many locations, to use the Bio Mass instead of the non-renewable natural resources. Manufacturing units also use latest automations, heat recoveries and use modern technologies to be energy and cost efficient. For hyperlink, please refer Section D of BRR.

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

   Yes. Our most of the Plants have installed online monitoring systems in Effluent Treatment Plant as well as Boiler emissions for all time compliance which is being monitored by CPCB on real time basis. All the hazardous waste goes to PCB approved land fill site on periodic basis.

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

   Nil

Principle 7:

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

Principle 8:

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

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

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

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

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

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

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

   The Company has spent INR 75.04 million towards various development projects under environment protection, cleaning, availability of resources and community safety and wellbeing. The Company has significantly contributed to environment and community development by taking various initiatives like rain water harvesting via ponds development for effective recharging of rain water, creating awareness for water harvesting and water pollution, celebration of Sandi Bird festival, solar lights installation at villages, tree plantations in villages, Nukkad naatak for environment protection, providing clean water facility by installation of hand pumps and water coolers at schools and villages, driving Swachh Bharat Abhiyaan by involving villagers, promoting sports, blood donation and health checkup camps, driving food safety and personal hygiene sessions at schools and institutes, road safety awareness in community, books distribution and drawing competition in schools.

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

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

Principle 9:

Sl. No.	Particulars	Details
1.	What percentage of customer complaints/consumer cases are pending as on the end of financial year	85.91% of consumer complaints are pending before various consumer forums.
2.	Does the company display product information on the product label, over and above what is mandated as per local laws?	Yes. The Company give information relating to storage conditions and consumption days.
3.	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.	There are no cases alleging unfair trade practice, irresponsible advertising and/ or anti-competitive behavior.
4.	Did your company carry out any consumer survey/ consumer satisfaction trends?	No

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

Ravi Jaipuria
Chairman
DIN: 00003668

Date: February 16, 2021
Place: Gurugram

Independent Auditor's Report

To the Members of Varun Beverages Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31 December 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of one of the joint auditors, APAS & Co. and other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group as at 31 December 2020, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by one of the joint auditors, APAS & Co. and other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of one of the joint auditors, APAS & Co. and other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of intangible assets including Goodwill (Refer note 3(e) and 3(k) for accounting policies on intangibles assets and note 5 to the consolidated financial statements)	Our audit procedures included, but were not limited, to the following: • Obtained an understanding of the management's process for identification of cash generating unit and impairment indicators for intangible assets, if any and processes performed by the management for their impairment testing;

Key audit matter	How our audit addressed the key audit matter
The Group carries goodwill and franchisee rights as intangible assets having indefinite life amounting to INR 242.30 million and INR 5,386.33 million respectively, that are required to be tested for impairment by the management on an annual basis in accordance with Ind AS 36, Impairment of Assets. The aforesaid assessment of the impairment testing involves significant judgement around the determination of the recoverable amount, being the higher of value in use and fair value less costs of disposal. Recoverable amounts are based on management's view of the future cash flows and prospects of the business, the appropriate discount rates and other industry specific risk factors. The key judgements in determining the recoverable amount of these intangibles relates to the forecast of future cash flows based on strategy using macroeconomic assumptions such as industry growth, inflation and expected growth in market share, capital expenditure and working capital requirements, among others. Changes in the management forecasts or assumptions can impact the assessment of the discounted cash flows and consequently the valuation of such intangible assets. Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the forecasted cash flows used in the impairment evaluation, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, impairment assessment of such intangibles assets was determined as a key audit matter.	• Assessed the process by which management prepared its cash flow forecasts and held discussions with management to understand the assumptions used and estimates made by them for determining such projections; • Tested the design and operating effectiveness of internal controls over such identification and impairment measurement through fair valuation of identified assets; • Assessed the appropriateness of the Group's accounting policies, including those relating to recognition, measurement and impairment of intangibles by comparing with the applicable Ind AS; • Reviewed the valuation report obtained by management from an independent valuer and assessed the professional competence, skills and objectivity for performing the required valuations; • Assessed the appropriateness of the significant assumptions as well as the Group's valuation model with the support of auditor's valuation specialists, who assess the reasonableness of assumptions used and valuation methodology applied relating to discount rate, risk premium, industry growth rate etc. This included a discussion of the expected development of the business and results as well as of the underlying assumptions used with those responsible for the planning process; • Assessed the robustness of financial projections prepared by management by comparing projections for previous financial years with actual results realised and discussed significant deviations, if any, with the management; • Tested mathematical accuracy of the projections and performed a sensitivity analysis for reasonably possible changes in the sales growth, discount rate applied and the long-term growth rate; and • Evaluated the adequacy and appropriateness of disclosures made by the Group in the consolidated financial statements, as required by the applicable provisions of the Act and the Ind AS.

Key audit matter	How our audit addressed the key audit matter
Litigation and claims – provisions and contingent liabilities (Refer note 44 to the consolidated financial statements for the amounts of contingent liabilities) The Group is involved in various direct, indirect tax and other litigations ('litigations') that are pending with different statutory authorities. The management exercises significant judgement for determining the need for and the amount of provisions, for any liabilities, arising from these litigations. This judgement is dependent on a number of significant assumptions and evaluations which involves interpreting the various applicable rules, regulations, practices and considering precedents in the various jurisdictions including the opinions received from various legal counsel. This matter is considered as a key audit matter, in view of the uncertainty regarding the outcome of these litigations, the significance of the amounts involved and the subjectivity involved in management's judgement as to whether the amount should be recognised as a provision or only disclosed as contingent liability in the consolidated financial statements.	Our audit procedures included, but were not limited to, the following: • Assessed the appropriateness of the Group's accounting policies relating to provisions and contingent liabilities by comparing with the applicable accounting standards; • Assessed the Group's process and the underlying controls for identification of the pending litigations and completeness for financial reporting and also for monitoring of significant developments in relation to such pending litigations; • Assessed the management's assumptions and estimates in respect of litigations, including the liabilities or provisions recognised or contingent liabilities disclosed in the consolidated financial statements. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts based on the various legal counsel opinions received by the Group; • Recomputed the arithmetical accuracy of the underlying calculations supporting the provisions recorded from the supporting evidences including the correspondence with various authorities; • Assessed the management's conclusions through understanding relevant judicial precedents in similar cases and the applicable rules and regulations; • Obtained legal opinions and confirmation on completeness from the Group's external legal counsels, where appropriate; • Engaged auditor's experts to gain an understanding of the current status of litigations and changes in the disputes, if any, through discussions with the management and by reading external advice received by the Group, where relevant, to validate management's conclusions; and • Assessed the appropriateness of the Group's description of the accounting policy, disclosures related to litigations and whether these are adequately presented in the consolidated financial statements.

The following key audit matter with respect to the audit opinion on the financial statements of Varun Beverages Zimbabwe (Private) Limited, a subsidiary of the Holding Company, has been reported by the component auditor vide its report dated 22 January 2021 and has been reproduced by us as under:

Key audit matter	How our audit addressed the key audit matter
Hyperinflationary accounting for Varun Beverages Zimbabwe (Private) Limited ("VBZL"), a subsidiary (Refer note 3(j) for accounting policies and note 40 to the consolidated financial statements) During the previous year, the Reserve Bank of Zimbabwe introduced Zimbabwean Dollar ("ZMD/ RTGS Dollar") as the local currency which was adopted by VBZL as its functional currency. Further, the Zimbabwean economy has been classified as hyperinflationary in accordance with the factors and characteristics of a hyperinflationary economy as described in Ind AS 29 'Financial Reporting in Hyper-Inflationary Economies' ("Ind AS 29") with effect from 01 July 2019. Consequently, for the previous year and the year ended 31 December 2020, the management has prepared the financial statements of VBZL, based on the restatement principles of Ind AS 29. In view of the significance of the balances, transactions, the complexity and subjectivity in application of principles of Ind AS 29, the matter has been determined to be a key audit matter.	Our key procedures included, but were not limited, to the following: • Assessed the management's processes for selecting appropriate accounting policies and for implementing Ind AS 29, including their testing for the indicators of a hyperinflationary economy on the Zimbabwean economy and tested the operating effectiveness of controls implemented by management; • Reviewed the computations prepared by management for Ind AS 29, including evaluations of the rationale for the economic indicators included (e.g. the inflation rate, cumulative inflation rate, consumer price indices from various sources) and tested the source of data and key assumptions used; • Compared the assumptions used to select externally available industry, financial and economic data; • Assessed whether the inflation index applied to restate for the effects of hyperinflation is appropriate and based on recognised official indexes; • Performed sensitivity analysis for reasonably possible changes in the key assumptions; • Assessed whether the accounting treatment applied for all the elements of the financial statements are in accordance with the requirements of Ind AS 29; • Reviewed the regulatory pronouncements regarding the country being determined hyperinflation and the pertaining inflation rates and economic indicators prevailing in the country thereon; and • Assessed the appropriateness of the VBZL's description of the accounting policy and adequacy of related disclosures in the separate financial statements of VBZL.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Report on Corporate Governance and Director's Report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding

Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

15. We did not audit the financial statements of nine subsidiaries, whose financial statements reflects total assets of ₹ 18,652.12 million and net assets of ₹ 9,435.44 million as at 31 December 2020, total revenues of ₹ 19,044.80 million and net cash outflows amounting to ₹ 374.64 million for the year ended on that date, as considered in the consolidated financial statements. Out of the above, the financial statements of two subsidiaries included in the consolidated financial statements whose financial statements reflect total assets of ₹ 994.48 million and net assets of ₹610.86 million as at 31 December 2020, total revenues of ₹ 976.35 million and net cash outflows amounting to ₹ 14.32 million for the year ended on that date, as considered in the consolidated financial statements have been audited by one of the joint auditors, APAS & Co. These financial statements have been audited by APAS & Co. and other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of APAS & Co. and other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of APAS & Co. and other auditors.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of APAS & Co., referred to in paragraph 15, on separate financial statements of the subsidiaries we report that the Holding Company and two subsidiary companies covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to seven subsidiary companies, since none of such companies is a public company as defined under section 2(71) of the Act.

17. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of APAS & Co. and other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:

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

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

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

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

e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the report of APAS & Co., the statutory auditors of a subsidiary company covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 December 2020 from being appointed as a director in terms of Section 164(2) of the Act;

f) with respect to the adequacy of the internal financial controls with reference to the consolidated financial statements of the Holding Company and its subsidiary company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II'; and

g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of one of the joint auditors, APAS & Co. and other auditors on separate financial statements as also the other financial information of the subsidiaries:

i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 44 to the consolidated financial statements;

ii. provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts, as detailed in note 26 to the consolidated financial statements;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies covered under the Act, during the year ended 31 December 2020; and

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

For **Walker Chandiok & Co LLP**	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
UDIN: 21501531AAAAAP6756	UDIN: 21520078AAAABI6587
Place: Gurugram	Place: Gurugram
Date: 16 February 2021	Date: 16 February 2021
L-41 Connaught Place, New Delhi 110 001	606, 6th Floor, PP City Centre, Road No. 44, Pitampura, New Delhi 110 034

Annexure I

List of entities included in the Group

Holding Company

1. Varun Beverages Limited

Subsidiaries

1. Varun Beverages (Nepal) Private Limited
2. Varun Beverages (Lanka) Private Limited
3. Varun Beverages Morocco SA
4. Ole Spring Bottlers (Private) Limited
5. Varun Beverages (Zambia) Limited
6. Varun Beverages (Zimbabwe) (Private) Limited
7. Varun Beverages (Botswana) (Proprietary) Limited (till 12 May 2020)
8. Angelica Technologies Private Limited (amalgamated with Lunarmech Technologies Private Limited by NCLT order dated 22 May 2020)
9. Lunarmech Technologies Private Limited

Annexure I

Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') as at and for the year ended 31 December 2020, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by one of the joint auditors, APAS & Co. in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are

recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of APAS & Co. on internal financial controls with reference to financial statements of the subsidiary company, the Holding Company and its subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to consolidated financial statements and such controls were operating effectively as at 31 December 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. We did not jointly audit the internal financial controls with reference to consolidated financial statements in so far as it relates to a subsidiary, which is a company covered under the Act, whose financial statements reflect total assets of ₹ 994.48 million and net assets of ₹ 610.86 million as at 31 December 2020, total revenues of ₹ 976.35 million and net cash outflows amounting to ₹ 14.32 million for the year ended on that date. The internal financial controls with reference to financial statements of this subsidiary company in so far as it relates to such subsidiary company have been audited by one of the joint auditors, APAS & Co. whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements for the Holding Company and a subsidiary company, as aforesaid, under section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the report of APAS & Co. Our opinion is not modified in respect of the above matter with respect to our reliance on the work done by and on the report of APAS & Co.

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

Anupam Kumar
Partner
Membership No.: 501531
UDIN:
21501531AAAAAP6756
Place: Gurugram
Date: 16 February 2021
L-41
Connaught Place,
New Delhi 110 001

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

Sumit Kathuria
Partner
Membership No: 520078
UDIN:
21520078AAAABI6587
Place: Gurugram
Date: 16 February 2021
606, 6th Floor,
PP City Centre, Road No. 44,
Pitampura, New Delhi 110 034

Consolidated Balance Sheet

As at 31 December 2020

(₹ in million)

	Notes	As at 31 December 2020	As at 31 December 2019
Assets			
Non-current assets			
(a) Property, plant and equipment	4A	58,271.88	58,925.02
(b) Capital work-in-progress	4B	668.15	638.24
(c) Goodwill	5A	242.30	242.30
(d) Other intangible assets	5B	5,572.01	5,623.11
(e) Investment in associate	6	-	-
(f) Financial assets			
(i) Investments	7	0.01	0.01
(ii) Loans	8	417.89	445.48
(iii) Others	9	1.21	8.90
(g) Deferred tax assets (Net)	10	110.18	128.48
(h) Other non-current assets	11	1,303.44	1,153.96
Total non-current assets		**66,587.07**	**67,165.50**
Current assets			
(a) Inventories	12	9,288.04	8,815.13
(b) Financial assets			
(i) Trade receivables	13	2,417.97	1,725.55
(ii) Cash and cash equivalents	14	1,045.58	1,379.68
(iii) Bank balances other than (ii) above	15	854.92	331.09
(iv) Loans	16	100.16	69.37
(v) Others	17	1,670.04	2,189.83
(c) Current tax assets (Net)	18	102.19	10.23
(d) Other current assets	19	2,517.86	2,197.96
Total current assets		**17,996.76**	**16,718.84**
Total assets		**84,583.83**	**83,884.34**
Equity and liabilities			
Equity			
(a) Equity share capital	20	2,886.89	2,886.89
(b) Other equity	21	32,353.12	30,397.33
Equity attributable to owners of the Holding Company		**35,240.01**	**33,284.22**
Non-controlling interest		647.88	306.79
Total equity		**35,887.89**	**33,591.01**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22A	19,796.22	23,553.76
(ii) Other financial liabilities	22B	244.39	-
(b) Provisions	23	2,039.06	1,703.35
(c) Deferred tax liabilities (Net)	10	2,259.43	2,825.07
(d) Other non-current liabilities	24	7.34	8.23
Total non-current liabilities		**24,346.44**	**28,090.41**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22C	7,138.58	4,671.54
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	25	93.70	26.14
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	25	5,020.15	4,750.47
(iii) Other financial liabilities	26	8,543.51	10,258.13
(b) Other current liabilities	27	3,182.92	2,044.85
(c) Provisions	23	331.72	299.79
(d) Current tax liabilities (Net)	28	38.92	152.00
Total current liabilities		**24,349.50**	**22,202.92**
Total liabilities		**48,695.94**	**50,293.33**
Total equity and liabilities		**84,583.83**	**83,884.34**

Significant accounting policies	3		

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

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

Anupam Kumar
Partner
Membership No.: 501531

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

Sumit Kathuria
Partner
Membership No.: 520078

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

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

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

Place : Gurugram
Dated : 16 February 2021

Consolidated Statement of Profit and Loss

For the year ended 31 December 2020

(₹ in million)

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Income			
Revenue from operations	29	65,557.91	72,484.58
Other income	30	369.72	425.28
Total income		**65,927.63**	**72,909.86**
Expenses			
Cost of materials consumed	31	26,885.09	29,395.56
Excise duty		1,056.49	1,188.80
Purchases of stock-in-trade	32	925.87	4,237.33
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	(171.59)	(1,438.61)
Employee benefits expense	34	8,897.36	8,108.15
Finance costs	35	2,811.04	3,096.42
Depreciation and amortisation expense	36	5,287.02	4,886.28
Other expenses	37	15,946.01	16,516.82
Total expenses		**61,637.29**	**65,990.75**
Profit before share of profit in associate, exceptional items and tax		**4,290.34**	**6,919.11**
Share of profit in associate	6	-	43.61
Profit before exceptional items and tax		**4,290.34**	**6,962.72**
Exceptional items	63	665.29	-
Profit before tax		**3,625.05**	**6,962.72**
Tax expense			
(a) Current tax	28	423.85	1,048.28
(b) Adjustment of tax relating to earlier periods	28	153.69	29.90
(c) Deferred tax (credit)/expense	10	(525.20)	1,162.49
Total tax (credit)/expense		**52.34**	**2,240.67**
Net profit for the year		**3,572.71**	**4,722.05**
Other comprehensive income	38		
(a) Items that will not to be reclassified to Profit or Loss:			
(i) Re-measurement losses on defined benefit plans		(115.38)	(101.41)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		29.53	33.19
(iii) Gain from a bargain purchase	52A	-	344.43
(b) Items that will be reclassified to Profit or Loss:			
(i) Exchange differences arising on translation of foreign operations		(531.02)	416.26
(ii) Income tax relating to items that will be reclassified to Profit or Loss		(7.64)	(96.97)
Total other comprehensive income		**(624.51)**	**595.50**
Total comprehensive income for the year (including non-controlling interest)		**2,948.20**	**5,317.55**
Net profit attributable to:			
(a) Owners of the Company		3,289.95	4,689.75
(b) Non-controlling interest		282.76	32.30
Other comprehensive income attributable to:			
(a) Owners of the Company		(624.57)	595.52
(b) Non-controlling interest		0.06	(0.02)
Total comprehensive income attributable to:			
(a) Owners of the Company		2,665.38	5,285.27
(b) Non-controlling interest		282.82	32.28
Earnings per equity share of face value of ₹ 10 each			
Basic (₹)	42	11.40	16.83
Diluted (₹)	42	11.40	16.83

Significant accounting policies 3

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

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

Anupam Kumar
Partner
Membership No.: 501531

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

Sumit Kathuria
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Membership No.: 520078

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

Varun Jaipuria
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Chief Financial Officer

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

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

Place : Gurugram
Dated : 16 February 2021

Consolidated Cash Flow Statement

For the year ended 31 December 2020

(Indirect Method) (₹ in million)

Particulars		Year ended 31 December 2020	Year ended 31 December 2019
A.	**Operating activities**		
	Profit before tax and share of profit in associate	3,625.05	6,919.11
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation on property, plant and equipment	5,231.91	4,826.45
	Amortisation of intangible assets	55.11	59.83
	Exceptional items	665.29	-
	Interest expense at amortised cost	2,729.82	3,031.49
	Interest income at amortised cost	(88.86)	(59.56)
	Dividend income from current investment	-	(0.20)
	Gain on acquisition of control over existing associate (Refer note 52C)	-	(158.11)
	Profit on sale of current investments	-	(1.38)
	Excess provisions written back	-	(151.83)
	Loss/(Gain) on disposal of property, plant and equipment (Net)	14.35	(16.05)
	Bad debts and advances written off	11.94	4.23
	Allowance for expected credit loss	53.09	188.09
	Unrealised foreign exchange fluctuation	(294.20)	486.22
	Operating profit before working capital changes	12,003.50	15,128.29
	Working capital adjustments		
	Increase in inventories	(472.91)	(1,845.53)
	Increase in trade receivables	(757.45)	(322.11)
	Decrease/(Increase) in current and non-current financial assets and other current and non-current assets	244.68	(1,024.96)
	(Decrease)/Increase in current financial liabilities and other current and non-current liabilities and provisions	(122.76)	2,341.41
	Total cash from operations	**10,895.06**	**14,277.10**
	Income tax paid	(775.19)	(1,201.15)
	Net cash flows from operating activities (A)	**10,119.87**	**13,075.95**
B.	**Investing activities**		
	Purchase of property, plant and equipment and intangible assets (including adjustment on account of capital work-in-progress, capital advances paid and capital creditors)	(5,596.74)	(7,536.27)
	Proceeds from disposal of property, plant and equipment and intangible assets	240.59	205.50
	Change in advance received for capital assets	1,074.43	-
	Acquisition under business combination (Refer note 52)	-	(16,251.55)
	Purchase of investment in associate (Net of cash acquired)	-	(83.37)
	Government grant related to assets received	-	251.05
	Interest received	86.90	46.22
	Dividend income from current investment	-	0.20
	Purchase of current investments	-	(730.00)
	Proceeds from sale of current investments	-	731.38
	(Increase)/decrease in other bank balances	(516.14)	174.35
	Net cash used in investing activities (B)	**(4,710.96)**	**(23,192.49)**
C.	**Financing activities**		
	Proceeds from long-term borrowings	7,734.82	18,695.79
	Repayment of long-term borrowings	(12,332.25)	(13,097.79)
	Repayment of lease liabilities	(111.55)	-
	Repayment of deferred payment liabilities	-	(433.87)
	Proceeds from short term borrowings (Net)	2,467.04	888.62

(Indirect Method) (₹ in million)

Particulars	Year ended 31 December 2020	Year ended 31 December 2019
Proceeds from issue of share capital (including share premium thereon)	-	9,001.80
Interest paid (inclusive of interest paid on lease liabilities ₹ 29.56 (31 December 2019: Nil))	(2,773.51)	(3,034.94)
Share issue expenses paid	-	(164.36)
Dividends paid	(721.72)	(690.12)
Dividend distribution tax paid	-	(91.73)
Net cash (used in)/flows from financing activities (C)	**(5,737.17)**	**11,073.40**
Net change in cash and cash equivalents (D=A+B+C)	**(328.26)**	**956.86**
Cash and cash equivalents at the beginning of year (E)	1,379.68	429.36
Unrealised exchange loss on translation of cash and cash equivalent in subsidiary (F)	(5.84)	(6.54)
Cash and cash equivalents at the end of year (G= D+E+F) (Refer note 14)	**1,045.58**	**1,379.68**

Notes:

(a) Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes pursuant to Ind AS 7:

(₹ in million)

	Non-current borrowings*	Current borrowings
Balance as at 01 January 2020	29,500.19	4,671.54
Cash flows (Net)	(4,597.43)	2,467.04
Non-cash changes:		
Others	(58.27)	-
Impact of exchange fluctuations	75.90	-
Balance as at 31 December 2020	**24,920.39**	**7,138.58**

Balance as at 01 January 2019	24,302.12	3,776.55
Cash flows (Net)	5,164.13	888.62
Non-cash changes:		
Impact of fair value changes	8.44	-
Impact of exchange fluctuations	25.50	-
Impact on acquisition of control over exisiting associate	-	6.37
Balance as at 31 December 2019	**29,500.19**	**4,671.54**

*includes current maturity of long-term debts and current portion of deferred payment liabilities amounting to ₹ 5,124.17 million (31 December 2019: ₹ 5,946.43 million)

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

For 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

Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

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

Place : Gurugram
Dated : 16 February 2021

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

A. Equity share capital

(₹ in million)

Particulars	Notes	Number of shares	Amount
Balance as at 01 January 2019		182,641,940	1,826.42
Changes in equity share capital during the year 2019		106,046,780	1,060.47
Balance as at 31 December 2019	20	**288,688,720**	**2,886.89**
Changes in equity share capital during the year 2020		-	-
Balance as at 31 December 2020	20	**288,688,720**	**2,886.89**

B. Other Equity

(₹ in million)

Particulars	Note	Attributable to Owners of the Company									Non-controlling interests	Total
		Reserve and surplus							Exchange differences on translating the financial statements of foreign operations	Total attributable to owners of the Group		
		Capital reserve on consolidation	Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation difference account (FCMITDA)				
Balance as at 01 January 2019		**(2,279.78)**	**189.50**	**18,400.81**	**0.39**	**444.26**	**1,720.41**	**29.55**	**(346.52)**	**18,158.62**	**77.68**	**18,236.30**
Profit for the year		-	-	-	-	-	4,689.75	-	-	4,689.75	32.30	4,722.05
Other comprehensive income for the year (Net of deferred taxes)												
Re-measurement losses on defined benefit plans		-	-	-	-	-	(68.20)	-	-	(68.20)	(0.02)	(68.22)
Gain from a bargain purchase (refer note 52A)		-	344.43	-	-	-	-	-	-	344.43	-	344.43
Exchange differences arising on translation of foreign operations		-	-	-	-	-	-	-	319.29	319.29	-	319.29
Dividend paid**		-	-	-	-	-	(690.12)	-	-	(690.12)	-	(690.12)
Dividend distribution tax		-	-	-	-	-	(91.73)	-	-	(91.73)	-	(91.73)
Addition made in FCMITDA for the year		-	-	-	-	-	-	(47.92)	-	(47.92)	-	(47.92)
FCMITDA charged to the Consolidated Statement of Profit and Loss		-	-	-	-	-	-	6.24	-	6.24	-	6.24
Acquisition of control over existing associate (Refer note 52C)		-	-	-	-	-	-	-	-	-	196.83	196.83
Additions made pursuant to exercise of employee stock options		-	-	1.85	-	-	-	-	-	1.85	-	1.85
Additions made on issue of equity shares pursuant to Qualified institutions placement (Refer note 20(h))		-	-	8,852.93	-	-	-	-	-	8,852.93	-	8,852.93

(₹ in million)

Particulars	Note	Attributable to Owners of the Company									Non-controlling interests	Total
		Reserve and surplus							Exchange differences on translating the financial statements of foreign operations	Total attributable to owners of the Group		
		Capital reserve on consolidation	Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation difference account (FCMITDA)				
Adjustment on account of employee stock options lapsed		-	-	-	(0.17)	-	-	-	-	(0.17)	-	(0.17)
Transfer to security premium on exercise of employee stock options		-	-	0.22	(0.22)	-	-	-	-	-	-	-
Amount utilised for bonus issue		-	-	(913.28)	-	-	-	-	-	(913.28)	-	(913.28)
Amount utilised for share issue expenses (Refer note 62)		-	-	(164.36)	-	-	-	-	-	(164.36)	-	(164.36)
Balance as at 31 December 2019	21	**(2,279.78)**	**533.93**	**26,178.17**	**-**	**444.26**	**5,560.11**	**(12.13)**	**(27.23)**	**30,397.33**	**306.79**	**30,704.12**
Profit for the year		-	-	-	-	-	3,289.95	-	-	3,289.95	282.76	3,572.71
Other comprehensive income for the year (Net of deferred taxes)												
Re-measurement losses on defined benefit plans		-	-	-	-	-	(85.91)	-	-	(85.91)	0.06	(85.85)
Exchange differences arising on translation of foreign operations		-	-	-	-	-	-	-	(538.66)	(538.66)	-	(538.66)
Dividend paid**		-	-	-	-	-	(721.72)	-	-	(721.72)	-	(721.72)
Addition made in FCMITDA for the year		-	-	-	-	-	-	(21.16)	-	(21.16)	-	(21.16)
FCMITDA charged to the Consolidated Statement of Profit and Loss		-	-	-	-	-	-	33.29	-	33.29	-	33.29
Equity contributions from non-controlling interests		-	-	-	-	-	-	-	-	-	58.27	58.27
Balance as at 31 December 2020	21	**(2,279.78)**	**533.93**	**26,178.17**	**-**	**444.26**	**8,042.43**	**-**	**(565.89)**	**32,353.12**	**647.88**	**33,001.00**

**Transaction with owners in their capacity as owners.

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

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

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

Anupam Kumar
Partner
Membership no.: 501531

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DIN 02079161

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

Place : Gurugram
Dated : 16 February 2021

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

1. Corporate information

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

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

2. Basis of preparation

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

These CFS have been prepared using the significant accounting policies and measurement basis summarised below. These accounting policies have been used consistently throughout all periods presented in these consolidated financial statements except as mentioned in note 3 (b) below.

The CFS have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

i. Derivative financial instruments;

ii. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

iii. Defined benefit plans- plan assets measured at fair value; and

iv. Share based payments;

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current if it satisfies any of the following conditions:

i. Expected to be realised or intended to sold or consumed in normal operating cycle;

ii. Held primarily for the purpose of trading;

iii. Expected to be realised within twelve months after the reporting period; or

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

All other assets are classified as non-current.

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

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

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

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

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

The Group classifies all other liabilities as non-current.

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

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

All amounts disclosed in the CFS and notes have been rounded off to the nearest million as per the requirement of Schedule III to the Act, unless otherwise stated.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

2.1. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and associate. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a) The contractual arrangement with the other vote holders of the investee;

b) The rights arising from other contractual arrangements;

c) The Group's voting rights and potential voting rights; and

d) The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

An associate is an entity over which the Group has significant influence, i.e., the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended 31 December. When the end of the reporting period of the parent is different from that of a subsidiary/ associate, the subsidiary/ associate prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

The following consolidation procedures are adopted:

Subsidiary:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date;

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill; and

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Ind AS 12 'Income Taxes' applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in Consolidated Statement of Profit and Loss;
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Associates:

Interests in associates are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. When a member of the Group transacts with an associate of the Group, profits and losses from transactions with the associate are recognised in the CFS only to the extent of interests in the associate that are not related to the Group.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment.

The Consolidated Statement of Profit and Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Consolidated Statement of Profit and Loss.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the Consolidated Statement of Profit and Loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant and the fair value of the retained investment and proceeds from disposal is recognised in the Consolidated Statement of Profit and Loss.

On acquisition of control over previously owned associates, the Group re-measures its previously held equity interest in the associates at the acquisition date fair value and the difference, if any, between the carrying amount and the fair value is recognised in the Consolidated Statement of Profit and Loss.

Goodwill is generally computed as the difference between the sum of consideration transferred (measured at the fair value) the non-controlling interest ("NCI") in the acquire and the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

3. Summary of significant accounting policies

a) Fair value measurements

The Group measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

  All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

b) Revenue recognition

With effect from 01 January 2019, the Group has adopted Ind AS 115, 'Revenue from Contracts with Customers' using cumulative effect method which does not require comparative information to be restated in the consolidated financial statements. The standard is applied retrospectively only to contracts that were not completed as at the date of initial application (i.e. 01 January 2019). There is no impact on retained earnings as at 01 January 2019. Moreover, the application of Ind AS 115 did not have any impact on recognition and measurement of revenue from operations and other related items in the consolidated financial statements of the Group.

Under Ind AS 115, revenue is recognised upon transfer of control of promised goods or services to customers at an amount that reflects the consideration to which the Group is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price allocated to that performance obligation as per contractually agreed terms with the customers. The transaction price of goods sold and services rendered is net of various discounts and schemes offered by the Group as part of the contract. Revenue is recorded provided the recovery of consideration is probable and determinable. Revenue from sale of goods and services transferred to distributors/ intermediaries are recognised at a point in time.

Sale of goods

Revenue from the sale of manufactured and traded goods products is recognised upon transfer of control of products to the customers which coincides with their delivery to customer and is measured at fair value of consideration received/receivable, net of discounts, amount collected on behalf of third parties and applicable taxes.

Interest income

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

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

where appropriate, to the gross carrying amount of the financial assets. Interest income is included in finance income in the Consolidated Statement of Profit and Loss.

Dividends

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

Services rendered

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

c) Inventories

Inventories are valued as follows:

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

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

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

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

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

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

d) Property, plant and equipment

Measurement at recognition:

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

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

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

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

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

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

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

Depreciation:

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

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

Freehold land is not depreciated.

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

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

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

The Group has technically evaluated all the property, plant and equipment for determining the separate identifiable assets having different useful lives under the component approach. On technical evaluation of all separate identifiable components, the management is of the opinion that they do not have any different useful life from that of the principal asset.

In case of revaluation of leasehold land, the resulting amortisation of the total revalued amount is expensed off to the Consolidated Statement of Profit and Loss.

Derecognition:

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

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

e) Intangible assets

Intangible assets are initially recognised at:

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

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

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

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

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

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

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

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

f) Borrowing costs

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

g) Leases

Transition to Ind AS 116 - Leases

The Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 - Leases ("Ind AS-116") which replaces the existing lease standard, Ind AS 17 - Leases, and other interpretations. Ind AS 116 – Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Group has adopted Ind AS 116, w.e.f. 01 January 2020 using modified retrospective method with right-of-use asset recognised at an amount equal to the lease liability in the balance sheet on the initial date of application.

Accounting policy applicable from 1 January 2020 onwards:

The Group as a lessee

The Group enters into an arrangement for lease of buildings and equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with Ind AS 116 – Leases, at inception of the contract, the Group assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfills the requirements of Ind AS 40 - Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item in the standalone financial statements of the Group.

The Group has elected not to apply the requirements of Ind AS 116 - Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from Ind AS 116 - Leases. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

Accounting policy on or before 31 December 2019:

Leases of property, plant and equipment in which significant portion of risks and rewards of ownership are not transferred are classified as operating leases. In determining the appropriate classification, the substance of the transaction rather than the form is considered. In case, the lease arrangement includes other consideration, it is separated at the inception of the lease arrangement or upon a reassessment of the lease arrangement into those for the lease and those for other elements on the basis of their relative fair values.

Lease payments in respect of assets taken on operating lease are charged to the Consolidated Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases.

h) Employee benefits

Contribution to provident and other funds

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Group recognises termination benefit as a liability and an expense when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

Gratuity liability is accrued on the basis of an actuarial valuation made at the end of the year. The actuarial valuation is performed by an independent actuary as per projected unit credit method, except for few subsidiary companies where gratuity liability is provided on full cost basis.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

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

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

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

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

Compensated absences

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

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

All other employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognised in the Consolidated Statement of Profit and Loss in the period in which the employee renders the related service.

i) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments, which are classified as equity-settled transactions.

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the Group or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Consolidated Statement of Profit and Loss.

j) Foreign currency transactions and translations

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

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

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

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or after 01 January 2017: Exchange differences arising on conversion of long term foreign currency monetary items obtained or given is recorded in the Consolidated Statement of Profit and Loss.

Group companies

On consolidation, the assets and liabilities of foreign operations, whose functional currency is not the currency of a hyperinflationary economy, are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions.

However, all amounts (i.e. assets, liabilities, equity items, income and expenses) of foreign operation, whose functional currency is the currency of a hyperinflationary economy, are translated into INR at the rate of exchange prevailing at the reporting date and the comparative figures shall be those that were presented as current year amounts in the relevant prior year financial statement (i.e. not adjusted for subsequent changes in the price level or subsequent changes in exchange rates).

The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Financial statements of entity whose functional currency is the currency of a hyperinflationary economy

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy is stated in terms of the measuring unit current at the end of the reporting period.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

Monetary items are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period.

Non-monetary items, which are carried at amounts current at the end of the reporting period, such as net realisable value and fair value, are not restated. All other nonmonetary assets and liabilities which are carried at cost or cost less depreciation are restated by applying to its historical cost and accumulated depreciation the change in a general price index from the date of acquisition to the end of the reporting period. However, where detailed records of the acquisition dates are not available or capable of estimation, in those cases, restatement is computed based on independent professional assessment or by using the best estimate, i.e., by capturing the movements in the exchange rate between the functional currency and a relatively stable foreign currency.

Statement of profit and loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore all amounts are restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

At the beginning of the first period of application, the components of shareholder's equity, excluding retained earnings and any revaluation surplus, are restated by applying a general price index from the dates on which the items were contributed or otherwise arose. Restated retained earnings are derived from all the other amounts in the restated statement of financial position.

The gain or loss on the net monetary position, being the difference resulting from the restatement of non-monetary assets, owners' equity and items in the statement of profit and loss and the adjustment of index linked assets and liabilities, is recognised in the consolidated statement of profit and loss.

k) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits' respectively. When a liability assumed is recognised at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments' ("Ind AS 109"), is measured at fair value with changes in fair value recognised in the Consolidated Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve.

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

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in the Consolidated Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Business combinations involving entities that are controlled by the Group are accounted for using the 'pooling of interests' method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- Except for adjustments made to harmonise accounting policies, no adjustments are made to reflect fair values, or recognise any new assets or liabilities;
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve; and
- The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferred.

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

l) Government grants

Grants from the Government are recognised when there is reasonable assurance that all underlying conditions will be complied with and that the grant will be received.

When loans or similar assistance are provided by Government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. That grant is recognised in the Consolidated Statement of Profit and Loss under 'other operating revenue'. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Government grants related to assets are presented in the Consolidated balance sheet by deducting the grant from the carrying value of the asset and non-monetary grant is recognised at a nominal value.

Grants related to income are recognised as income on a systematic basis in the Consolidated Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate and are presented as 'other operating revenues'.

Total government grant recognised in the Consolidated Statement of Profit and Loss under the head 'Other operating revenue' amounts to ₹ 655.79 million (31 December 2019: ₹ 1,186.62 million) under different industrial promotion tax exemption schemes.

m) Taxes

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

Current income tax

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

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

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

Deferred tax

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

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

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

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

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

Deferred tax on business combination

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

n) Segment reporting

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

o) Discontinued operations

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

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

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

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

p) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded company's or other available fair value indicators.

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

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

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

q) Financial instruments

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

Financial assets

Initial recognition and measurement

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

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

a) Debt instruments at amortised cost

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

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income from these financial assets is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

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

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

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

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

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

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

d) ***Equity instruments***

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

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

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

De-recognition

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

Impairment of financial assets

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

Financial liabilities

Initial recognition and measurement

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

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

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

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

Subsequent measurement

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

a) Financial liabilities at FVTPL

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

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

b) Financial liabilities at amortised cost

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

De-recognition

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

Offsetting of financial instruments

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

Derivative financial instruments

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

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

Non-current assets classified as held for sale are presented separately in the Balance Sheet and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arises on remeasurement or sale is included in the Consolidated Statement of Profit and Loss.

If an entity has classified an asset (or disposal group) as held for sale, but the held-for-sale criteria as specified in Ind AS 105 'Non-current Assets Held

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

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

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

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

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

s) Cash and cash equivalents

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

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

t) Dividend distribution to equity holders of the parent

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

u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Consolidated Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

v) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

w) Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, other than conversion of potential equity shares, that have changed the number of equity shares outstanding without a corresponding change in resources.

In case of a bonus issue, the number of ordinary shares outstanding is increased by number of shares issued as bonus shares in current year and comparative period presented as if the event had occurred at the beginning of the earliest year presented.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

For the purpose of calculating diluted earnings/(loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.1. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements. Changes in estimates are accounted for prospectively.

i) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

a) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

b) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Useful lives of tangible/intangible assets

The Group reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

b) Defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

c) ***Inventories***

The Group estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

d) ***Business combinations***

The Group uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

e) ***Impairment of non-financial assets and goodwill***

In assessing impairment, Group estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

f) ***Fair value measurement of financial instruments***

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

4A. Property, plant and equipment

(₹ in million)

	Land freehold #	Land leasehold #	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount											
Balance as at 01 January 2020	6,766.02	5,326.18	13,084.41	35,645.77	246.97	1,775.35	255.20	227.65	5,641.45	11,683.84	80,652.84
Additions for the year	108.56	239.70	701.51	3,003.19	12.78	294.88	49.48	25.21	552.89	257.45	5,245.65
Addition on account of transition to Ind AS 116 (Refer footnote v below)	-	65.65	223.24	7.88	-	163.31	-	-	-	-	460.08
Government grant related to asset received (Refer footnote iv below)	-	(6.37)	-	-	-	-	-	-	-	-	(6.37)
Disposals for the year	-	(1.55)	-	(348.70)	(0.22)	(44.97)	(1.18)	(3.33)	(2,086.76)	(125.12)	(2,611.83)
Foreign exchange fluctuation for the year	37.12	(36.75)	(88.99)	3.14	(2.72)	0.45	(1.19)	(1.83)	(77.80)	(3.04)	(171.61)
Balance as at 31 December 2020	**6,911.70**	**5,586.86**	**13,920.17**	**38,311.28**	**256.81**	**2,189.02**	**302.31**	**247.70**	**4,029.78**	**11,813.13**	**83,568.76**
Depreciation and impairment											
Balance as at 01 January 2020	-	230.99	1,991.99	8,863.54	130.06	1,319.65	140.62	132.83	2,428.42	6,489.72	21,727.82
Depreciation charge for the year	-	78.20	576.00	2,276.41	21.98	200.71	40.42	37.05	675.27	1,325.87	5,231.91
Reversal on disposal of assets for the year	-	-	-	(62.18)	(0.17)	(39.40)	(1.00)	(2.62)	(1,463.38)	(122.80)	(1,691.55)
Foreign exchange fluctuation for the year	-	(0.20)	0.06	42.44	(1.24)	8.21	(0.28)	(0.34)	(25.48)	5.53	28.70
Balance as at 31 December 2020	**-**	**308.99**	**2,568.05**	**11,120.21**	**150.63**	**1,489.17**	**179.76**	**166.92**	**1,614.83**	**7,698.32**	**25,296.88**
Carrying amount as at 31 December 2020	**6,911.70**	**5,277.87**	**11,352.12**	**27,191.07**	**106.18**	**699.85**	**122.55**	**80.78**	**2,414.95**	**4,114.81**	**58,271.88**

(₹ in million)

	Land freehold#	Land leasehold #	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount											
Balance as at 01 January 2019	4,545.28	3,284.38	8,179.71	22,477.92	204.21	1,748.07	202.01	166.51	4,770.88	10,003.18	55,582.15
Additions for the year	527.84	112.01	1,591.10	5,189.20	27.04	77.81	54.53	55.20	1,000.35	1,040.54	9,675.62
Acquisition through business combination during the year (Refer note 52A and 52C)	1,847.73	1,965.04	3,304.00	8,228.00	16.28	15.69	9.04	7.49	312.53	721.66	16,427.46
Government grant related to asset received (Refer footnote iv below)	-	-	-	(251.05)	-	-	-	-	-	-	(251.05)
Disposals/adjustments for the year	-	(35.24)	(0.14)	(26.98)	(0.14)	(55.47)	(10.52)	(1.14)	(412.32)	(78.89)	(620.84)
Foreign exchange fluctuation for the year	(154.83)	(0.01)	9.74	28.68	(0.42)	(10.75)	0.14	(0.41)	(29.99)	(2.65)	(160.50)
Balance as at 31 December 2019	**6,766.02**	**5,326.18**	**13,084.41**	**35,645.77**	**246.97**	**1,775.35**	**255.20**	**227.65**	**5,641.45**	**11,683.84**	**80,652.84**
Depreciation and impairment											
Balance as at 01 January 2019	-	170.84	1,566.01	6,611.44	110.08	1,202.40	109.85	99.26	1,884.41	5,226.09	16,980.38
Acquired on acquisition of control over existing associate (Refer note 52C)	-	-	4.22	322.80	0.98	0.04	1.96	0.59	-	-	330.59
Depreciation charge for the year	-	60.15	421.82	1,936.17	19.90	159.74	33.28	37.03	839.76	1,318.60	4,826.45
Reversal on disposals/adjustments of assets for the year	-	-	-	(8.27)	(0.22)	(35.82)	(4.40)	(4.07)	(286.50)	(56.26)	(395.54)
Foreign exchange fluctuation for the year	-	-	(0.06)	1.40	(0.68)	(6.71)	(0.07)	0.02	(9.25)	1.29	(14.06)
Balance as at 31 December 2019	**-**	**230.99**	**1,991.99**	**8,863.54**	**130.06**	**1,319.65**	**140.62**	**132.83**	**2,428.42**	**6,489.72**	**21,727.82**
Carrying amount as at 31 December 2019	**6,766.02**	**5,095.19**	**11,092.42**	**26,782.23**	**116.91**	**455.70**	**114.58**	**94.82**	**3,213.03**	**5,194.12**	**58,925.02**

#The Holding Company had acquired leasehold lands at Sonarpur (Kolkata) amounting to ₹ 1.50 million (31 December 2019: ₹ 1.50 million), Pathankot (Punjab) amounting to ₹ Nil (31 December 2019: ₹ 197.10 million) and Sangli (Maharashtra) amounting to ₹ Nil (31 December 2019: ₹ 1.55 million) and freehold land at Nelamangala (Karnataka) amounting to ₹ Nil (31 December 2019: ₹ 1,316.60 million) which is yet to be registered in the name of the Holding Company.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

Footnotes to Note 4:

i. Refer note 58 for information on property, plant and equipment pledged as security by the Group.

ii. The below schedule includes assets taken on finance lease in one of the subsidiaries, details of which are as under:

(₹ in million)

	Plant and equipment	Vehicles	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount				
Balance as at 01 January 2019	13.77	237.58	58.63	309.98
Addition for the year	-	-	-	-
Foreign exchange fluctuation for the year	0.22	3.80	0.94	4.96
Balance as at 31 December 2019	13.99	241.38	59.57	314.94
Depreciation and impairment				
Balance as at 01 January 2019	5.25	207.19	33.83	246.27
Depreciation for the year	0.69	17.36	5.88	23.93
Foreign exchange fluctuation for the year	0.09	3.52	0.61	4.22
Balance as at 31 December 2019	6.03	228.07	40.32	274.42
Carrying amount as at 31 December 2019	**7.96**	**13.31**	**19.25**	**40.52**

iii. Pre-operative expenses incurred and capitalised during the year are as under:

(₹ in million)

Net Book Value	31 December 2020	31 December 2019
Balance at the beginning of the year	2.46	149.30
Add: Incurred during the year		
Net loss/(gain) on foreign currency transactions	(0.00)	-
Finance costs	-	131.93
Other expenses	68.03	130.17
Less: Capitalised during the year	(36.10)	(408.94)
Amount carried over	**34.39**	**2.46**

iv. During the year ended on 31 December 2020, the Holding Company has received government grant related to assets under the Punjab Industrial and Business Development Policy, 2017 amounting to ₹ 6.37 million and for previous year ended on 31 December 2019, the Holding Company has received government grant related to assets under the Central Capital Investment Subsidy NEIIPP, 2007 amounting to ₹ 251.05 million. The grant received has been deducted against the carrying value of the asset.

v. The below schedule includes leased assets represents right of use assets, details of which are as under (Refer note 48):

(₹ in million)

	Land leasehold	Leased buildings	Leased plant and equipment	Vehicles	Total
Gross carrying amount					
Balance as at 01 January 2020	-	-	-		-
Addition on account of transition to Ind AS 116	65.65	223.24	7.88	163.31	460.08
Additions for the year	-	-	-	-	-
Disposals for the year	-	-	-	-	-
Foreign exchange fluctuation for the year	-	-	-	6.34	6.34
Balance as at 31 December 2020	65.65	223.24	7.88	169.65	466.42
Accumulated Depreciation					
Balance as at 01 January 2020	-	-	-	-	-
Depreciation charge for the year	5.25	86.99	0.96	38.61	131.81
Reversal on disposals for the year	-	-	-	-	-
Balance as at 31 December 2020	5.25	86.99	0.96	38.61	131.81
Carrying amount as at 31 December 2020	**60.40**	**136.25**	**6.92**	**131.04**	**334.61**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

The Company has adopted Ind AS 116 effective 01 January 2020, using modified retrospective method hence not applicable for comparative year.

vi. The amount of contractual commitments for the acquisitions of property, plant and equipment are disclosed in Note 45.

4B. Capital work-in-progress: The changes in the carrying value of capital work-in-progress for the year ended 31 December 2020 and 31 December 2019 are as follows :

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2020	638.24
Additions for the year*	3,082.61
Transfer to property, plant and equipment	(3,049.94)
Foreign exchange fluctuation for the year	(2.76)
Balance as at 31 December 2020	**668.15**

*Includes ₹ 402.34 million along with related provision, transferred from capital advances on allotment of property by Varun Developers Private Limited during the year.

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2019	3,625.59
Additions for the year	4,009.00
Transfer to property, plant and equipment	(6,861.06)
Foreign exchange fluctuation for the year	(135.29)
Balance as at 31 December 2019	**638.24**

5A. Goodwill

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2020	242.30
Balance as at 31 December 2020	**242.30**
Amortisation and impairment	
Balance as at 01 January 2020	-
Amortisation charge for the year	-
Balance as at 31 December 2020	**-**
Carrying amount as at 31 December 2020	**242.30**

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2019	19.40
Acquired on acquisition of control over existing associate (Refer Note 52C)	222.90
Balance as at 31 December 2019	**242.30**
Amortisation and impairment	
Balance as at 01 January 2019	-
Amortisation charge for the year	-
Balance as at 31 December 2019	**-**
Carrying amount as at 31 December 2019	**242.30**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

5B. Other intangible assets

(₹ in million)

	Market infrastructure	Distribution network	Franchise rights/ trademarks (Refer note i)	Computer software	Total
Gross carrying amount					
Balance as at 01 January 2020	74.70	157.64	6,043.62	274.25	6,550.21
Additions for the year	-	-	-	2.02	2.02
Disposals/adjustments for the year	(40.46)	-	-	-	(40.46)
Foreign exchange fluctuation for the year	5.70	-	(0.21)	0.02	5.51
Balance as at 31 December 2020	**39.94**	**157.64**	**6,043.41**	**276.29**	**6,517.28**
Amortisation and impairment					
Balance as at 01 January 2020	50.58	20.78	657.16	198.58	927.10
Amortisation charge for the year	7.61	19.70	-	27.79	55.10
Reversal on disposals/adjustments on assets for the year	(40.46)	-	-	-	(40.46)
Foreign exchange fluctuation for the year	3.59	-	(0.08)	0.02	3.53
Balance as at 31 December 2020	**21.32**	**40.48**	**657.08**	**226.39**	**945.27**
Carrying amount as at 31 December 2020	**18.62**	**117.16**	**5,386.33**	**49.90**	**5,572.01**

(₹ in million)

	Market infrastructure	Distribution network	Franchise rights/ trademarks (Refer note i)	Computer software	Total
Gross carrying amount					
Balance as at 01 January 2019	73.53	157.64	5,658.61	225.11	6,114.89
Additions for the year	-	-	150.00	48.93	198.93
Acquired on business acquisition during the year (Refer note 52A)	-	-	235.10	-	235.10
Disposals/adjustments for the year	-	-	-	0.20	0.20
Foreign exchange fluctuation for the year	1.17	-	(0.09)	0.01	1.09
Balance as at 31 December 2019	**74.70**	**157.64**	**6,043.62**	**274.25**	**6,550.21**
Amortisation and impairment					
Balance as at 01 January 2019	41.40	1.08	657.19	166.65	866.32
Amortisation charge for the year	8.42	19.70	-	31.71	59.83
Reversal on disposals/adjustments on assets for the year	-	-	-	0.20	0.20
Foreign exchange fluctuation for the year	0.76	-	(0.03)	0.02	0.75
Balance as at 31 December 2019	**50.58**	**20.78**	**657.16**	**198.58**	**927.10**
Carrying amount as at 31 December 2019	**24.12**	**136.86**	**5,386.46**	**75.67**	**5,623.11**

Footnotes to Note 5A and 5B:

(i) The Group has considered the related provisions of Ind AS 38 on 'Intangibles Assets' which permit certain intangible assets to have an indefinite life and accordingly the carrying value of these franchisee rights have been considered to have an indefinite life. These franchisee rights meet the prescribed criteria of renewal at nominal cost, renewal with no specific conditions attached and is supported by evidences of being renewed. Management is of the opinion that, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the franchisee rights are expected to generate net cash inflows for the Group.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

Goodwill and franchise rights with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

The assumptions used in this impairment assessment are most sensitive to following:

a) Weighted average cost of capital ''WACC'' of 13.30% for the explicit period and 13.57% for the terminal year.

b) For arriving at the terminal value, approximate growth rate of 5% is considered.

c) Number of years for which cash flows were considered are 5 years.

d) The approximate rate of growth in sales is estimated at 10%-20% in the discrete period.

No impairment loss was identified on the above assessment.

(ii) The amount of contractual commitments for the acquisitions of intangible assets are disclosed in Note 45.

(iii) Refer Note 58 for information on other intangible assets pledged as security by the Group.

6. Investments in associate

(i) In the previous financial year, the Holding Company held 47.30% ownership interest in Angelica Technologies Private Limited ("Angelica") which in turn held 74% stake in Lunarmech Technologies Private Limited ("Lunarmech"). The ownership interest in Angelica was accounted for using the equity method till 03 November 2019, subsequent to which, the Holding Company, on 04 November 2019, acquired board control in Angelica. Consequently, both Angelica and its step down subsidiary, Lunarmech, became subsidiaries of the Group w.e.f. 04 November 2019 and were consolidated on a line-by-line basis from that date. Thereafter, on 09 September 2019, the Holding Company acquired 20% direct shareholding in Lunarmech for a purchase consideration of ₹ 150.38 million (also refer note 52C). The summarised financial information for Angelica for the period 01 January 2019 to 03 November 2019 is presented in note 61.

(ii) In the current year, the National Company Law Tribunal, through its order dated 22 May 2020 has approved a scheme of amalgamation of Angelica with Lunarmech. The approved scheme of amalgamation has been filed with the Registrar of Companies on 07 July 2020. This has no impact on the consolidated financial statements.

7. Investments

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Fair value through Profit or Loss		
Investment in fully paid equity shares (unquoted)		
200 (31 December 2019: 200) shares of ₹ 50 each in The Margao Urban Co-operative Bank Limited	0.01	0.01
250 (31 December 2019: 250) shares of ₹ 10 each in The Goa Urban Co-operative Bank Limited**	0.00	0.00
	0.01	**0.01**
**Rounded off to Nil.		
Aggregate amount of unquoted investments	**0.01**	**0.01**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

8. Loans

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Loans carried at amortised cost		
Security deposits	417.89	445.48
	417.89	**445.48**

9. Other non-current financial assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Financial assets at amortised cost		
Balance in deposit accounts with more than 12 months maturity#	1.21	8.90
	1.21	**8.90**

Pledged as security with electricity department/banks.

10. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

(₹ in million)

Deferred tax liabilities/(assets)	As at 01 January 2020	Recognised in other comprehensive income**	Recognised in the Consolidated Statement of Profit and Loss	As at 31 December 2020
Accelerated depreciation for tax purposes	4,863.84	-	(1,046.07)	3,817.77
Benefit accrued on government grants	274.03	-	(67.31)	206.72
Minimum alternate tax (MAT) credit*	(1,168.94)	-	291.72	(877.22)
Carry forward of unused tax losses	(177.90)	-	(99.11)	(277.01)
Allowance for doubtful debts	(158.85)	-	18.81	(140.04)
Provision for bonus	(33.41)	-	10.97	(22.44)
Foreign currency monetary item translation difference account	(2.84)	-	2.84	-
Provision for retirement benefits	(676.32)	(29.53)	196.77	(509.08)
Fair valuation of financial instruments	(230.53)	-	203.34	(27.19)
Borrowings	(0.97)	-	(0.69)	(1.66)
Exchange differences arising on translation of foreign operations	(7.64)	7.64	-	-
Gain on acquisition of control over existing associate	55.25	-	(18.42)	36.83
Other expenses allowable on payment basis	(39.13)	-	(18.30)	(57.43)
	2,696.59	**(21.89)**	**(525.45)**	**2,149.25**
Exchange difference on re-statement of deferred tax balances	**-**	**-**	**0.25**	**-**
	2,696.59	**(21.89)**	**(525.20)**	**2,149.25**
Classified as:				
Deferred tax assets (Net)	128.48			110.18
Deferred tax liabilities (Net)	2,825.07			2,259.43

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Deferred tax liabilities/ (assets)	As at 01 January 2019	Acquired on business combination (Refer note 52A and 52C)	Recognised in other comprehensive income**	Recognised in Statement of Profit and Loss	As at 31 December 2019
Accelerated depreciation for tax purposes	3,695.70	15.93	-	1,152.21	4,863.84
Benefit accrued on government grants	272.62	-	-	1.41	274.03
Minimum alternate tax (MAT) credit*	(1,047.74)	-	-	(121.20)	(1,168.94)
Carry forward of unused tax losses	(176.52)	-	-	(1.38)	(177.90)
Allowance for doubtful debts	(151.90)	-	-	(6.95)	(158.85)
Provision for bonus	(18.65)	(11.47)	-	(3.29)	(33.41)
Foreign currency monetary item translation difference account	(19.38)	-	-	16.54	(2.84)
Provision for retirement benefits	(408.95)	(119.34)	(33.19)	(114.84)	(676.32)
Fair valuation of financial instruments	(194.33)	-	-	(36.20)	(230.53)
Borrowings	(0.16)	-	-	(0.81)	(0.97)
Exchange differences arising on translation of foreign operations	(104.61)	-	96.97	-	(7.64)
Gain on acquisition of control over existing associate	-	-	-	55.25	55.25
Foreign currency loss on restatement of balances in subsidiary	(168.47)	-	-	168.47	-
Other expenses allowable on payment basis	(89.95)	-	-	50.82	(39.13)
	1,587.66	**(114.88)**	**63.78**	**1,160.03**	**2,696.59**
Exchange difference on re-statement of deferred tax balances	**-**	**-**	**-**	**2.46**	**-**
	1,587.66	**(114.88)**	**63.78**	**1,162.49**	**2,696.59**
Classified as:					
Deferred tax assets (Net)	334.00				128.48
Deferred tax liabilities (Net)	1,921.66				2,825.07

***MAT credit (recognised in Holding Company):** (₹ in million)

	Recognised in profit and loss	Utilised from profit and loss
31 December 2020	-	(291.72)
31 December 2019	170.76	(49.56)

MAT credit recognised in a year adjustable against income taxes payable under normal tax provisions over a period of 15 years.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

MAT credit recognised on balance sheet date is accumulation of credit recognised (net of utilisation) as per below table:

(₹ in million)

Financial year	Credit available for carry forward (net of utilisation)	Expiry date
2015-16	103.08	31 March 2031
2016-17	385.62	31 March 2032
2017-18	217.76	31 March 2033
2019-20	170.76	31 March 2035
Total	**877.22**	

A subsidiary of the Group has the following unused tax losses and unabsorbed depreciation, for which no deferred tax asset has been recognised in the books of accounts:

a) Unused business losses and unabsorbed depreciation on intangible assets that can be carried forward as follows:

(₹ in million)

Financial year of origination	Financial year of expiry	31 December 2020	31 December 2019
31 December 2016	31 December 2020	-	196.09
31 December 2017	31 December 2021	124.30	112.69
31 December 2018	31 December 2022	622.91	564.71
Total		**747.21**	**873.49**

b) Unused unabsorbed depreciation on tangible assets amounting to ₹ 1,935.12 million (31 December 2019: ₹ 1,741.76 million) can be carried forward indefintely.

Notes:

** The amounts recognised in other comprehensive income relates to the re-measurement of net defined retirement benefit liability and exchange differences arising on translation of foreign operations. Refer note 38 for the amount of the income tax relating to these components of other comprehensive income.

On 20 September 2019, vide the Taxation Laws (Amendment) the Ordinance 2019, the Government of India inserted Section 115BAA in the Income tax Act, 1961 which provides Indian domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April 2019 subject to certain conditions.

During the year ended 31 December 2020, the Holding Company made an assessment of the impact of the Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax (MAT) credit and expiry of other tax benefits/holidays available. In accordance with the Ind AS 12 "Income Taxes", the Holding Company is also required to remeasure its deferred tax balances, for amounts that are expected to reverse in future when the Company would migrate to the new tax regime. The Holding Company has remeasured its outstanding deferred tax balances and written back an amount of ₹ 731.85 million to the Consolidated Statement of Profit and Loss.

11. Other non-current assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Unsecured, considered good)		
Capital advances	958.00	1,155.40
Less: Allowance for expected credit loss on advances	-	(402.34)
	958.00	**753.06**
Advances other than capital advances		
- Security deposits	5.05	2.73
- Income tax paid (includes amount paid under protest)	165.68	193.98
- Balance with statutory authorities (paid under protest)	140.54	166.03
- Prepaid expenses	34.17	38.16
	1,303.44	**1,153.96**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

12. Inventories

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Valued at lower of cost or net realisable value)		
Raw materials (including raw material in transit of ₹ 74.39 (31 December 2019: ₹ 176.91)	3,965.62	3,925.27
Work in progress	85.26	64.72
Intermediate goods (including goods in transit of ₹ 28.76 (31 December 2019: ₹ 35.86))	1,665.55	1,855.05
Finished goods (including goods in transit of ₹ 39.79 (31 December 2019: ₹ 26.03))	1,706.56	1,480.89
Stores and spares	1,865.05	1,489.20
	9,288.04	**8,815.13**

The Group manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods, which are not significant, stock in trade values are not separately ascertainable.

The cost of inventories recognised as an expense during the year are disclosed in Note 31, Note 32 and Note 33.

13. Trade receivables

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Trade receivables considered good - Unsecured	2,272.58	1,562.06
Trade receivables considered good - Secured	145.39	163.49
Trade receivables - Credit impaired	435.33	393.04
	2,853.30	**2,118.59**
Less : Allowance for expected credit losses	(435.33)	(393.04)
	2,417.97	**1,725.55**
Includes amounts due, in the ordinary course of business, from companies in which directors of the Holding Company are also directors:		
i. Devyani Airport Services (Mumbai) Private Limited	0.26	0.57
ii. Alisha Torrent Closures (India) Private Limited	9.13	3.20

Trade receivables are non-interest bearing and credit period generally falls in the range of 0 to 120 days terms.

14. Cash and cash equivalents

(also for the purpose of Consolidated Cash Flow Statement)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Balance with banks in current accounts	497.69	726.34
Balance in deposits with original maturity of less than three months	403.91	544.09
Cheques/drafts on hand	113.30	67.82
Cash on hand	30.68	41.43
	1,045.58	**1,379.68**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

15. Bank balances other than cash and cash equivalents

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Deposits with original maturity more than 3 months but less than 12 months*	699.98	62.93
Deposits with bank held as margin money	154.33	267.51
Unpaid dividend account**	0.61	0.65
	854.92	**331.09**

*Pledged as security with statutory authorities/banks

**These balances are not available for use by the Group and corresponding balance is disclosed as unclaimed dividend in Note 26.

16. Loans

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Loans carried at amortised cost		
Security deposits	100.16	69.37
	100.16	**69.37**

17. Other financial assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Unsecured, considered good)		
Interest accrued on:		
- Term deposits	9.68	10.06
- Others	21.27	18.93
Government grant receivable	1,197.24	1,840.78
Claims receivable	358.36	286.10
Other receivables	83.49	33.96
	1,670.04	**2,189.83**

18. Current tax assets (Net)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Advance tax (Net of provision)	102.19	10.23
	102.19	**10.23**

19. Other current assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Unsecured, considered good)		
Security deposits	8.64	9.52
Other advances:		
- Employees	61.23	87.86
- Contractors and suppliers	1,496.92	1,029.11
- Prepaid expenses	256.42	149.04
- Balance with statutory/government authorities	547.99	824.98
- Other advances	146.66	97.45
	2,517.86	**2,197.96**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

20. Equity share capital

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Authorised share capital:		
500,000,000 (31 December 2019: 500,000,000) equity shares of ₹ 10 each	5,000.00	5,000.00
	5,000.00	**5,000.00**
Issued, subscribed and fully paid up:		
288,688,720 (31 December 2019: 288,688,720) equity shares of ₹ 10 each	2,886.89	2,886.89
	2,886.89	**2,886.89**

(a) Reconciliation of share capital

(₹ in million)

Particulars	No. of shares	Amount
Balance as at 01 January 2020	288,688,720	2,886.89
Add: Change during the year	-	-
Balance as at 31 December 2020	**288,688,720**	**2,886.89**

(₹ in million)

Particulars	No. of shares	Amount
Balance as at 01 January 2019	182,641,940	1,826.42
Add: Shares issued on exercise of employee stock options during the year	13,285	0.13
Add: Bonus shares issued during the year (Refer note (d) below)	91,327,613	913.28
Add: Shares issued pursuant to Qualified institutional placement ("QIP") (Refer note (h) below)	14,705,882	147.06
Balance as at 31 December 2019	**288,688,720**	**2,886.89**

(b) Terms/rights attached to shares

The Holding Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Holding Company, holders of equity shares will be entitled to receive any of the remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(c) List of shareholders holding more than 5% of the equity share capital of the Holding Company at the beginning and at the end of the year :

Shareholders as at 31 December 2020	No. of shares	%
R J Corp Limited	79,933,517	27.69%
Ravi Kant Jaipuria & Sons (HUF)	53,881,805	18.66%
Mr. Varun Jaipuria	50,663,250	17.55%

Shareholders as at 31 December 2019	No. of shares	%
R J Corp Limited	81,033,517	28.07%
Ravi Kant Jaipuria & Sons (HUF)	57,481,805	19.91%
Mr. Varun Jaipuria	50,663,250	17.55%

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

As per records of the Holding Company, including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(d) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

During the year ended 31 December 2019, the Holding Company has issued 91,327,613 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on the record date.

(e) Shares reserved for issue under options (Refer note 54)

Under Employee Stock Option Scheme, 2013:

	As at 31 December 2020	As at 31 December 2019
No. of equity shares of ₹ 10 each at an exercise price of ₹ 149.51 per share		
Options outstanding at the beginning of the year	-	23,285
Less: Options lapsed during the year	-	10,000
Less: Shares issued on exercise of employee stock options	-	13,285
	-	**-**

(f) Shares held by holding and ultimate holding company

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
RJ Corp Limited, Parent* company	799.34	810.34
79,933,517 (31 December 2019: 81,033,517) fully paid equity shares of ₹ 10 each		
Ravi Kant Jaipuria & Sons (HUF), Parent* of RJ Corp Limited	538.82	574.82
53,881,805 (31 December 2019: 57,481,805) fully paid equity shares of ₹ 10 each		
	1,338.16	**1,385.16**

*As defined under Ind AS 110 - Consolidated Financial Statements ("Ind AS 110")

(g) Preference share capital

The Holding Company also has authorised preference share capital of 50,000,000 (31 December 2019: 50,000,000) preference shares of ₹ 100 each. The Holding Company does not have any outstanding issued preference shares.

(h) Pursuant to QIP, 14,705,882 equity shares of the Holding Company of ₹ 10 each were allotted at ₹ 612 per equity share: (Refer note 62)

(₹ in million)

Date of allotment	Share capital	Securities premium
07 September 2019	147.06	8,852.93

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

21. Other equity

Refer Consolidated Statement of Changes in Equity for detailed movement in Other Equity balance.

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Capital reserve on consolidation	(2,279.78)	(2,279.78)
Capital reserve	533.93	533.93
General reserve	444.26	444.26
Securities premium	26,178.17	26,178.17
Retained earnings	8,042.43	5,560.11
Exchange differences on translating the financial statements of foreign operations	(565.89)	(27.23)
Foreign currency monetary item translation difference account	-	(12.13)
	32,353.12	**30,397.33**

Description of nature and purpose of each reserve:

Capital reserve on consolidation - Created on additional consideration paid in form of cash on business combinations involving entities including businesses/entities under common control.

Capital reserve - Created on merger of Varun Beverages (International) Limited with the Holding Company pursuant to and in accordance with the Court approved scheme of amalgamation. Includes gain from bargain purchases.

General reserve - Created by way of transfer from debenture redemption reserve on redemption of debentures and is not an item of other comprehensive income.

Securities premium - Created to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Retained earnings - Created from the profit of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

Exchange differences on translating the financial statements of foreign operations - Exchange differences arising on translation of the foreign operations of the Group, recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within other equity. The cumulative amount is reclassified to the Consolidated Statement of Profit and Loss when the net investment is disposed.

Foreign currency monetary item translation difference account - Created for recording exchange differences arising on restatement of long term foreign currency monetary items, other than for acquisition of fixed assets, and is being amortised over the maturity period of such monetary items.

22. Borrowings

A. Non-current borrowings:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Term loans (secured) (Refer note 22D)		
- Loans from banks	18,877.06	22,753.47
- Loans from financial institutions	919.16	800.29
	19,796.22	**23,553.76**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

Loans and borrowing above are recognised at amortised cost/ fair value taking into account any discount or premium on acquisition and fee or costs that are part of effective interest rate, accordingly the outstanding balances above may not necessarily reconcile with repayment amounts.

B. Other non-current financial liabilities:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Lease Liabilities (Refer note 48)	244.39	-
	244.39	**-**

C. Current borrowings:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Working capital facilities		
-from banks (secured) (Refer footnote (a))	6,135.60	2,603.90
-from a bank (unsecured) (Refer footnote (b))	1,000.00	2,000.00
Loans repayable on demand from:		
- bodies corporate (unsecured) (Refer footnote (c))	2.98	63.42
- others (unsecured) (Refer footnote (c))	-	4.22
	7,138.58	**4,671.54**

(a) In case of the Holding Company, the working capital facilities from banks are secured by first charge on entire current assets of the Company ranking pari-passu amongst the banks and second charge on the movable and immovable assets of the Company pertaining to specific manufacturing units. One facility from bank is secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company and another facility from bank is secured by subservient charge over movable fixed assets of the Company. These facilities carry interest rates ranging between 4.75% to 5.90% (31 December 2019: 8.35% to 9.65%).

Working capital facilities in case of subsidiaries amounting to ₹ 780.20 million (31 December 2019: ₹ 493.46 million), are secured mainly by charge on trade receivables, inventories and other current assets of the respective subsidiary company, ranking pari passu and charge on certain movable and immovable assets of the respective subsidiary. Some of the facilities of subsidiaries are guaranteed by respective subsidiary company, as per the terms of respective agreements. The working capital facilities carries interest rates ranging between 4.00% to 9.49% (31 December 2019: 5.50% to 16.09%).

(b) During the current year, Holding Company has availed a working capital facility from a bank carrying rate of interest of 5.60% per annum and is repayable in two equal instalments at the end of eight and nine month from the date of disbursement. During the previous year ended on 31 December 2019, working capital facility from a bank carried rate of interest of 7.15% per annum and was repayable in one instalment at the end of six month from the date of disbursement. The outstanding amount of ₹ 2,000.00 million were repaid during the year.

(c) These loans are taken in the ordinary course of business by certain subsidiaries from their directors and are interest free.

There are no defaults in repayment of principal borrowing or interest thereon.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

D. Terms and conditions/details of securities for loans:

(₹ in million)

Particulars	Loan outstanding			
	31 December 2020		31 December 2019	
	Non-current	Current	Non-current	Current
Term loans				
Loans from banks (secured)				
(i) Foreign currency loan from banks in Holding Company				
Loan carrying rate of interest of LIBOR+1.60% (31 December 2019: LIBOR+1.60%) and is repayable in two equal instalments of SGD 16.56 each in May 2021 and May 2022. The Holding Company has executed a cross currency swap to hedge total loan of SGD 33.13 to USD 25.00 and interest rate swap to hedge its exposure.	914.08	914.08	1,752.25	-
Loan is secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Holding Company including the territory/franchisee rights acquired under the acquisition under slump sale basis except vehicles.				
(ii) Indian rupee loan from banks				
Loans carrying weighted average rate of interest 6.86% (31 December 2019: 8.92%) depending upon tenure of the loans. For repayment terms refer note 22E.	17,600.10	3,598.41	20,283.65	4,942.71
These loan are secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Holding Company including the territory/franchisee rights acquired under the business acquisition except vehicles.				
(iii) Vehicle rupee term loan in Holding Company				
Loans carrying rate of interest in range of 7.90%-9.25% (31 December 2019: 7.90%-10.15%). They are repayable generally over a period of three to five years in equal monthly instalments as per the terms of the respective agreements. Vehicle loans are secured against respective vehicles financed.	110.17	59.73	80.89	38.15
(iv) Term loan at Varun Beverages (Zimbabwe) (Private) Limited				
Loan from bank carries rate of interest of LIBOR + 2.50% (31 December 2019: LIBOR + 2.50%). For repayment terms refer note 22E.	60.09	266.74	354.10	285.10

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Particulars		Loan outstanding			
		31 December 2020		31 December 2019	
		Non-current	Current	Non-current	Current
	Above loan is secured by corporate guarantee of the Holding Company.				
	Loan from bank carries rate of interest of LIBOR + 3.00% (31 December 2019: LIBOR + 3.00%) For repayment terms refer note 22E.	-	279.47	282.58	370.84
	Above loan is secured by corporate guarantee of the Holding Company.				
	Loan from bank carries rate of interest of 45% (31 December 2019: 25%) repayable in three months. The outstanding amount of ₹ 212.50 was repaid during the current year.	-	-	-	212.50
	Above loan is secured by corporate guarantee of the Holding Company.				
(v)	**Term loan at Lunarmech Technologies Private Limited**				
(a)	Loan carrying a rate of interest of 3.75% and are repayable over a period of 3 years as a single payment. The loan is repayble on 10 Jan 2023 and are secured against respective asset financed.	96.31	-	-	-
(b)	Loan carrying a rate of interest of 3.75% and are repayable over a period of 3 years as a single payment. The loan is repayble on 05 March 2023 and are secured against respective asset financed.	96.31	-	-	-
Total loans from banks (secured)		**18,877.06**	**5,118.43**	**22,753.48**	**5,849.31**
Loans from financial institutions (secured)					
Interest free loan from The Pradeshiya Industrial & Investment Corporation of U.P. Limited are repayable in one instalment after expiry of seven years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid upto the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.52%-9.72%. The repayments are due as following: **Date of repayment** — **Amount** 25 December 2023 — 155.79 30 November 2024 — 177.83 01 November 2025 — 211.98		389.38	-	356.42	-

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Particulars	Loan outstanding			
	31 December 2020		31 December 2019	
	Non-current	Current	Non-current	Current
Interest free loan from The Director of Industries and Commerce, Haryana are repayable in one instalment after expiry of five years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid upto the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.33%. The repayments are due as following: **Date of repayment** — **Amount** 16 January 2023 — 94.01 30 March 2023 — 90.73 07 June 2023 — 175.00 25 October 2023 — 73.66 20 February 2024 — 91.36 27 May 2024 — 36.85 29 August 2024 — 39.10 17 February 2025 — 43.98 13 October 2025 — 23.96	529.78	-	443.87	-
Total loans from financial institutions (secured)	**919.16**	**-**	**800.29**	**-**

(₹ in million)

Particulars	Loan outstanding			
	31 December 2020		31 December 2019	
	Non-current	Current	Non-current	Current
Loans from others (secured)				
Loan carrying a rate of interest of 6.81% and are repayable over a period of one year as per the terms of the respective agreements. These loans are secured against respective asset financed. The loan was repaid during the current year.	-	-	-	4.95
Total loans from others (secured)	**-**	**-**	**-**	**4.95**
Term loan from a bank at Angelica Technologies Private Limited				
Foreign currency loan carrying rate of interest of 12 months euribor+175 bps (31 December 2019: euribor+175 bps), the loan was repaid in the current year.	-	-	-	23.74

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Particulars	Loan outstanding			
	31 December 2020		31 December 2019	
	Non-current	Current	Non-current	Current
This term loan is secured by mortgage of movable and immovable assets of the subsidiary company.				
Total	**-**	**-**	**-**	**23.74**
Deferred value added tax/excise (unsecured)				
Deferred value added tax and deferred excise relating to Varun Beverages (Zambia) Limited is repayable within one year. These are interest free loans.	-	5.75	-	68.44
Total deferred value added tax/excise (unsecured)	**-**	**5.75**	**-**	**68.44**
Total	**19,796.22**	**5,124.18**	**23,553.77**	**5,946.44**

E. Repayment terms:

(₹ in million, unless stated otherwise)

Sl. No.	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
(i)	**Indian rupee loan from banks**					
1	Term loan - 1	-	-	57.67	114.60	The loan was originally repayable in two instalments of ₹ 57.30 each due in May 2020 and June 2020 and one instalment of ₹ 57.84 due in May 2021. The outstanding amount of ₹ 172.44 was repaid during the year.
2	Term loan - 2	350.00	175.00	700.00	350.00	Pre payment of one instalment of ₹ 175.00 due in May 2021. One instalment of ₹ 175.00 due in June 2021, two instalments of ₹ 175.00 each due in May 2022 and June 2022.
3	Term loan - 3	598.59	-	996.56	-	Pre payment was for two instalments of ₹ 150.00 due in May 2021 and ₹ 250.00 due in June 2021 and two instalments of ₹ 300.00 each due in May 2022 and June 2022.
4	Term loan - 4	249.66	125.00	499.23	50.00	Pre payment was done for one instalment of ₹ 125.00 due in May 2021. One instalment of ₹ 125.00 due in June 2021 and two instalments of ₹ 125.00 each due in May 2022 and June 2022.
5	Term loan - 5	-	150.00	300.00	300.00	Pre payment was done for one instalment of ₹ 150.00 due in May 2021. One instalment of ₹ 150.00 due in June 2021.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million, unless stated otherwise)

Sl. No.	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
6	Term loan - 6	589.25	294.63	1,178.45	392.83	Pre payment was done for one instalment of ₹ 294.63 due in May 2021. One instalment of ₹ 294.63 due June 2021 and two instalments of ₹ 294.63 each due in May 2022 and June 2022.
7	Term loan - 7	321.09	-	581.36	-	Pre payment was done for two instalments of ₹ 76.96 due in May 2021 and of ₹ 183.31 due in June 2021. One instalment of ₹ 183.31 due in May 2022 and ₹ 137.78 due in June 2022.
8	Term loan - 8	101.60	-	217.50	115.90	Pre payment was done for two instalments of ₹ 57.95 each due in May 2021 and June 2021. Two instalments of ₹ 57.95 due in May 2022 and ₹ 43.65 due in June 2022.
9	Term loan - 9	-	-	150.00	100.00	The loan was originally repayable in two instalments of ₹ 50.00 each due in May 2020 and June 2020, two instalments of ₹ 50.00 each due in May 2021 and June 2021 and one instalment of ₹ 50.00 due in May 2022. The outstanding amount of ₹ 250.00 was repaid during the year.
10	Term loan - 10	-	-	240.00	80.00	The loan was originally repayable in two instalments of ₹ 40.00 each due in May 2020 and June 2020, two instalments of ₹ 40.00 each due in May 2021 and June 2021, two instalments of ₹ 40.00 each due in May 2022 and June 2022 and two instalments of ₹ 40.00 each due in May 2023 and June 2023. The outstanding amount of ₹ 320.00 was repaid during the year.
11	Term loan - 11	-	150.00	150.00	150.00	Two instalments of ₹ 75.00 each due in May 2021 and June 2021.
12	Term loan - 12	238.30	297.88	536.18	297.88	Two instalments of ₹ 148.94 each due in May 2021 and June 2021 and two instalments of ₹ 119.15 each due in May 2022 and June 2022.
13	Term loan - 13	300.00	-	600.00	200.00	Pre payment was done for two instalments of ₹ 150.00 each due in May 2021 and June 2021. Two instalments of ₹ 150.00 each due in May 2022 and June 2022.
14	Term loan - 14	250.00	-	350.00	100.00	Pre payment was done for two instalments of ₹ 50.00 each due in May 2021 and June 2021. Two instalments of ₹ 50.00 each due in May 2022 and June 2022 and two instalments of ₹ 75.00 each due in May 2023 and June 2023.
15	Term loan - 15	999.75	250.00	1,499.74	500.00	Pre payment was done for one instalment of ₹ 250.00 due in May 2021. One instalment of ₹ 250.00 due in June 2021, two instalments of ₹ 250.00 each due in May 2022 and June 2022 and two instalments of ₹ 250.00 each due in May 2023 and June 2023.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million, unless stated otherwise)

Sl. No.	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
16	Term loan - 16	510.00	160.00	750.00	240.00	Pre payment of one instalment of ₹ 80.00 due in May 2021. Two instalments of ₹ 80.00 each due in June 2021 and July 2021, three instalments of ₹ 90.00 each due in May 2022, June 2022 and July 2022 and one installment of ₹ 90.00 due in May 2023 and of ₹ 150.00 due in June 2023.
17	Term loan - 17	245.00	150.00	395.00	150.00	Two instalments of ₹ 75.00 each due in June 2021 and July 2021, two instalments of ₹ 80.00 each due in June 2022 and July 2022 and one instalment of ₹ 85.00 due in June 2023.
18	Term loan - 18	434.91	-	628.21	193.30	Pre payment was done for one instalment of ₹ 193.30 due in May 2021. One instalment of ₹ 193.30 due in May 2022 and one instalment of ₹ 241.62 due in May 2023.
19	Term loan - 19	444.60	-	666.80	166.60	Pre payment was done for two instalments of ₹ 111.10 each due in May 2021 and June 2021. Two instalments of ₹ 111.10 each due in May 2022 and June 2022 and two instalments of ₹ 111.10 due in May 2023 and June 2023
20	Term loan - 20	1,166.09	145.80	1,457.55	291.60	Pre payment was done for one instalment of ₹ 145.80 due in June 2021. One instalment of ₹ 145.80 due in July 2021, two instalments of ₹ 145.80 each due in June 2022 and July 2022, two instalments of ₹ 145.80 each due in June 2023 and July 2023, two instalments of ₹ 145.90 each due in June 2024 and July 2024 and two instalments of ₹ 145.90 each due in June 2025 and July 2025.
21	Term loan - 21	1,496.79	-	1,495.36	-	Two instalments of ₹ 375.00 each due in May 2022 and June 2022 and two instalments of ₹ 375.00 each due in May 2023 and June 2023.
22	Term loan - 22	1,746.48	-	2,494.90	500.00	Pre payment was done for three instalments of ₹ 250.00 each due in May 2021, June 2021 and May 2022. One instalment of ₹ 250.00 due in June 2022, two instalments of ₹ 250.00 each due in May 2023 and June 2023, two instalments of ₹250.00 each due in May 2024 and June 2024 and two instalments of ₹ 250.00 each due in May 2025 and June 2025.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million, unless stated otherwise)

Sl. No.	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
23	Term loan - 23	1,196.61	200.00	1,594.35	400.00	Pre payment was done for one instalment of ₹ 200.00 due in May 2021. One instalment of ₹ 200.00 due in June 2021, two instalments of ₹ 300.00 each due in May 2022 and June 2022 and two instalments of ₹ 300.00 each due in May 2023 and June 2023.
24	Term loan - 24	700.00	-	850.00	150.00	Pre payment was done for two instalments of ₹ 75.00 each due in May 2021 and June 2021. Two instalments of ₹ 75.00 each due in May 2022 and June 2022, two instalments of ₹ 75.00 each due in May 2023 and June 2023, two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
25	Term loan - 25	796.19	-	894.79	100.00	Pre payment was done for two instalments of ₹ 50.00 each due in May 2021 and June 2021. Two instalments of ₹ 100.00 each due in May 2022 and June 2022, two instalments of ₹ 100.00 each due in May 2023 and June 2023, two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
26	Term loan - 26	-	-	1,000.00	-	The loan was originally repayable in one instalment of ₹ 200.00 due in July 2022, two instalments of ₹200.00 each due in June 2023 and July 2023 and two instalments of ₹ 200.00 each due in June 2024 and July 2024. The outstanding amount of ₹ 1,000 was repaid during the year.
27	Term loan - 27	750.00	500.00	-	-	Four instalments of ₹ 125.00 each due in April 2021, May 2021, June 2021 and July 2021 and four instalments of ₹ 125.00 each due in April 2022, May 2022, June 2022 and July 2022 and two instalments of ₹ 125.00 each due in April 2023 and May 2023.
28	Term loan - 28	500.00	500.00	-	-	Two instalments of ₹ 250.00 each due in May 2021 and June 2021 and two instalments of ₹ 250.00 each due in May 2022 and June 2022.
29	Term loan - 29	499.90	500.10	-	-	Three instalments of ₹ 166.67 each due in May 2021, June 2021 and July 2021 and three instalments of ₹ 166.67 each due in May 2022, June 2022 and July 2022.
30	Term loan - 30	1,800.00	-	-	-	One instalment of ₹ 1800.00 due in June 2024.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million, unless stated otherwise)

Sl. No.	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
31	Term loan - 31	1,250.00	-	-	-	One instalment of ₹ 625.00 due in June 2022 and one instalment of ₹ 625.00 due in June 2023.
32	Term loan - 32	65.29	-	-	-	One instalment of ₹ 32.64 due in June 2022 and one instalment of ₹ 32.65 due in June 2023.
	Total (A)	**17,600.10**	**3,598.41**	**20,283.65**	**4,942.71**	
(ii) Term Loan at Varun Beverages (Zimbabwe) (Private) Limited						
33	Term loan - 33	60.09	266.74	354.10	285.10	Balance amount as at 31 December 2020 is repayable in 5 quarterly instalments of Zimbabwe Dollar ("ZWL") 73.18 million each (equivalent instalment of USD 1 million each).
34	Term loan - 34	-	279.47	282.58	370.84	Balance amount as at 31 December 2020 is repayable in 3 quarterly instalments of ZWL 104.29 Million each (equivalent instalment of USD 1.3 million each).
	Total (B)	**60.09**	**546.20**	**636.68**	**655.94**	
	Total (A+B)	**17,660.19**	**4,144.61**	**20,920.33**	**5,598.65**	

23. Provisions

(Refer note 41)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Non-current		
Defined benefit liability (net)	1,511.70	1,276.09
Other long term employee obligations	527.36	427.26
	2,039.06	**1,703.35**
Current		
Defined benefit liability (net)	111.19	116.83
Other short term employee obligations	220.53	182.96
	331.72	**299.79**

24. Other non-current liabilities

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Deferred revenue on government grant	7.34	8.23
	7.34	**8.23**

25. Trade payables

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Total outstanding dues of-		
Micro enterprises and small enterprises (Refer note 50)	93.70	26.14
Creditors other than micro enterprises and small enterprises	5,020.15	4,750.47
	5,113.85	**4,776.61**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

26. Other current financial liabilities

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Current maturities of long-term debts (Refer note 22E)	5,124.17	5,946.43
Current maturities of lease liabilities (Refer note 48)	102.26	-
Interest accrued but not due on borrowings	110.38	154.07
Payable for capital expenditures	736.83	865.01
Employee related payables	472.23	440.60
Unclaimed dividends#	3.02	4.19
Security deposits	1,973.91	2,779.38
Liability for foreign currency derivative contract	20.71	68.45
	8,543.51	**10,258.13**

#Includes unclaimed dividend of ₹ 2.41 million (31 December 2019: ₹ 3.54 million) related to non controlling shareholders of a subsidiary. Further, unclaimed dividend of ₹ 0.61 million (31 December 2019: ₹ 0.65 million) related to Holding Company is not due for deposit to the Investor Education and Protection Fund.

27. Other current liabilities

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Advances from customers	658.24	1,125.89
Advance received for capital assets	1,074.43	-
Statutory dues payable	1,426.64	915.23
Deferred revenue	23.61	3.73
	3,182.92	**2,044.85**

28. Current tax liabilities (net)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Provision for tax, net of advance taxes paid	38.92	152.00
	38.92	**152.00**

The key components of income tax expense for the year ended 31 December 2020 and 31 December 2019 are:

A. Consolidated Statement of Profit and Loss:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
i) Profit and loss section		
(a) Current tax	423.85	1,048.28
(b) Adjustment of tax relating to earlier periods	153.69	29.90
(c) Deferred tax (credit)/expense	(525.20)	1,162.49
Income tax expense reported in the Consolidated Statement of Profit and Loss	**52.34**	**2,240.67**
(ii) OCI section		
Deferred tax related to items recognised in OCI during the year:		
(a) Net loss on remeasurements of defined benefit plans	29.53	33.19
(b) Net loss on exchange differences arising on translation of foreign operations	(7.64)	(96.97)
Income tax charged to OCI (expense/(credit))	**21.89**	**(63.78)**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

B. Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Accounting profit before tax	3,625.05	6,962.72
Tax expense at statutory income tax rate of 34.944% (31 December 2019: 34.944%)	1,266.71	2,433.05
Adjustments in respect of current income tax of previous years	153.69	29.90
Non deductible expenses	37.62	3.71
Deduction claimed u/s Chapter-VI A of Income-tax Act, 1961 by Holding Company	(196.42)	(273.36)
Deferred tax on capital gain on asset sold	(4.29)	-
Income chargeable at lower tax rate	35.35	43.51
Income not chargeable to tax in Holding Company	(27.37)	(13.48)
Deferred tax not created on losses in subsidiaries	31.88	51.52
Tax rate differential for taxes provided in subsidiaries	(72.37)	(78.28)
Tax impact of exempted income of subsidiaries	(436.72)	67.45
Impact of remeasurement of deferred tax liability	(731.85)	-
Others	(3.89)	(23.35)
Income tax expense at effective tax rate reported in the Consolidated Statement of Profit and Loss	**52.34**	**2,240.67**

During the year ended 31 December 2020 and 31 December 2019, the Holding Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax to the taxation authorities. The Holding Company believes that Dividend Distribution Tax represents additional payment to taxation authority on behalf of the shareholders. Hence, Dividend Distribution Tax paid for the year ended on 31 December 2019 was charged to equity. (Also refer note 43)

29. Revenue from operations

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Sale of products (inclusive of excise duty) *	64,661.12	71,232.22
Other operating revenue	896.79	1,252.36
	65,557.91	**72,484.58**

*Sale of products includes excise duty collected from customers of ₹ 1,056.49 million (31 December 2019: ₹ 1,188.80 million).

Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers:

A. Reconciliation of revenue recognised with the contracted price:

(₹ in million)

Particulars	Year ended 31 December 2020	Year ended 31 December 2019
Gross revenue/Contracted price	75,706.07	85,056.73
Less: Discounts and rebates*	(11,044.95)	(13,824.51)
Revenue from contracts with customers	**64,661.12**	**71,232.22**

*Includes discounts and rebates given on invoice to customers.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

B. Contract balances:

The following table provides information about receivables and contract liabilities from contract with customers:

Receivables

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Trade receivables	2,853.30	2,118.59
Less: Allowances for expected credit loss	(435.33)	(393.04)
Net receivables	**2,417.97**	**1,725.55**

Contract liabilities

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Advance from customers	658.24	1,125.89
	658.24	**1,125.89**

C. Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liabilities are on account of the advance payment received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 120 days from the completion of performance obligation.

There is no significant financing component in any transaction with the customers.

D. Changes in the contract liabilities balances during the year are as follows:

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Balance at the beginning of the year	1,125.89	678.98
Addition during the year	658.24	1,125.89
Revenue recognised during the year	(1,125.89)	(678.98)
Balance at the closing of the year	**658.24**	**1,125.89**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

30. Other income

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Interest income on items at amortised cost:		
- term deposits	55.93	25.06
- others	32.93	34.50
Gain on sale of current investments	-	1.38
Excess provisions/aged balances written back	219.56	151.83
Gain on acquisition of control over existing associate (Refer note 52C)	-	158.11
Dividend income from current investments	-	0.20
Gain on sale of property, plant and equipment (Net)	-	16.05
Miscellaneous	61.30	38.15
	369.72	**425.28**

31. Cost of materials consumed

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Raw material and packing material consumed		
Inventories at beginning of the year	3,925.27	2,595.55
Acquired on acquisition of control over existing associate	-	50.58
Purchases during the year (Net)	28,499.00	32,713.89
	32,424.27	**35,360.02**
Sold during the year	1,573.56	2,039.19
Inventories at end of the year	3,965.62	3,925.27
	26,885.09	**29,395.56**

32. Purchases of stock-in-trade

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Beverages	554.54	4,036.59
Others	371.33	200.74
	925.87	**4,237.33**

33. Changes in inventories of finished goods, work-in-progress and traded goods

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
As at the beginning of the year		
- Finished goods	1,480.89	818.64
- Intermediate goods	1,855.05	1,269.79
- Work in progress	64.72	76.59
	3,400.66	**2,165.02**
Acquired on acquisition of control over existing associate		
- Finished goods	-	16.46
- Work in progress	-	7.35
	-	**23.81**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
As at the closing of the year		
- Finished goods	1,706.56	1,480.89
- Intermediate goods	1,665.55	1,855.05
- Work in progress	85.26	64.72
	3,457.37	**3,400.66**
Finished goods used as fixed assets*	(114.88)	(226.78)
	(171.59)	**(1,438.61)**

*The Holding Company and a subsidiary manufactures plastic shells at some of their manufacturing facilities. The shells manufactured are used for beverages operations of the Group as property, plant and equipment (under the head 'Containers'). These containers are also sold to third parties. The cost of manufacturing of plastic shells is being shown here separately with a corresponding debit to property, plant and equipment.

34. Employee benefit expense

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Salaries, wages and bonus	8,131.06	7,429.61
Contribution to provident fund and other funds	445.89	386.82
Staff welfare expenses	320.41	291.72
	8,897.36	**8,108.15**

35. Finance costs

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Interest on items at amortised cost:		
- Term loans	2,029.61	2,610.08
- Working capital facilities	378.55	307.71
- Financial liabilities	103.57	77.18
- Bank guarantee fees	15.86	-
- Others	181.59	12.56
Exchange differences regarded as an adjustments to borrowings	81.22	64.93
Other ancillary borrowing costs	20.64	23.96
	2,811.04	**3,096.42**

36. Depreciation and amortisation expense

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Depreciation on property, plant and equipment	5,231.91	4,826.45
Amortisation of intangible assets	55.11	59.83
	5,287.02	**4,886.28**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

37. Other expenses

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Power and fuel	2,670.00	2,790.62
Repairs to plant and equipment	1,328.41	1,195.08
Repairs to buildings	128.60	113.03
Other repairs	526.62	440.94
Consumption of stores and spares	659.66	704.97
Rent (refer note 48 (iv))	510.55	559.14
Rates and taxes	109.87	92.22
Insurance	123.25	72.26
Printing and stationery	44.47	55.97
Communication	71.23	81.17
Travelling and conveyance	511.45	840.45
Directors' sitting fee	3.60	7.60
Payment to auditors*	22.25	26.53
Vehicle running and maintenance	145.00	190.80
Lease and hire (refer note 48 (iv))	248.45	178.50
Security and service charges	400.67	341.12
Legal, professional and consultancy	401.66	332.75
Bank charges	126.36	146.67
Advertisement and sales promotion	1,165.25	1,220.77
Meeting and conferences	15.43	12.06
Royalty	87.70	105.85
Freight, octroi and insurance paid (Net)	4,588.28	4,554.66
Delivery vehicle running and maintenance	1,017.49	756.81
Distribution expenses	103.38	116.14
Loading and unloading charges	304.96	338.15
Donations	2.73	0.92
Property, plant and equipment written off	9.87	-
Loss on disposal of property, plant and equipment (Net)	4.48	-
Bad debts and advances written off	11.94	4.23
Allowance for expected credit loss and advances	53.09	188.09
Corporate social responsibility expenditure (Refer note 51)	75.94	57.50
Net loss on foreign currency transactions and translations	89.64	823.98
General office and other miscellaneous	383.73	167.84
	15,946.01	**16,516.82**

***Includes payment to statutory auditors of the Holding Company**

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Services rendered for:		
- Audit and reviews	11.50	11.40
- taxation matters	1.05	1.24
- other matters**	0.48	0.45
- reimbursement of expenses	0.52	0.71
	13.55	**13.80**

**Excludes expense of ₹ Nil (31 December 2019: ₹ 4.25 million) towards fee related to QIP of equity shares, which has been adjusted with the securities premium as share issue expense.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

38. Other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserves in equity is shown below:

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Retained earnings		
Re-measurement losses on defined benefit plans	(115.38)	(101.41)
Tax impact on re-measurement losses on defined benefit plans	29.53	33.19
Exchange differences arising on translation of foreign operations	(531.02)	416.26
Tax impact on exchange differences arising on translation of foreign operations	(7.64)	(96.97)
	(624.51)	**251.07**
Capital reserve		
Gain from a bargain purchase (Refer note 52A)	-	344.43
	-	**344.43**

39. Composition of the Group

These consolidated financial statements include the respective financial statements of Varun Beverages Limited (the "Parent Company" or the "Holding Company"), its subsidiaries and the results of operations of its erstwhile associate as listed below. The principal activity of the Parent Company, subsidiaries and erstwhile associate, predominantly comprise manufacturing and sale of beverages including its packing material.

Name of the company/entity	Country of incorporation and principal place of business	Proportion of ownership interests held by the Group at year end	
		As at 31 December 2020	As at 31 December 2019
Varun Beverages (Nepal) Private Limited ("VBL Nepal")	Nepal	100%	100%
Varun Beverages Lanka (Private) Limited ("VBL Lanka")	Sri Lanka	100%	100%
Varun Beverages Morocco SA ("VBL Morocco")	Morocco	100%	100%
Ole Spring Bottlers Private Limited ("Ole")*	Sri Lanka	100%	100%
Varun Beverages (Zambia) Limited ("VBL Zambia")	Zambia	90%	90%
Varun Beverages (Botswana) (Proprietary) Limited^	Botswana	-	90%
Varun Beverages (Zimbabwe) (Private) Limited ("VBL Zimbabwe")	Zimbabwe	85%	85%
Angelica Technologies Private Limited#	India	-	47.30%
Lunarmech Technologies Private Limited**	India	55%	55%

* subsidiary of VBL Lanka

^subsidiary of VBL Zambia till 12 May 2020

**subsidiary of Angelica Technologies Private Limited till 04 November 2019

#Refer note 6

40. The Group conducts business operations in the Republic of Zimbabwe through its subsidiary VBL Zimbabwe.

During the year ended 31 December 2019, the Reserve Bank of Zimbabwe ("RBZ") recomended use of Zimbabwe Dollar ("ZWL" or "RTGS") as a local currency for domestic transactions in Zimbabwe w.e.f. 22 February 2019 which was till then interchangeable with USD at the rate of 1:1 and subsequently vide its notification dated 25 June 2019, prohibited the usage of any other currency for domestic transactions other than ZWL. This resulted in a change in the primary economic environment in which VBL Zimbabwe was operating and accordingly, the functional and presentational currency was changed from USD to ZWL.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

During the quarter ended 31 December 2019, the Zimbabwean economy was classified as hyperinflationary in accordance with the factors and characteristics of a hyperinflationary economy as described in Ind AS 29 'Financial Reporting in Hyper-Inflationary Economies' ("Ind AS 29"). In accordance with Ind AS 29, the historical cost financial statements of VBL Zimbabwe have been restated for the changes in the general purchasing power of the functional currency and consequently are stated in terms of the measuring unit current at the year end. For the purposes of restatement, the management has applied the Consumer Price Index ("CPI") published by the Reserve Bank of Zimbabwe. The CPI (in units) was 551.63 on 31 December 2019 and 2,474.51 on 31 December 2020.

VBL Zimbabwe has arrangements with RBZ for making USD available at pre-agreed rates for repayment of its USD denominated loans. However, on conservative basis, the carrying amounts of these loans are stated at approximate year end forex rates.

The gain on net monetary position calculated in accordance with Ind AS 29 amounted to ₹ 611.90 million (31 December 2019: ₹ 924.10 million) which has been included in 'Net loss on foreign currency transactions and translations' under note 37. Further, due to foreign exchange gain/(loss) on restatement of monetary assets and liabilities denominated in foreign currency, VBL Zimbabwe has recorded a net loss on foreign currency transactions and translations of ₹ 604.25 million (31 December 2019: ₹ 1,759.00 million) which has also been included in the said note.

41. Gratuity and other post-employment benefit plans

Parent Company and other components of the Group provide its employees gratuity and compensated absences benefits in accordance with the respective local statutory requirements and entity's policies. The following tables summaries the changes in their present values over the reporting periods, components of expense recognised in the Consolidated Statement of Profit and Loss, their funded status and amounts recognised in the consolidated balance sheet:

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Changes in present values are as follows:				
Balance at the beginning of the year	1,422.85	845.43	610.22	416.46
Acquired on business combination (Refer note 52A and 52C)	-	291.32	-	53.13
Current service cost	183.14	157.00	155.79	136.77
Interest cost	93.08	75.00	41.44	34.58
Benefits settled	(126.27)	(47.20)	(55.80)	(28.49)
Actuarial loss/(gain)	116.13	101.23	(2.51)	(1.74)
Foreign exchange translation reserve	(2.28)	0.07	(1.26)	(0.49)
Balance at the end of the year	**1,686.65**	**1,422.85**	**747.88**	**610.22**

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Changes in fair value of plan assets are as follows:				
Plan assets at the beginning of the year, at fair value	29.93	49.16	-	-
Expected income on plan assets	3.67	2.89	-	-
Actuarial gain/(loss)	0.76	(0.18)	-	-
Contributions by employer	50.00	2.06	-	-
Benefits settled	(20.60)	(24.00)	-	-
Plan assets at the end of the year, at fair value	**63.76**	**29.93**	**-**	**-**

The Holding Company has taken an insurance policy against its liability towards gratuity, the same has been disclosed as plan assets above.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Reconciliation of present value of the obligation and the fair value of the plan assets:				
Present value of obligation at the end of the respective year	1,686.65	1,422.85	747.88	610.22
Plan assets at the end of the respective year	(63.76)	(29.93)	-	-
Net liability recognised in the consolidated balance sheet	**1,622.89**	**1,392.92**	**747.88**	**610.22**

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Amount recognised in consolidated statement of profit and loss:				
Current service cost	183.14	157.00	155.79	136.77
Interest cost	93.08	75.00	41.44	34.58
Expected income on plan assets	(3.67)	(2.89)	-	-
Actuarial gain	-	-	(2.51)	(1.74)
Net cost recognised	**272.55**	**229.11**	**194.72**	**169.61**

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Amount recognised in Other Comprehensive Income:				
Actuarial changes arising from changes in financial assumptions	116.00	48.92	-	-
Actuarial changes arising from changes in demographic assumptions	-	(85.59)	-	-
Experience adjustments	0.13	137.90	-	-
Return on plan assets	(0.75)	0.18	-	-
Amount recognised (gain)/loss	**115.38**	**101.41**	**-**	**-**

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Assumptions used:				
Mortality	IALM 2012-2014 and A 1967/70 mortality table (issued by Institute of Actuaries, London)	IALM 2012-2014 and A 1967/70 mortality table (issued by Institute of Actuaries, London)	IALM 2012-2014	IALM 2012-2014
Discount rate	5.85%-8.00%	6.95%-10.63%	5.85%-8.00%	6.95%-8.00%
Rate of return on plan assets	6.76-7.27%	7.36-7.65%	0.00%	0.00%
Withdrawal rate	3%-11%	3%-11%	3%-11%	11.00%
Salary increase	6-12%	6-12%	6-12%	6-12%
Rate of leave availment	0.00%	0.00%	3.50%-20%	3.50%-20%
Retirement age (Years)	55-70 years	55-70 years	58-70 years	58-70 years

These assumptions were developed by management of the respective company/entity with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of high quality corporate bonds that are denominated in the respective currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligations. Other assumptions are based on current actuarial benchmarks and respective management's historical experience.

The defined benefit obligation and plan assets are composed by geographical locations as follows:

31 December 2020	India	Outside India	Total
Defined benefit obligation	1,592.80	93.85	1,686.65
Fair value of plan assets	63.76	-	63.76

31 December 2019	India	Outside India	Total
Defined benefit obligation	1,335.92	86.93	1,422.85
Fair value of plan assets	29.93	-	29.93

A quantitative sensitivity analysis for significant assumption is as shown below:

	Sensitivity level		Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Discount rate	+1%	+1%	(117.64)	(95.28)	(24.74)	(19.52)
	-1%	-1%	134.44	108.35	26.48	20.85
Salary increase	+1%	+1%	125.63	102.54	24.78	19.72
	-1%	-1%	(112.70)	(92.32)	(23.66)	(18.85)
Withdrawal rate	+1%	+1%	(36.91)	(25.41)	(9.37)	(7.11)
	-1%	-1%	41.42	28.39	9.91	7.46

The sensitivity analysis above has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Risk associated:	
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit.
Interest risk (discount rate risk)	A decrease in the bond interest rate (discount rate) will increase the plan liability.
Mortality risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2012-2014) (31 December 2019: (2012-14) ultimate table). A change in mortality rate will have a bearing on the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

The following are maturity profile of Defined Benefit Obligations in future years (before adjusting fair value of plan assets):

(₹ in million, unless otherwise stated)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
(i) Weighted average duration of the defined benefit obligation	5.62 years -9.38 years	5.26 years -9.68 years	3 years- 6 years	3 years- 6 years
(ii) Expected cash flows over the years (valued on undiscounted basis):				
Duration (years)				
1	174.96	146.78	217.99	178.31
2 to 5	638.44	585.75	461.60	394.74
Above 5	1,948.57	1,815.65	254.77	214.73
	2,761.97	**2,548.18**	**934.36**	**787.78**

Defined contribution plan:

Contribution to defined contribution plans, recognised as expense for the year is as under:

Employer's contribution to provident and other funds ₹ 445.89 million (31 December 2019 ₹ 386.82 million)

42. Earnings per share (EPS)

(₹ in million, unless otherwise stated)

	31 December 2020	31 December 2019
Profit attributable to the equity shareholders	3,289.95	4,689.75
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (nos.)	288,688,720	278,613,350
Employee stock options (nos.)	-	5,002
Weighted average number of equity shares for calculating diluted earnings per share (nos.)	288,688,720	278,618,352
Nominal value per equity shares (₹)	10.00	10.00
Basic earnings per share (₹)	11.40	16.83
Diluted earnings per share (₹)	11.40	16.83

43. Dividend

(₹ in million)

	31 December 2020	31 December 2019
Interim dividend ₹ 2.50 per share (31 December 2019: ₹ 2.50 per share) by Holding company	721.72	684.96
Dividend distribution tax on interim dividend paid by Holding company	-	91.73
Final dividend ZMW Nil per share (31 December 2019: ZMW 2.50 per share) by Varun Beverages (Zambia) Limited to its minority shareholders	-	5.16

With effect from 01 April 2020, the holding company is not required to pay Dividend Distribution Tax ("DDT") on any amount declared, distributed or paid by such company by way of dividend.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

44. Contingent liabilities and commitments

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(a) Guarantee issued to third party by subsidiaries for business purposes	81.02	73.45
(b) Claims against the Group not acknowledged as debts (being contested):		
(i) Goods and Service Tax	4.23	2.16
(ii) For excise and service tax	198.81	211.49
(iii) For Customs	90.75	45.37
(iv) For sales tax (VAT)/entry tax	1,296.62	1,600.67
(v) For income tax	507.46	695.96
(vi) Others*	509.04	410.22

*excludes pending matters where amount of liability is not ascertainable.

45. Capital commitments

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 958.00 (31 December 2019 ₹ 1,155.40)	1,929.55	3,812.87

46. Pursuant to transfer pricing legislations under the Income-tax Act, 1961, the Holding Company is required to use specified methods for computing arm's length price in relation to specified international and domestic transactions with its associated enterprises. Further, the Holding Company is required to maintain prescribed information and documents in relation to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Holding Company is in the process of updating its transfer pricing documentation for the current financial year. Based on the preliminary assessment, the management is of the view that the update would not have a material impact on the tax expense recorded in these consolidated financial statements. Accordingly, these consolidated financial statements do not include any adjustments for the transfer pricing implications, if any.

47. Related party disclosures (as per Ind AS-24)

Following are the related parties and transactions entered with related parties for the relevant financial year:

(i) List of related parties and relationships:-

I. Key managerial personnel (KMPs)

Mr. Ravi Kant Jaipuria	Non-executive chairman and Karta of Ravi Kant Jaipuria & Sons (HUF)
Mr. Varun Jaipuria	Whole Time Director
Mr. Raj Pal Gandhi	Whole Time Director
Mr. Rajinder Jeet Singh Bagga (w.e.f. 02 May 2019)	Whole Time Director
Mr. Kapil Agarwal	Chief Executive Officer and Whole Time Director
Mr. Kamlesh Kumar Jain (till 01 August 2019)	Chief Financial Officer and Whole Time Director
Mr. Vikas Bhatia (w.e.f. 01 August 2019)	Chief Financial Officer
Mr. Pradeep Khushalchand Sardana	Non-executive independent director
Mr. Naresh Kumar Trehan	Non-executive independent director
Mrs. Sita Khosla	Non-executive independent director
Dr. Ravi Gupta	Non-executive independent director
Mrs. Rashmi Dhariwal	Non-executive independent director
Mr. Ravi Batra	Company secretary
Mr. Mahavir Prasad Garg	Company secretary of the parent, namely RJ Corp Limited

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

II. Parent and ultimate parent

RJ Corp Limited	Parent
Ravi Kant Jaipuria & Sons (HUF)	Ultimate parent

III. Fellow subsidiaries and entities controlled by parent and ultimate parent*

Devyani International Limited
Devyani Food Industries Limited
Alisha Retail Private Limited (till 19 February 2020)
Varun Food and Beverages Zambia Limited
Varun Developers Private Limited
Wellness Holdings Limited
SVS India Private Limited
Diagno Labs Private Limited
Lineage Healthcare Limited (w.e.f. 27 September 2019)
Empire Stock Private Limited (w.e.f. 07 October 2020)
Ole Marketing (Private) Limited
Accor Developer (Private) Limited
Accor Industries (Private) Limited
Devyani International Nepal Private Limited

IV. Associate (or an associate of any member of the Group)*

Lunarmech Technologies Private Limited (till 03 November 2019)
Angelica Technologies Private Limited (till 03 November 2019)
Empire Stock Private Limited (till 06 October 2020)
Lineage Healthcare Limited (till 26 September 2019)

V. Relatives of KMPs*

Mrs. Dhara Jaipuria
Mrs. Devyani Jaipuria
Mrs. Shashi Jain (till 01 August 2019)
Mr. Kanishk Jain (till 01 August 2019)
Mrs. Srishti Jain (till 01 August 2019)
Mrs. Aastha Agarwal
Mr. Ravindra Dhariwal
Mr. Kaustubh Agarwal

VI. Entities in which a director or his/her relative is a member/director/trustee*

Champa Devi Jaipuria Charitable Trust
Mala Jaipuria Foundation (Trust)
SMV Beverages Private Limited
Alisha Torrent Closures (India) Private Limited
Nectar Beverages Private Limited
Jai Beverages Private Limited
Sagacito Technology Private Limited
Medanta Institute of Education and Research
RJ Foundation (Trust)
Devyani Food Industries (Kenya) Limited
Devyani Airport Services (Mumbai) Private Limited

VII. Entities which are post employment benefits plans

VBL Employees Gratuity Trust

* With whom the Group had transactions during the current year and previous year.

(ii) Terms and conditions of transactions with related parties

The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(iii) Transactions with KMPs (Refer note 47A)

(iv) Transactions with other related parties (Refer note 47B)

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

47A. Transactions with KMPs

(₹ in million)

		For year ended 2020	For year ended 2019
I.	**Remuneration paid**		
	Mr. Varun Jaipuria	43.65	31.45
	Mr. Raj Pal Gandhi	41.56	48.51
	Mr. Kapil Agarwal	68.31	57.12
	Mr. Kamlesh Kumar Jain	-	9.89
	Mr. Ravi Batra	9.13	8.23
	Mr. Rajinder Jeet Singh Bagga	31.55	18.44
	Mr. Mahavir Prasad Garg^	3.09	3.60
	Mr. Vikas Bhatia	22.53	7.72
II.	**Director sitting fees paid**		
	Mr. Pradeep Khushalchand Sardana	0.40	0.80
	Mrs. Sita Khosla	0.90	1.90
	Dr. Ravi Gupta	1.00	1.90
	Mrs. Rashmi Dhariwal	1.30	3.00
III.	**Dividend paid**		
	Mr. Varun Jaipuria	126.66	126.66
	Mr. Raj Pal Gandhi	1.53	1.53
	Mr. Kapil Agarwal	1.03	1.02
	Mr. Kamlesh Kumar Jain	-	0.06
	Mr. Rajinder Jeet Singh Bagga	0.32	0.32
	Mr. Vikas Bhatia	0.02	0.02
	Mr. Pradeep Khushalchand Sardana	-	0.00*
IV.	**Defined benefit obligation for KMP (cumulative)**		
	(i) Gratuity		
	Mr. Varun Jaipuria	43.73	25.88
	Mr. Raj Pal Gandhi	47.13	40.01
	Mr. Kapil Agarwal	61.97	48.79
	Mr. Ravi Batra	1.26	0.73
	Mr. Mahavir Prasad Garg	0.32	0.16
	Mr. Rajinder Jeet Singh Bagga	23.43	19.56
	Mr. Vikas Bhatia	0.02	0.01
	(ii) Compensated absences		
	Mr. Varun Jaipuria	14.82	8.22
	Mr. Raj Pal Gandhi	14.58	13.02
	Mr. Kapil Agarwal	18.53	15.84
	Mr. Ravi Batra	1.56	1.16
	Mr. Vikas Bhatia	1.42	0.54
	Mr. Mahavir Prasad Garg	0.61	0.35
	Mr. Rajinder Jeet Singh Bagga	7.52	7.09

^Net of reimbursement

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

		For year ended 2020	For year ended 2019
V.	**Bonus Share issued (Face value of ₹ 10 each)**		
	Mr. Varun Jaipuria	-	16.89
	Mr. Raj Pal Gandhi	-	2.04
	Mr. Kapil Agarwal	-	2.03
	Mr. Kamlesh Kumar Jain	-	0.09
	Mr. Pradeep Khushalchand Sardana	-	0.00*
	Mr. Rajinder Jeet Singh Bagga	-	0.43
VI.	**Balances (payable)/ receivable outstanding at the end of the year, net**		
	Mr. Varun Jaipuria	(2.15)	(1.56)
	Mr. Raj Pal Gandhi	(1.48)	(1.60)
	Mr. Kapil Agarwal	(2.63)	(2.12)
	Mr. Rajinder Jeet Singh Bagga	(1.31)	0.24
	Mr. Ravi Batra	(0.50)	(0.45)
	Mr. Mahavir Prasad Garg	(0.22)	(0.14)
	Mrs. Sita Khosla	-	(0.09)
	Mr. Vikas Bhatia	(0.66)	(0.75)

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

47B. Transactions with related parties

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Group)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Sale of goods														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	98.27	75.48	-	-	**98.27**	**75.48**
- Lunarmech Technologies Private Limited	-	-	-	-	-	12.17	-	-	-	-	-	-	**-**	**12.17**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	20.51	5.15	-	-	**20.51**	**5.15**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	27.05	-	-	**-**	**27.05**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	19.18	-	-	-	**19.18**	**-**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	548.63	49.53	-	-	**548.63**	**49.53**
- Devyani International Limited	-	-	32.49	56.52	-	-	-	-	-	-	-	-	**32.49**	**56.52**
- Devyani Food Industries Limited	-	-	8.44	16.62	-	-	-	-	-	-	-	-	**8.44**	**16.62**
- Alisha Retail Private Limited	-	-	-	(0.29)	-	-	-	-	-	-	-	-	**-**	**(0.29)**
- Lineage Healthcare Limited	-	-	0.05	0.05	-	-	-	-	-	-	-	-	**0.05**	**0.05**
- Devyani Airport Services (Mumbai) Private Limited	-	-		-	-	-	-	-	1.58	2.63	-	-	**1.58**	**2.63**
- Devyani International Nepal Private Limited	-	-	2.50	6.14	-	-	-	-	-	-	-	-	**2.50**	**6.14**
Sale of raw materials and stores														
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	4.74	-	-	-	**4.74**	**-**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	0.00*	1.50	-	-	**0.00***	**1.50**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	110.36	-	-	**-**	**110.36**
- Devyani Food Industries Limited	-	-	32.76	33.54	-	-	-	-	-	-	-	-	**32.76**	**33.54**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	58.23	144.32	-	-	**58.23**	**144.32**
Purchase of goods														
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	484.15	-	-	**-**	**484.15**
- Varun Food and Beverages Zambia Limited	-	-	84.40	0.08	-	-	-	-	-	-	-	-	**84.40**	**0.08**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	263.65	278.63	-	-	**263.65**	**278.63**
- Devyani Food Industries Limited	-	-	251.62	142.00	-	-	-	-	-	-	-	-	**251.62**	**142.00**
Purchase of raw materials and stores														
- Lunarmech Technologies Private Limited	-	-	-	-	-	624.48	-	-	-	-	-	-	**-**	**624.48**
- Alisha Retail Private Limited	-	-	-	0.05	-	-	-	-	-	-	-	-	**-**	**0.05**
House keeping and cleaning charges paid														
- Varun Developers Private Limited	-	-	12.53	12.70	-	-	-	-	-	-	-	-	**12.53**	**12.70**
Promotional charges paid														
- Alisha Retail Private Limited	-	-	-	1.95	-	-	-	-	-	-	-	-	**-**	**1.95**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Group)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Interest received/(paid)														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	(4.00)	(4.00)	-	-	**(4.00)**	**(4.00)**
- Empire Stock Private Limited	-	-	-	0.00*	-	-	-	-	-	-	-	-	**-**	**0.00***
Loan received														
- Empire Stock Private Limited	-	-	-	-	-	2.86	-	-	-	-	-	-	**-**	**2.86**
Loan repaid														
- Accor Developer (Private) Limited	-	-	-	121.26	-	-	-	-	-	-	-	-	**-**	**121.26**
Contribution to corporate social responsibility activities														
- Mala Jaipuria Foundation	-	-	-	-	-	-	-	-	10.80	5.00	-	-	**10.80**	**5.00**
- Champa Devi Jaipuria Charitable Trust	-	-	-	-	-	-	-	-	20.00	50.00	-	-	**20.00**	**50.00**
- Medanta Institute of Education and Reserch	-	-	-	-	-	-	-	-	10.00	-	-	-	**10.00**	**-**
- RJ Foundation (Trust)	-	-	-	-	-	-	-	-	33.59	-	-	-	**33.59**	**-**
Professional charges paid														
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	4.40	5.20	-	-	-	-	**4.40**	**5.20**
- Sagacito Technology Private Limited	-	-	-	-	-	-	-	-	-	4.00	-	-	**-**	**4.00**
Travelling expenses paid														
- Wellness Holdings Limited	-	-	38.30	217.30	-	-	-	-	-	-	-	-	**38.30**	**217.30**
Contribution to gratuity trust														
- VBL Employees' Gratuity Trust	-	-	-	-	-	-	-	-	-	-	50.00	2.06	**50.00**	**2.06**
Dividend paid														
- RJ Corp Limited	199.83	209.33	-	-	-	-	-	-	-	-	-	-	**199.83**	**209.33**
- Ravi Kant Jaipuria & Sons (HUF)	134.70	146.95	-	-	-	-	-	-	-	-	-	-	**134.70**	**146.95**
- Mrs. Aastha Agarwal	-	-	-	-	-	-	0.25	0.25	-	-	-	-	**0.25**	**0.25**
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	0.25	0.25	-	-	-	-	**0.25**	**0.25**
- Mr. Kanishk Jain	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Mrs. Shashi Jain	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***

*Rounded off to Nil.

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Group)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
- Ms. Srishti Jain	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	0.01	0.01	-	-	-	-	**0.01**	**0.01**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	17.51	20.26	-	-	-	-	**17.51**	**20.26**
(Expenses incurred by the Company on behalf of others)/expenses incurred by others on behalf of the Company														
- Devyani International Limited	-	-	8.17	6.11	-	-	-	-	-	-	-	-	**8.17**	**6.11**
- Diagno Labs Private Limited	-		-	0.10	-		-	-	-	-	-	-	**-**	**0.10**
- RJ Corp Limited	(1.03)	-	-	-	-	-	-	-	-	-	-	-	**(1.03)**	**-**
- Lunarmech Technologies Private Limited	-	-	-	-	-	0.00*	-	-	-	-	-	-	**-**	**0.00***
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	(1.94)	-	-	-	**(1.94)**	**-**
- Devyani Food Industries Limited	-	-	1.27	(1.25)	-	-	-	-	-	-	-	-	**1.27**	**(1.25)**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	0.00*	-	-	-	**0.00***	**-**
- Alisha Retail Private Limited	-	-	-	0.01	-	-	-	-	-	-	-	-	**-**	**0.01**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	(0.20)	-	-	-	**(0.20)**	**-**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	(1.17)	-	-	**-**	**(1.17)**
- Accor Developer (Private) Limited	-	-	-	(0.04)	-	-	-	-	-	-	-	-	**-**	**(0.04)**
- Accor Industries (Private) Limited	-	-	-	(0.75)	-	-	-	-	-	-	-	-	**-**	**(0.75)**
Amount paid by Company on behalf of others/ (amount paid by others on behalf of the Company)														
- Devyani Food Industries Limited	-	-	-	1.56	-	-	-	-	-	-	-	-	**-**	**1.56**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	11.10	-	-	**-**	**11.10**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	2.49	(20.00)	-	-	**2.49**	**(20.00)**
Licence fee paid														
- Devyani Food Industries Limited	-	-	1.20	-	-	-	-	-	-	-	-	-	**1.20**	**-**
Rent/ lease charges paid/(received)														
- RJ Corp Limited	112.35	109.80	-	-	-	-	-	-	-	-	-	-	**112.35**	**109.80**
- Devyani Food Industries Limited			(1.33)	-	-	-	-	-	-	-	-	-	**(1.33)**	**-**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Group)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
- Ravi Kant Jaipuria & Sons (HUF)	7.57	7.21	-	-	-	-	-	-	-	-	-	-	**7.57**	**7.21**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	33.69	-	-	**-**	**33.69**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	27.00	17.10	-	-	**27.00**	**17.10**
- SVS India Private Limited	-	-	1.20	1.05	-	-	-	-	-	-	-	-	**1.20**	**1.05**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	2.83	2.58	-	-	-	-	**2.83**	**2.58**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	(0.86)	(0.32)	-	-	**(0.86)**	**(0.32)**
Purchase of fixed assets														
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	1,075.94	-	-	**-**	**1,075.94**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	15.00	340.26	-	-	**15.00**	**340.26**
- Accor Industries (Private) Limited	-	-	-	1.41	-	-	-	-	-	-	-	-	**-**	**1.41**
- Varun Food and Beverages Zambia Limited	-	-	756.64^	-	-	-	-	-	-	-	-	-	**756.64^**	**-**
Marketing Support Fee														
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	98.90	-	-	**-**	**98.90**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	43.38	-	-	**-**	**43.38**
IT infrastructure support fee														
- Devyani Food Industries Limited	-	-	4.98	7.41	-	-	-	-	-	-	-	-	**4.98**	**7.41**
- Varun Food and Beverages Zambia Limited	-	-	0.34	0.63	-	-	-	-	-	-	-	-	**0.34**	**0.63**
- Devyani International Limited	-	-	1.70	2.83	-	-	-	-	-	-	-	-	**1.70**	**2.83**
Advance paid for acquisition of assets														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	30.00	4.00	-	-	**30.00**	**4.00**
Capital commitments														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	252.00	282.00	-	-	**252.00**	**282.00**
Bonus share issued (Face value of ₹ 10 each)														
- RJ Corp Limited	-	279.11	-	-	-	-	-	-	-	-	-	-	**-**	**279.11**
- Ravi Kant Jaipuria & Sons (HUF)	-	195.94	-	-	-	-	-	-	-	-	-	-	**-**	**195.94**

^excluding bank charges paid amounting to ₹ 4.31 million

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Group)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
- Mr. Kanishk Jain	-	-	-	-	-	-	-	0.01	-	-	-	-	-	0.01
- Mrs. Shashi Jain	-	-	-	-	-	-	-	0.00*	-	-	-	-	-	0.00*
- Ms. Srishti Jain	-	-	-	-	-	-	-	0.00*	-	-	-	-	-	0.00*
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	0.01	-	-	-	-	-	0.01
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	-	27.01	-	-	-	-	-	27.01
Balances outstanding at the end of the year, net														
Receivable/(payable), net														
- Devyani International Limited	-	-	10.35	1.42	-	-	-	-	-	-	-	-	10.35	1.42
- RJ Corp Limited	35.49	34.82	-	-	-	-	-	-	-	-	-	-	35.49	34.82
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	1.27	1.21	-	-	-	-	1.27	1.21
- Wellness Holdings Limited	-	-	(9.77)	(31.00)	-	-	-	-	-	-	-	-	(9.77)	(31.00)
- Devyani International Nepal Private Limited	-	-	0.35	0.80	-	-	-	-	-	-	-	-	0.35	0.80
- Varun Developers Private Limited	-	-	-	402.34	-	-	-	-	-	-	-	-	-	402.34
- Ole Marketing (Private) Limited	-	-	37.80	13.91	-	-	-	-	-	-	-	-	37.80	13.91
- Accor Developer (Private) Limited	-	-	-	0.06	-	-	-	-	-	-	-	-	-	0.06
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	47.53	(12.27)	-	-	47.53	(12.27)
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	21.89	-	-	-	21.89	-
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	9.02	3.20	-	-	9.02	3.20
- Devyani Airport Services (Mumbai) Private Limited	-	-	-	-	-	-	-	-	0.26	0.57	-	-	0.26	0.57
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	0.30	-	-	-	0.30
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	1.22	3.75	-	-	1.22	3.75
- Devyani Food Industries Limited	-	-	(21.83)	0.00*	-	-	-	-	-	-	-	-	(21.83)	0.00*
- Empire Stock Private Limited	-	-	-	-	-	(2.86)	-	-	-	-	-	-	-	(2.86)
- Varun Food and Beverages Zambia Limited	-	-	(78.06)	(56.10)	-	-	-	-	-	-	-	-	(78.06)	(56.10)

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

48. Disclosure on lease transactions pursuant to Ind AS 116 - Leases

The Group has adopted Ind AS 116 "Leases" w.e.f. 01 January 2020, which resulted in changes in accounting policies in the consolidated financial statements, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019, using modified retrospective method with right-of-use asset recognised at an amount equal to the lease liability in the balance sheet on the initial date of application. Accordingly, previous period information has not been restated. The Group lease asset class primarily consists of leases for land leasehold, buildings, plant and equipments and vehicles. With the exception of short-term leases, leases of low-value and cancellable long-term leases underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liability.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the weighted average borrowing rate on the date of adoption, i.e., 5.50% - 10.00%.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right of use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security against the Company's other debts and liabilities.

i. Lease liabilities are presented in the balance sheet as at 31 December 2020:

(₹ in million)

	As at 31 December 2020
Current maturities of lease liabilities (Refer note 26)	102.26
Non-current lease liabilities (Refer note 22B)	244.39
Total	**346.65**

ii The recognised right of use assets relate to land leasehold, buildings, plant and equipments and vehicles as at 31 December 2020:

(₹ in million)

	Total
Right of use assets	-
Balance as at 01 January 2020	-
Addition on account of transition to Ind AS 116 (Refer note 4)	460.08
Additions for the year	-
Disposals for the year	-
Depreciation charge for the year	(131.81)
Exchange differences on translation of foreign operations	6.34
Balance as at 31 December 2020	**334.61**

iii The following are amounts recognised in Consolidated Statement of Profit and Loss:

(₹ in million)

	Year ended 31 December 2020
Depreciation charge on right of use assets	131.81
Interest expense on lease liabilities	29.56
Total	**161.37**

iv Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less), non-cancellable long-term leases and for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 759.00 million.

v Refer Consolidated Cash Flow Statement for total cash outflow for leases for the year ended 31 December 2020.

vi Maturity of lease liabilities

Future minimum lease payments were as follows:

(₹ in million)

	Lease payments	Interest expense	Net Present value
Not later than 1 year	116.45	22.29	102.26
Later than 1 year not later than 5 years	202.60	50.04	152.81
Later than 5 years	341.65	248.06	91.58
Total	**660.70**	**320.39**	**346.65**

* Includes exchange differences on translation of foreign operations of ₹ 6.34 million

vii The following is a reconciliation of total operating lease commitments at 31 December 2019 (as disclosed in the financial statements for the year ended 31 December 2019) to the lease liabilities recognised at 01 January 2020:

(₹ in million)

Particulars	Amount
Total operating lease commitments disclosed as at 31 December 2019	188.63
Leases with remaining lease term of less than 12 months	(24.02)
Leases identified at the time of transition	697.91
Operating lease liabilities before discounting	**862.52**
Discounting impact (using weighted average borrowing rate)	(407.55)
Exchange differences on translation of foreign operations	2.56
Total lease liabilities recognised as at 01 January 2020	**457.53**

viii Adjustments recognised in the balance sheet on 01 January 2020:

The change in accounting policy affected the following items in the balance sheet on 01 January 2020:

(₹ in million)

	Amount reported as at 31 December 2019	Impacts of adoption Ind AS 116	Adjusted amount as at 01 January 2020
Other non-current assets	38.16	(2.55)	35.61
Lease liabilities (including current liabilities)	-	457.53	457.53
Right of use assets - buildings and plant and equipments	-	460.08	460.08

The Group has recognised ₹ 457.67 million as right-of-use assets with corresponding impact of ₹ 457.67 million in lease liabilities and reclassification of deferred rent ₹ 2.55 million to right-of-use assets as at 01 January 2020.

Disclosure under Ind AS 17 - Leases for the year ended 31 December 2019

A. Operating lease:

The Group has taken various premises and other fixed assets on operating leases. The lease agreements generally have a lock-in-period of 1-9 years and are cancellable at the option of the lessee thereafter. Majority of the leases have escalation terms after certain years and are extendable by mutual consent on expiry of the lease. There are no sub-leases or contingent rents. During the year, lease payments under operating leases amounting to ₹ 602.28 million have been recognised as an expense in the Consolidated Statement of Profit and Loss.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

Non-cancellable operating lease rentals payable (minimum lease payments) for these leases are as follows:

(₹ in million)

	As at 31 December 2019
Payable within one year	76.76
Payable between one and five years	111.87
Payable after five years	-
Total	**188.63**

B. Financial lease:

The minimum lease payments and the present value of minimum lease payments in respect of arrangements classified as finance leases are as below:

(₹ in million)

	As at 31 December 2019	
	Minimum lease payment	Future finance charges
Payable within one year	5.06	0.11
Payable between one and five years	-	-
Payable after five years	-	-
Total	**5.06**	**0.11**
Present value of minimum lease payment		**4.95**

49. Segment reporting

The business activity of the Group predominantly fall within a single reportable business segment viz manufacturing and sale of beverages. There are no separate reportable business segments. As part of reporting for geographical segments, the Group operates in two principal geographical areas of the world, i.e., within India and other countries (outside India). The aforesaid is in line with review of operating results by the chief operating decision maker.

The following table presents segment non-current assets, revenue from external customers regarding geographical segments:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Non-current assets*		
- Within India	54,564.60	55,805.92
- Outside India	11,493.18	10,776.71

*excluding financial instruments, deferred tax assets and post-employment benefit assets.

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Revenue from external customers		
- Within India	48,283.53	55,458.22
- Outside India	17,274.38	17,026.36

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

50. Dues to Micro and Small Enterprises

The dues to micro and small enterprises as required under the Micro, Small and Medium Enterprises Development Act ("MSMED"), 2006 to the extent information available with the Holding Company is given below:

(₹ in million)

Particulars	31 December 2020	31 December 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	93.70	26.14
Interest due on above	0.28	0.04
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year*	670.87	128.57
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	4.58	1.60
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	4.58	1.60

*includes principal amounting to ₹ 670.87 million (31 December 2019: ₹ 128.57 million).

51. Details of Corporate Social Responsibility (CSR) expenditure

In accordance with the provisions of section 135 of the Companies Act, 2013, the Board of Directors of the Holding Company had constituted CSR Committee. The details for CSR activities is as follows:

(₹ in million)

	For the year ended 31 December 2020	For the year ended 31 December 2019
(a) Gross amount required to be spent by the Holding Company during the year	75.04	57.22
(b) Amount spent during the year on the following		
1. Construction / Acquisition of any asset	-	-
2. On purpose other than 1 above	**75.94**	**57.50**

1. Refer note 47B or amounts paid to Champa Devi Jaipuria Charitable Trust towards contribution for "Shiksha Kendra" for the education of underpriviledged, to Mala Jaipuria Foundation for the vocational training to underpriviledged and destitute to enhance their skills and talents to secure livelihood, to RJ Foundation (objective of the trust is to carry on CSR activities as per requirements laid down under Section 135 of the Companies Act, 2013) and to Medanta Institute of Education and Research for promoting health care.
2. The Group does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

52. Acquisitions and disposals

Acquisitions during the year ended 31 December 2019:

A. Acquisitions under business combination

The Holding Company acquired franchise rights in South and West regions from PepsiCo India Holdings Private Limited ("PepsiCo") for a national bottling, sales and distribution footprint in 7 states and 5 Union Territories of India along with manufacturing units in Bharuch (Gujarat), Mahul (Maharashtra), Paithan (Maharashtra), Roha (Maharashtra), Mamandur (Tamil Nadu), Nelamangala (Karnataka), Palakkad (Kerala), Sangareddy (Telangana) and Sricity (Andhra Pradesh) for a total transaction value of ₹ 18,025 million on slump sale basis. The aforesaid transaction value excludes the consideration paid for working capital taken over amounting to ₹ 321.64 million and investment fund amounting to ₹ 2,095.09 million received on acquisition from PepsiCo.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

The details of the business combination are as follows:

Name of seller	PepsiCo India Holdings Private Limited
Acquisition date	01 May 2019
Recognised amounts of identifiable net assets	

(₹ in million)

Particulars	Amount
Property, plant and equipment	15,908.42
Other intangible assets (Franchise rights)	235.10
Deferred tax assets	130.81
Total non-current assets (a)	**16,274.33**
Non-current liabilities recognised	
Employee benefits payable (included under the head provisions)	(341.53)
Total non-current liabilities (b)	**(341.53)**
Net current assets acquired	
Other current financial liabilities	
- Security deposits from distributors	(252.05)
- Employee related payables	(32.82)
Other current liabilities	(399.59)
Other current assets	
- Inventories	1,076.68
- Security deposits	213.93
- Others	57.03
Net current assets (c)	**663.18**
Identifiable net assets (d = a+b+c)	16,595.98
Amount paid (e)	16,251.55
Gain from a bargain purchase (e-d)	**(344.43)**

Gain from a bargain purchase

The above business combination has resulted in a bargain purchase due to the Company's manufacturing capabilities/distribution network and PepsiCo's focus on its core activities of research, brand building and market penetration.

B. Asset acquisitions

(i) On 14 February 2019, the Holding Company has acquired PepsiCo's previously franchised rights for a total purchase consideration of ₹ 150.00 million from SMV Beverages Private Limited and Nectar Beverages Private Limited (together referred as 'SMV Group' to sell and distribute PepsiCo's beverage brands in 13 districts in State of Karnataka, 14 districts in State of Maharashtra and 3 districts in State of Madhya Pradesh.

(ii) On 03 October 2019, the Holding Company has acquired a manufacturing unit at Dharwad, Karnataka along with certain assets for a total purchase consideration of ₹ 747.27 million from Nectar Beverages Private Limited.

(iii) On 30 October 2019, the Holding Company has acquired a manufacturing unit at Tirunelveli, Tamil Nadu along with certain assets for a total purchase consideration of ₹ 200.00 million from Prathishta Business Solutions Private Limited.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

C. Acquisition on control over existing associate

The Holding Company, on 04 November 2019 has acquired board control in its associate, Angelica Technologies Private Limited. Consequently, both Angelica Technologies Private Limited and Lunarmech Technologies Private Limited (subsidiary of Angelica Technologies Private Limited) have become subsidiaries of the Group w.e.f. 04 November 2019.

(₹ in million)

Particulars	Amount
Carrying amount of investment in associates as on 31 December 2018	112.43
Add: Share of profit in associates till 03 November 2019 (Refer note 61)	43.61
Carrying amount of investment in associates as on 03 November 2019 (A)	156.04
Fair value of investment in associates as on 03 November 2019 (B)	314.15
Gain on acquisition of control over existing associate, recognised in Consolidated Statement of Profit and Loss (C= (B-A))	**158.11**
Recognised amounts of identifiable net assets as on 03 November 2019:	
Property, plant and equipment*	188.45
Other non-current financial assets	8.35
Other non-current assets	19.56
Total non-current assets (a)	**216.36**
Non-current liabilities recognised	
Deferred tax liabilities	(15.93)
Employee benefits payable (included under head provisions)	(3.15)
Total non-current liabilities (b)	**(19.08)**
Net current assets acquired	
Other current financial liabilities	(79.83)
Other current liabilities	(43.84)
Other current assets	
- Inventories	108.95
- Trade Receivable	174.78
- Others	81.12
Net current assets (c)	**241.18**
Identifiable net assets (d = a+b+c)	438.46
Calculation of Goodwill:-	
Share of identifiable net assets attributable to non-controlling interest	196.83
Fair value of previously held interest in existing associate on 03 November 2019	314.15
Consideration transferred in acquisition of 20% shareholding in Lunarmech Technologies Private Limited	150.38
	661.36
Less: Net identifiable assets acquired and liablities assumed	(438.46)
Goodwill on acquisition of control over existing associate	**222.90**

*Gross carrying amount of Property, plant and equipment acquired and its accumulated depreciation and impairment amounted to ₹ 519.04 million and ₹ 330.59 million respectively

53. The Holding Company follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

54. Share-based payments

Description of share based payments arrangements

During the year ended 31 December 2013, the Holding Company granted stock options to certain employees of the Holding Company and its subsidiaries. The Holding Company has the following share-based payment arrangements for employees.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

A. Employee Stock Option Plan 2013 (ESOP 2013)

The ESOP 2013 ('the Plan') was approved by the Board of Directors and the shareholders on 13 May 2013 and further amended by Board of Directors on 01 December 2015. The plan entitles key managerial personnel and employees of the Holding Company and its subsidiaries to purchase shares in the Holding Company at the stipulated exercise price, subject to compliance with vesting conditions. Stock options can be settled by issue of equity shares. As per the Plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 149.51, which is 1.14 % above the stock price at the date of grant, i.e., 13 May 2013.

The expense recognised for employee services received during the respective years is ₹ Nil.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and changes in, share options during the year:

Particulars	31 December 2020		31 December 2019	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	-	-	23,285	149.51
Options exercised during the year	-	-	(13,285)	149.51
Options lapsed during the year	-	-	(10,000)	149.51
Outstanding at the end of the year	**-**	-	**-**	
Exercisable at the end of the year	-	-	-	-

The fair values of options granted under new plan were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The following principal assumptions were used in the valuation:

	Options vested and exercised	Options vested and unexercised
Number of options	2,006,550	668,850
Fair value on grant date (₹)	65.92	66.44
Share price at grant date (₹)	147.83	147.83
Exercise price (₹)	149.51	149.51
Expected volatility*	16.63%	16.63%
Expected life	7.56 years	7.64 years
Expected dividends	0%	0%
Risk-free interest rate (based on government bonds)	7.53%	7.53%

*The measure of volatility has been calculated based on the average volatility of closing market price of the BSE 500 during the period 01 January 2013 to 31 December 2013.

Particulars of Scheme

Name of scheme	**Employee Stock Option Plan 2013**
Vesting conditions	668,850 options on the date of grant ('First vesting') 668,850 options on first day of January of the calendar year following the first vesting ('Second vesting') 668,850 options on first day of January of the calendar year following the second vesting ('Third vesting') 668,850 options on first day of January of the calendar year following the third vesting ('Fourth vesting') Notwithstanding any other clause of this Plan, no vesting shall occur until 01 December 2015 or fourth vesting, whichever is earlier

Exercise period	Stock options can be exercised within a period of 5 years from the date of vesting.
Number of share options	2,675,400
Exercise price	₹ 149.51
Method of settlement	Equity
Fair value on the grant date	Options vested: ₹ 65.92 Options to be vested : ₹ 66.44
Remaining life as on 31 December 2019	-
Remaining life as on 31 December 2018	1.94 years

The following share options were exercised during the previous year:

Particulars	Options series	Number exercised	Share price at exercise date	Exercise date
Granted on 13 May 2013	ESOP 2013	9,585	₹ 515.47	18 February 2019
Granted on 13 May 2013	ESOP 2013	3,700	₹ 630.40	03 June 2019

B. Employee Stock Option Plan 2016 ("ESOP 2016")

The ESOS 2016 ("the Scheme") was approved by the Board of Directors and the shareholders on 27 April 2016. The Scheme entitles key managerial personnel and employees of the Holding Company and its subsidiaries to purchase shares in the Holding Company at the stipulated exercise price, subject to compliance with vesting conditions. Stock options can be settled by issue of equity shares. No options under this Scheme have been granted in the current or previous years.

55. Financial instruments risk

Financials risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of financial risks are market risk, credit risk and liquidity risk.

The respective management of the Holding Company and other companies/entities comprising the Group monitors and manages the financial risks relating to the operations of the respective entity/company on a continuous basis. The Group's risk management is coordinated at head office, in close cooperation with the management of respective entity/company, and focuses on actively securing the short to medium-term cash flows and simultaneously minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

55.1 Market risk analysis

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The functional currency of the Holding Company is Indian Rupees ('INR' or '₹'). Most of the transactions of the Holding Company and other entities/companies are carried out in the respective local currency. Exposures to currency exchange rates mainly arise from the overseas operations and external commercial borrowings etc., which are primarily denominated in US Dollar ("USD"), Euro, Singapore Dollar ("SGD"), Pound Sterling ("GBP"), Sri Lanka Rupee ("LKR"), Moroccan Dirham ("MAD"), Nepalese Rupee ("NPR"), Zambian Kwacha ("ZMW") and Zimbabwe Dollar ("ZWL").

To mitigate its exposure to foreign currency risk, the Group continuously monitors non-INR cash flows and hedging contracts are entered into wherever considered necessary.

The carrying amounts of the Group's foreign currency denominated monetary items are restated at the end of each reporting period. Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are as follows:

(₹ in million)

	USD	GBP	Euro	SGD	LKR	MAD	NPR	ZMW	ZML*
31 December 2020									
Financial assets									
(i) Trade receivables	0.73	-	-	-	420.51	54.01	138.42	49.54	306.77
(ii) Loans	-	-	-	-	-	2.08	-	0.25	-
(iii) Others	0.31	0.01	1.55	-	-	0.00	24.04	1.47	0.98
(iv) Cash and cash equivalents	0.43	-	-	-	218.53	4.16	465.25	7.10	150.44
(v) Other bank balances	-	-	-	-	98.76	-	882.91	-	172.78
Total financial assets	**1.47**	**0.01**	**1.55**	**-**	**737.80**	**60.25**	**1,510.62**	**58.36**	**630.97**
Financial liabilities									
(i) Borrowings	-	-	2.18	33.13	255.94	52.78	4.71	72.48	67.27
(ii) Trade payables	3.76	0.00	0.06	-	445.29	85.71	687.24	131.88	718.90
(iii) Other financial liabilities	0.64	-	1.15	0.06	214.04	26.90	282.08	26.67	648.91
Total financial liabilities	**4.40**	**0.00**	**3.39**	**33.19**	**915.27**	**165.39**	**974.03**	**231.03**	**1,435.08**
31 December 2019									
Financial assets									
(i) Trade receivables	0.28	-	-	-	549.85	69.61	96.81	10.55	21.66
(ii) Loans	-	-	-	-	-	1.92	-	0.26	-
(iii) Others	2.05	-	2.24	-	2.14	0.01	27.09	0.86	0.09
(iv) Cash and cash equivalents	0.74	-	-	-	123.76	2.99	779.10	10.54	75.03
(v) Other bank balances	-	-	-	-	6.41	-	96.79	-	62.94
Total financial assets	**3.07**	**-**	**2.24**	**-**	**682.16**	**74.53**	**999.79**	**22.21**	**159.72**
Financial liabilities									
(i) Borrowings	-	-	-	33.13	569.49	22.75	167.88	12.13	149.81
(ii) Trade payables	6.73	-	0.12	-	208.37	101.77	338.64	48.66	84.75
(iii) Other financial liabilities	-	-	0.30	0.11	203.06	13.44	748.51	36.50	216.28
Total financial liabilities	**6.73**	**-**	**0.42**	**33.24**	**980.92**	**137.96**	**1,255.03**	**97.29**	**450.84**

* Refer note 40 for change in functional currency in Varun Beverages (Zimbabwe) (Private) Limited.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

The foreign currency sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities considering 'all other things being equal' and ignoring the impact of taxation. It assumes a +/- 1% change of the respective countries exchange rates (i.e. local currency to foreign currency) for the year ended at 31 December 2020 (31 December 2019: +/-1%). These are the sensitivity rates used when reporting foreign currency exposures internally to the key management personnel and represents respective management's assessment of the reasonably possible changes in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at end of each period reported upon. A positive number indicates an increase in profit or equity and vice-versa.

If the INR had strengthened/weakened against respective foreign currency by 1% (31 December 2019: 1%), then impact of such change on profit for the year and equity as at 31 December 2020 and 31 December 2019 will be as below:

(₹ in million)

	Profit/(loss) for the year		Equity	
	+1%	-1%	+1%	-1%
31 December 2020	41.12	(41.12)	41.12	(41.12)
31 December 2019	42.32	(42.32)	42.32	(42.32)

Exposures to foreign exchange rates vary during the year depending on the volume of the overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Group is exposed to changes in market interest rates as some of the bank and other borrowings are at variable interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (31 December 2019: +/- 1%). These changes are considered to be reasonably possible based on management's assessment. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(₹ in million)

	Profit/(loss) for the year		Equity	
	+1%	-1%	+1%	-1%
31 December 2020	(197.13)	197.13	(197.13)	197.13
31 December 2019	(231.87)	231.87	(231.87)	231.87

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of sugar and pet chips and therefore require a continuous supply. In view of volatility of price of sugar and pet chips, the Group also executes into various advance purchase contracts.

Commodity price sensitivity

The following tables shows the effect of price change in sugar and pet chips

(₹ in million)

Particulars	Change in yearly average price		Effect on profit before tax		Effect on equity	
31 December 2020						
Sugar	+/-1%		(75.00)	75.00	(75.00)	75.00
Pet chips	+/-1%		(35.09)	35.09	(35.09)	35.09

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Particulars	Change in yearly average price		Effect on profit before tax		Effect on equity	
31 December 2019						
Sugar	+/-1%		(82.56)	82.56	(82.56)	82.56
Pet chips	+/-1%		(46.67)	46.67	(46.67)	46.67

Other price sensitivity

The Group is not exposed to any listed equity or listed debt price risk as it does not hold any investments in listed entities.

55.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is operating through a network of distributors and other distribution partners based at different locations. The Group is exposed to this risk for various financial instruments, for example loans granted, receivables from customers, deposits placed etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at end of each reporting period, as summarised below:

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Classes of financial assets-carrying amounts:		
Investments (non-current)	0.01	0.01
Loans (non-current and current)	518.05	514.85
Others non-current financial assets	1.21	8.90
Trade receivables	2,417.97	1,725.55
Cash and cash equivalents	1,045.58	1,379.68
Bank balances (other than those classified as cash and cash equivalents above)	854.92	331.09
Others current financial assets	1,670.04	2,189.83
	6,507.78	**6,149.91**

The Group continuously monitors receivables and defaults of customers and other counterparties, and incorporates this information into its credit risk controls. Appropriate security deposits are kept against the supplies to customers and balances are reconciled at regular intervals. The Group's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty. Trade receivables consist of a large number of customers of various scales and in different geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables. In case the receivables are not recovered even after regular follow up, measures are taken to stop further supplies to the concerned customer. The expected credit loss is based on the five years historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Movement in expected credit loss allowance on trade receivables and capital advances:-

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Balance as at beginning of the year	795.38	653.95
Loss allowance measured at lifetime expected credit loss	53.09	148.42
Adjusted/Written off during the year	(402.34)	-
Foreign currency translation reserve	(10.80)	(6.99)
Balance at the end of the year	**435.33**	**795.38**

The credit risk for cash and cash equivalents, bank deposits including interest accrued thereon and Government grant receivables is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and State Government bodies.

In respect of financial guarantees provided by the Group, the maximum exposure to which the Group is exposed to is the maximum amount which it would have to pay if the guarantee is called upon. Based on the expectation at the end of each reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

55.3 Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and considering the maturity profiles of financial assets and other financial liabilities as well as forecast of operational cash inflows and outflows. Liquidity needs are monitored in various time bands, on a day-to-day basis, a week-to-week basis and a month-to-month basis. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the Group's ability to avail further credit facilities subject to creation of requisite charge on its assets. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

As at 31 December 2020, the Group's non-derivative financial liabilities have contractual maturities as summarised below:

(₹ in million)

31 December 2020	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	12,262.75	19,796.22	-
Trade payables	5,113.85	-	-
Other financial liabilities (current and non-current)	3,419.34	152.81	91.58
Total	**20,795.94**	**19,949.03**	**91.58**

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

(₹ in million)

31 December 2019	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	10,578.40	20,783.67	1,403.78
Trade payables	4,776.61	-	-
Other financial liabilities (current)	4,311.70	-	-
Total	**19,666.71**	**20,783.67**	**1,403.78**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

As at 31 December 2020, the contractual cash flows (excluding interest thereon) of the Group's derivative financial instruments are as follows:

(₹ in million)

31 December 2020	1 to 12 months	1 to 5 years
Cross currency interest rate swap	914.08	914.08

This compares to the contractual cash flows (excluding interest thereon) of the Group's derivative financial instruments in the previous year as follows:

(₹ in million)

31 December 2019	1 to 12 months	1 to 5 years
Cross currency interest rate swap	-	1,752.25

55.4 Risk due to outbreak of COVID-19 pandemic

The outbreak of Coronavirus disease (COVID-19) pandemic worldwide has caused significant disturbances and slowdown of economic activity. The lockdowns ordered by the Governments around the world has resulted in operating constraints leading to significant reduction in economic activities and also the business operation of the Group in terms of sales. However, the recent phased unlocking ordered by the Governments around the world has resulted in signs of improvement in economic activities consequent to which our business operations have also shown uptick during the second half of the year. The Group has considered the possible effects that may result from the pandemic on the carrying amount of receivables including contract assets, goodwill, intangibles, inventories and investments. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of these assets. However, the Group will continue to closely monitor any material changes to future economic conditions depending upon how the situation evolve henceforth.

56. Fair value measurements

Financial instruments by categories

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

Particulars	Carrying value		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial assets				
Fair value through profit and loss ('FVTPL')				
(i) Non-current financial assets				
(i) Investment (non-current)	0.01	0.01	0.01	0.01
Amortised cost				
(i) Non-current financial assets				
(a) Loans	417.89	445.48	417.89	445.48
(b) Others	1.21	8.90	1.21	8.90
(ii) Current financial assets				
(a) Trade receivables	2,417.97	1,725.55	2,417.97	1,725.55
(b) Cash and cash equivalents	1,045.58	1,379.68	1,045.58	1,379.68
(c) Bank balances other than above	854.92	331.09	854.92	331.09
(d) Loans	100.16	69.37	100.16	69.37
(e) Others	1,670.04	2,189.83	1,670.04	2,189.83
Total	**6,507.78**	**6,149.91**	**6,507.78**	**6,149.91**
Financial liabilities				
FVTPL				
(i) Current financial liability				
(a) Liability for derivative contract	20.71	68.45	20.71	68.45
Amortised cost				
(i) Non-current borrowings (excluding those disclosed under FVTPL category above)	19,796.22	23,553.76	19,796.22	23,553.76
(ii) Other non-current financial liabilities	244.39	-	244.39	-

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

(₹ in million)

Particulars	Carrying value		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
(ili) Current financial liabilities				
(a) Borrowings	7,138.58	4,671.54	7,138.58	4,671.54
(b) Trade payables	5,113.85	4,776.61	5,113.85	4,776.61
(c) Others	8,522.80	10,189.68	8,522.80	10,189.68
Total	**40,836.55**	**43,260.04**	**40,836.55**	**43,260.04**

Valuation technique to determine fair value

Cash and cash equivalents, other bank balances, trade receivables, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the long term borrowings, loans and other deferred payments are determined by using discounted cash flow method using the appropriate discount rate. The discount rate is determined using other similar instruments incorporating the risk associated.
- The Group executed derivative financial instruments such as cross currency interest rate swap being valued using valuation techniques, which employs use of market observable inputs. The Group uses mark to market valuation provided by bank for its valuation.

Fair value hierarchy

The financial assets measured at fair value are grouped into the fair value hierarchy as on 31 December 2020 and 31 December 2019 as follows: (also refer note 3(a))

(₹ in million)

31 December 2020	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2020	**0.01**	-	-	0.01
Liabilities measured at fair value:					
(a) Liability for derivative contract	31 December 2020	**20.71**	**-**	**20.71**	**-**

There have been no transfers of financial assets and financial liabilities between the levels during the year 2020.

(₹ in million)

31 December 2019	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2019	**0.01**	-	-	0.01
Liabilities measured at fair value:					
(a) Liability for derivative contract	31 December 2019	**68.45**	**-**	**68.45**	**-**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

57. Capital management

For the purpose of the Group's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity shareholders of the Group.

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, non-current and current borrowings, deferred payment liabilities, current maturity of long-term debts and lease liabilities, less cash and cash equivalents, excluding discontinued operations, if any.

The amounts managed as capital by the Group for the reporting periods are summarised as follows:

(₹ in million)

Particulars		As at 31 December 2020	As at 31 December 2019
Non-current borrowings (Refer note 22A)		19,796.22	23,553.76
Current borrowings (Refer note 22C)		7,138.58	4,671.54
Lease liabilities (Refer note 22B)		244.39	-
Current maturities of lease liabilities (Refer note 26)		102.26	-
Current maturities of long-term debts (Refer note 26)		5,124.17	5,946.43
		32,405.62	**34,171.73**
Less: Cash and cash equivalents (Refer note 14)		(1,045.58)	(1,379.68)
Net debt	**(A)**	**31,360.04**	**32,792.05**
Equity share capital (Refer note 20)		2,886.89	2,886.89
Other equity (Refer note 21)		32,353.12	30,397.33
Total capital	**(B)**	**35,240.01**	**33,284.22**
Capital and net debt	**(C=A+B)**	**66,600.05**	**66,076.27**
Gearing ratio	**(A/C)**	**47.09%**	**49.63%**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 31 December 2019.

Breaches in meeting the financial covenants of the borrowings would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowing in the reporting periods.

58. Assets pledged as security

The carrying amount of assets pledged as security are:

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Inventories and trade receivable	10,286.32	9,382.31
Other bank deposits	1,121.71	328.60
Current loans	99.94	351.71
Other current financial assets	2,130.20	2,820.09
Other current assets	1,485.15	1,554.83
Other intangible assets	5,553.03	5,598.47
Property, plant and equipment (including capital work-in-progress)	54,682.74	54,852.67

59. Recent accounting pronouncements (Ind AS issued but not yet effective)

Ministry of Corporate Affairs ("MCA") notifies new accounting standards or amendments to the existing accounting standards. There is no such notification which would be applicable to the Group from 01 January 2021.

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

60. Additional information, as required to Consolidated Financial Statements pursuant to Schedule III to the Companies Act, 2013

(₹ in million)

Name of the company/entity	Net assets i.e., total assets minus total liabilities		Share of profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
For the year ended 31 December 2020								
Holding Company								
Varun Beverages Limited	111.79%	40,117.64	63.38%	2,264.30	14.08%	(87.94)	73.82%	2,176.36
Subsidiaries								
Varun Beverages (Nepal) Private Limited	6.25%	2,242.84	8.29%	296.31	0.00%	-	10.05%	296.31
Varun Beverages Lanka (Private) Limited (Consolidated)	5.73%	2,057.13	-0.77%	(27.60)	-0.31%	1.95	-0.87%	(25.64)
Varun Beverages Morocco SA	6.49%	2,329.00	-3.38%	(120.76)	0.00%	-	-4.10%	(120.76)
Varun Beverages (Zambia) Limited (Consolidated)	0.84%	300.48	-13.59%	(485.62)	0.00%	-	-16.47%	(485.62)
Varun Beverages (Zimbabwe) (Private) Limited	5.28%	1,895.12	48.57%	1,735.39	0.00%	-	58.86%	1,735.39
Lunarmech Technologies Private Limited^	1.70%	610.86	4.42%	157.95	-0.02%	0.14	5.36%	158.08
Minority interest in all subsidiaries	-1.81%	(647.88)	-7.91%	(282.76)	-0.01%	0.06	-9.59%	(282.70)
Associate (as per equity method)								
Angelica Technologies Private Limited (Consolidated)^	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Inter group eliminations	-36.27%	(13,017.30)	0.99%	35.50	86.26%	(538.72)	-17.07%	(503.22)
Total	**100.00%**	**35,887.89**	**100.00%**	**3,572.71**	**100.00%**	**(624.51)**	**100.00%**	**2,948.20**
For the year ended 31 December 2019								
Holding Company								
Varun Beverages Limited	115.12%	38,671.17	94.99%	4,485.47	47.50%	282.89	89.67%	4,768.36
Subsidiaries								
Varun Beverages (Nepal) Private Limited	6.40%	2,148.84	11.82%	557.96	0.00%	-	10.49%	557.96
Varun Beverages Lanka (Private) Limited (Consolidated)	-0.63%	(210.17)	-0.90%	(42.27)	-1.06%	(6.30)	-0.91%	(48.57)
Varun Beverages Morocco SA	3.32%	1,115.08	-3.99%	(188.38)	0.00%	-	-3.54%	(188.38)
Varun Beverages (Zambia) Limited	0.19%	65.47	-3.28%	(154.89)	0.00%	-	-2.91%	(154.89)
Varun Beverages (Zimbabwe) (Private) Limited	2.51%	843.95	5.83%	275.50	0.00%	-	5.18%	275.50
Angelica Technologies Private Limited (Consolidated)^	1.35%	452.77	0.31%	14.70	-0.07%	(0.39)	0.27%	14.31
Minority interest in all subsidiaries	-0.91%	(306.79)	-0.68%	(32.30)	0.00%	0.02	-0.61%	(32.28)
Associate (as per equity method)								
Angelica Technologies Private Limited (Consolidated)^	0.00%	-	0.92%	43.61	0.00%	-	0.82%	43.61
Inter group eliminations	-27.35%	(9,189.31)	-5.02%	(237.35)	53.63%	319.28	1.54%	81.93
Total	**100.00%**	**33,591.01**	**100.00%**	**4,722.05**	**100.00%**	**595.50**	**100.00%**	**5,317.55**

^ Refer note 6

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

61. Summarised financial information for Angelica Technologies Private Limited, an associate until 03 November 2019:

A. Principal place of business: India

B. Summarised consolidated statement of profit and loss

(₹ in million)

Particulars	01 January 2019 to 03 November 2019
Revenue	636.84
Other income	52.04
Total revenue (A)	**688.88**
Cost of materials consumed	367.80
Changes in inventories of finished goods, stock-in -trade and work-in- progress	(14.02)
Employee benefits expense	36.53
Depreciation and amortisation	38.57
Finance costs	2.63
Other expenses	93.46
Total expenses (B)	**524.97**
Profit before tax (C=A-B)	**163.91**
Tax expense (D)	45.35
Profit after tax (E=C-D)	**118.56**
Other comprehensive income (F)	-
Total comprehensive income (G=E+F)	**118.56**
Net profit attributable to:	
(a) Owners	87.77
(b) Non-controlling interest	30.79
Other comprehensive income attributable to:	
(a) Owners	-
(b) Non-controlling interest	-
Total comprehensive income attributable to:	
(a) Owners	87.77
(b) Non-controlling interest	30.79
Group's share in %	47.30%
Group's share of profit after tax (H)	**41.52**
Add: Share of profit after tax on acquisition of additional 20% direct interest in Lunarmech (I)	**2.09**
Profit recognised in the Consolidated Statement of Profit and Loss (J=H+I)	**43.61**

62. During the year ended 31 December 2019, pursuant to Qualified institutions placement (QIP), the Holding Company has raised ₹ 8,999.99 million through fresh issue of 14,705,882 equity shares of ₹ 10 each at a premium of ₹ 602 per share. The Audit committee and the Board of Directors noted the utilisation of funds raised through such fresh issue of equity shares to be in line with the object of the issue, the details of which are as follows:

(₹ in million)

Particulars	Amount
Gross proceeds received from QIP	8,999.99
Less: Share issue expenses	164.36
Net proceeds received from QIP	8,835.63
Amount utilised for:	
Repayment of debts	(8,835.63)
Unutilised amount	**-**

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2020

63. The exceptional items for the year ended 31 December 2020 amounting to ₹ 665.29 million, represents write off of certain plant and equipment, glass bottles and plastic shells which are not in use at the Holding Company. In quarter ended 31 March 2020, the Holding Company has provided for the impairment of these assets, which are subsequently written off.

64. No adjusting or significant non-adjusting events have occurred between 31 December 2020 and the date of authorisation of these consolidated financial statements.

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

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

Anupam Kumar
Partner
Membership No.: 501531

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

Sumit Kathuria
Partner
Membership No.: 520078

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

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer
and Whole Time Director
DIN 02079161

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

Place : Gurugram
Dated : 16 February 2021

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of subsidiaries/associate companies:

Part"A": Subsidiaries

(₹ in million, except as stated otherwise)

Sl. No.		1	2	3	4	5	6
	Particulars	**Varun Beverages (Nepal) Private Limited**	**Varun Beverages Lanka (Private) Limited***	**Varun Beverages Morocco SA**	**Varun Beverages (Zambia) Limited***	**Varun Beverages (Zimbabwe) (Private) Limited**	**Lunarmech Technologies Private Limited**
	Date of acquisition	**01 January 2012**	**01 January 2012**	**01 January 2012**	**01 January 2016**	**01 January 2016**	**04 November 2019**
	Financial year ending on	**31 December 2020**	**31 December 2020**	**31 December 2020**	**31 December 2020**	**31 December 2020**	**31 December 2020**
	Currency	**NPR**	**LKR**	**MAD**	**ZMW**	**RTGS**	**INR**
	Exchange rate on the last day of financial year	**0.62441**	**0.39062**	**8.10243**	**3.44583**	**0.89322**	**1.00000**
	Average exchange rate during the financial year	**0.62441**	**0.39510**	**7.72113**	**4.09003**	**0.89322**	**1.00000**
1.	Share capital	675.46	2,896.82	6,215.07	843.71	0.07	9.95
2.	Reserve and surplus	1,567.39	(839.69)	(3,886.07)	(543.23)	1,895.05	600.91
3.	Total assets	4,023.37	2,507.36	4,595.09	1,769.88	4,761.93	994.48
4.	Total liabilities	1,780.53	450.23	2,266.09	1,469.40	2,866.81	383.62
5.	Turnover	3,913.04	1,679.80	3,280.93	1,533.15	7,235.33	970.63
6.	Profit before taxation	510.85	(7.84)	(152.45)	(413.91)	1,721.28	214.26
7.	Provision for taxation	214.54	19.48	17.91	-	-	56.32
8.	Profit after taxation	296.31	(27.32)	(170.36)	(413.91)	1,721.28	157.95
9.	Proposed dividend	202.31	-	-	-	-	-
10.	% of shareholding	100%	100%	100%	90%	85%	55%

* Consolidated figures.

Part "B": Associates - Nil

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

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

Place: Gurugram
Dated: 16 February 2021

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

Independent Auditor's Report

To the Members of Varun Beverages Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Varun Beverages Limited ('the Company'), which comprise the Balance Sheet as at 31 December 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 December 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of non-current investments in and loans recoverable from certain subsidiaries As described in Note 6 and 8 to the standalone financial statements, the Company has investments of INR 12,559.74 million and has outstanding loans recoverable amounting to INR 1,225.24 million from certain subsidiaries as at 31 December 2020, which have been incurring losses in the current and previous years and have had negative cash flows from operations during the current year in one of the subsidiary, that are impairment indicators and triggered a need for impairment assessment.	Our audit procedures included, but were not limited, to the following: • Obtained understanding of the management process for identification of possible impairment indicators for the relevant subsidiaries and conducted detailed discussions with the management through the year to understand the impairment assessment process, assumptions used and estimates made by management to assess the reasonableness of the recoverable amounts and tested the operating effectiveness of controls implemented by management;

Key audit matter	How our audit addressed the key audit matter
In view of the above, management, during the year ended 31 December 2020, has carried out impairment assessment of such investments and loans granted, whereby the carrying amount of the investments was compared with the value in use of the business of respective subsidiary. Determination of value in use for impairment assessment using the discounted cash flow model involved significant judgments and estimates including the expected growth rate, discount rates and other market related factors. Considering the materiality of the amounts involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the cash flows used in the impairment evaluation, impairment assessment of such investments / loans was determined to be a key audit matter.	• Obtained from the management of the Company, the detailed financial projections of the relevant subsidiaries as approved by their respective board of directors and held detailed discussions with the management to understand the assumptions used and estimates made by them for determining the cash flow projections; • Reviewed the valuation report obtained by management from an independent valuer and assessed the professional competence, skills and objectivity for performing the required valuations; • Assessed the appropriateness of the significant assumptions as well as the Company's valuation model with the support of auditor's valuation specialists, who assess the reasonableness of assumptions used and valuation methodology applied relating to discount rate, risk premium, industry growth rate, etc. This included a discussion of the expected development of the business and results as well as of the underlying assumptions used with those responsible for the planning process; • Assessed the robustness of financial projections prepared by management by comparing projections for previous financial years with actual results realised and discussed significant deviations, if any, with the management; • Evaluated the historical accuracy of the plans and forecasts for subsidiary where valuation was performed by management internally, by comparing the forecasts used in the prior year models to the actual performance of the business in the current year and discussed the results with the management; • Read the auditors' reports of the relevant subsidiaries, noting no adverse remarks pertaining to impairment of any assets; • Tested mathematical accuracy of the projections and performed sensitivity analysis for reasonably possible changes in the long-term growth rates and discount rates used to ensure that there is no significant impact on the valuation; and • Evaluated the adequacy and appropriateness of disclosures made by the Company in the standalone financial statements, as required by the applicable provisions of the Act and the Ind AS.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of intangible assets including goodwill (Refer note 3.5 for accounting policies on intangibles assets and note 5 to the standalone financial statements) The Company carries goodwill and franchisee rights as intangible assets having indefinite life amounting to INR 19.40 million and INR 5,385.99 million respectively, that are required to be tested for impairment by the management on an annual basis in accordance with Ind AS 36, Impairment of Assets. The aforesaid assessment of the impairment testing involves significant judgement around the determination of the recoverable amount, being the higher of value in use and fair value less costs of disposal. Recoverable amounts are based on management's view of the future cash flows and prospects of the business, the appropriate discount rates and other industry specific risk factors. The key judgements in determining the recoverable amount of these intangibles relates to the forecast of future cash flows based on strategy using macroeconomic assumptions such as industry growth, inflation and expected growth in market share, capital expenditure and working capital requirements, among others. Changes in the management forecasts or assumptions can impact the assessment of the discounted cash flows and consequently the valuation of such intangible assets. Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the forecasted cash flows used in the impairment evaluation, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, impairment assessment of such intangibles assets was determined as a key audit matter.	Our audit procedures included, but were not limited, to the following: • Obtained an understanding of the management's process for identification of cash generating unit and impairment indicators for intangible assets, if any and processes performed by the management for their impairment testing; • Assessed the process by which management prepared its cash flow forecasts and held discussions with management to understand the assumptions used and estimates made by them for determining such projections; • Tested the design and operating effectiveness of internal controls over such identification and impairment measurement through fair valuation of identified assets; • Assessed the appropriateness of the Company's accounting policies, including those relating to recognition, measurement and impairment of intangibles by comparing with the applicable Ind AS; • Reviewed the valuation report obtained by management from an independent valuer and assessed the professional competence, skills and objectivity for performing the required valuations; • Assessed the appropriateness of the significant assumptions as well as the Company's valuation model with the support of auditor's valuation specialists, who assess the reasonableness of assumptions used and valuation methodology applied relating to discount rate, risk premium, industry growth rate etc. This included a discussion of the expected development of the business and results as well as of the underlying assumptions used with those responsible for the planning process. • Assessed the robustness of financial projections prepared by management by comparing projections for previous financial years with actual results realised and discussed significant deviations, if any, with the management; • Tested mathematical accuracy of the projections and performed a sensitivity analysis for reasonably possible changes in the sales growth, discount rate applied and the long-term growth rate; and • Evaluated the adequacy and appropriateness of disclosures made by the Company in the standalone financial statements, as required by the applicable provisions of the Act and the Ind AS.

Key audit matter	How our audit addressed the key audit matter
Litigation and claims – provisions and contingent liabilities (Refer note 41 to the standalone financial statements for the amounts of contingent liabilities) The Company is involved in various direct, indirect tax and other litigations ('litigations') that are pending with different statutory authorities. The management exercises significant judgement for determining the need for and the amount of provisions, for any liabilities, arising from these litigations. This judgement is dependent on a number of significant assumptions and evaluations which involves interpreting the various applicable rules, regulations, practices and considering precedents in the various jurisdictions including the opinions received from various legal counsels. This matter is considered as a key audit matter, in view of the uncertainty regarding the outcome of these litigations, the significance of the amounts involved and the subjectivity involved in management's judgement as to whether the amount should be recognised as a provision or only disclosed as contingent liability in the standalone financial statements.	Our audit procedures included, but were not limited to, the following: • Assessed the appropriateness of the Company's accounting policies relating to provisions and contingent liabilities by comparing with the applicable accounting standards; • Assessed the Company's process and the underlying controls for identification of the pending litigations and completeness for financial reporting and also for monitoring of significant developments in relation to such pending litigations; • Assessed the management's assumptions and estimates in respect of litigations, including the liabilities or provisions recognised or contingent liabilities disclosed in the standalone financial statements. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts based on the various legal counsels opinions received by the Company; • Recomputed the arithmetical accuracy of the underlying calculations supporting the provisions recorded from the supporting evidences including the correspondence with various authorities; • Assessed the management's conclusions through understanding relevant judicial precedents in similar cases and the applicable rules and regulations; • Obtained legal opinions and confirmation on completeness from the Company's external legal counsels, where appropriate; • Engaged auditor's experts to gain an understanding of the current status of litigations and changes in the disputes, if any, through discussions with the management and by reading external advice received by the Company, where relevant, to validate management's conclusions; and • Assessed the appropriateness of the Company's description of the accounting policy, disclosures related to litigations and whether these are adequately presented in the standalone financial statements.

Information other than the Standalone Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Report on Corporate Governance and Director's Report, but does not include the standalone financial statements and our auditor's report thereon.

   Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

17. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

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

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) the standalone financial statements dealt with by this report are in agreement with the books of account;

d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2020 from being appointed as a director in terms of section 164(2) of the Act;

f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 December 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 16 February 2021 as per Annexure II expressed unmodified opinion; and

g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

    i. the Company, as detailed in note 41 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 December 2020;

    ii. the Company, as detailed in note 25 to the standalone financial statements, has made provision as at 31 December 2020, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

    iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 December 2020; and

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

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

Anupam Kumar
Partner
Membership No.: 501531
UDIN:
21501531AAAAAN8569

Place: Gurugram
Date: 16 February 2021
L-41 Connaught Place,
New Delhi - 110001

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

Sumit Kathuria
Partner
Membership No.: 520078
UDIN:
21520078AAAABH4232

Place: Gurugram
Date: 16 February 2021
606, 6th Floor,
PP City Centre, Road No. 44,
Pitampura, New Delhi - 110034

Annexure I to the Independent Auditor's Report of even date to the members of Varun Beverages Limited ("the Company"), on the Standalone Financial Statements for the year ended 31 December 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets, other than refrigerators (visi coolers) and containers lying with third parties, have been physically verified by the management during the year and no material discrepancies were noticed on such verification. The Company has a regular program of physical verification of refrigerators (visi coolers) under which such fixed assets are verified in a phased manner over a period of three years and no material discrepancies were noticed on such verification. According to the information and explanations given to us, the existence of containers lying with active third parties is considered on the basis of the confirmations obtained from such third parties. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company except for the following properties:

Nature of property	Total Number of Cases	Whether leasehold / freehold	Gross block as on 31 December 2020	Net block on 31 December 2020	Remarks (as per the information and explanation given to us by the management)
Land (at Sonarpur, Kolkata)	1	Leasehold	₹ 1.5 million	₹ 1.47 million	On implementation of project

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. No material discrepancies were noticed on the aforesaid verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments, loans and guarantees. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, goods and service tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues:

Name of the statute	Nature of dues	Amount (million)	Amount paid under protest (million)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1994	Central excise	11.89	0.89	April 2012 to December 2015	CESTAT, New Delhi
Central Excise Act, 1994	Central excise	1.77	0.06	April 2012 to June 2017	Additional Commissioner, Bhiwadi
Central Excise Act, 1994	Central excise	4.51	0.51	March 2012 to December 2016	Commissioner Appeal Bhiwadi
Central Excise Act, 1994	Central excise	11.39	-	March 2011 to March 2013	High Court, Jaipur
Central Excise Act, 1994	Central excise	1.27	0.13	2014-15	CESTAT Allahabad
Central Excise Act, 1994	Central Excise	0.20	0.03	September 14 - June 2015	Commissioner (Appeal), Meerut
Central Excise Act, 1994	Central excise	0.26	-	April 2015 to February 2016	Commissioner (Appeal), Kolkata
Central Excise Act, 1994	Central excise	3.51	-	July 2014 to August 2014	Commissioner (Appeal), Kolkata
Central Excise Act, 1994	Central excise	0.16	-	March 2015 to October 2016	Deputy Commissioner, Panipat
Central Excise Act, 1994	Central excise	0.58	-	March 2015 to January 2016	Office of the Commissioner of Central Excise, Sonipat
Central Excise Act, 1994	Central excise	13.69	0.68	April 2014 to February 2015	Office of the Commissioner of Central Tax, Panchkula
Central Excise Act, 1994	Central excise	0.12	-	February 2016 to March 2017	Office of the Commissioner of Central Excise, Sonipat
Central Excise Act, 1944	Central excise	0.26	-	April 17 to June 2018	Office of the Commissioner of Central Excise, Sonipat
Central Excise Act, 1944	Central excise	20.39	0.84	April 16 to June 2017	Commissioner Appeals, Jaipur
The Customs Act, 1962	Custom Duty	90.75	3.41	January 2017 to December 2018	Principal Commissioner/ Commissioner of Custom Maharashtra
The Uttar Pradesh Goods and Services Act, 2017	GST	1.20	1.20	June 2018- October 2020	Additional Commissioner Ghaziabad
The Odisha Goods and Services Act, 2017	GST	0.18	0.18	March 2020	Assistant Commissioner, Odisha
The Tamil Nadu Goods and Services Act, 2017	GST	0.33	0.33	March 2020	Assistant Commissioner, Tamil Nadu
The Gujarat Goods and Services Act, 2017	GST	0.36	0.36	March 2020 and July 2020	Assistant Commissioner, Gujarat

Name of the statute	Nature of dues	Amount (million)	Amount paid under protest (million)	Period to which the amount relates	Forum where dispute is pending
The Rajasthan Goods and Services Act, 2017	GST	0.10	0.10	December 2020	Assistant Commissioner, Jaipur
The Rajasthan Goods and Services Act, 2017	GST	0.30	0.30	March 2020	Appellate Authority-I Commercial Taxes Jaipur
The Delhi Goods and Services Act, 2017	GST	0.40	0.40	March 2020	Assistant Commissioner, GST Noida
The Haryana Goods and Services Act, 2017	GST	0.05	0.05	March 2019	Assistant Commissioner, Panchkula
The Haryana Goods and Services Act, 2017	GST	0.20	0.20	July 2019	Assistant Commissioner, Faridabad
The Haryana Goods and Services Act, 2017	GST	0.64	0.64	September 2019 – June 2020	Assistant Commissioner, Panipat
The Kerela Goods and Services Act, 2017	GST	0.33	0.33	November 2019 – December 2020	Assistant Commissioner, Palakkad
The Telangana Goods and Services Act, 2017	GST	0.04	0.04	December 2019	Assistant Commissioner, Sangareddy
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	1.52	0.11	2001-2002	Additional Commissioner (Appeals), Ghaziabad
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	0.31	0.31	2017-18	Additional Commissioner, Ghaziabad
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	4.48	4.48	2011-2012	Joint Commissioner, Ghaziabad and Add. Commissioner Ghaziabad
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	0.10	0.10	2010-2011	Joint Commissioner, Kanpur
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	0.38	0.38	2009-10, May 2015 and June 2016	Deputy Commissioner, (Appeal) Jaipur
Punjab Value Added Tax Act, 2005	Value added tax	0.18	-	April 2015 to March 2016	Assessing officer, Mohali
Punjab Value Added Tax Act, 2005	Value added tax	0.33	0.08	April 2015 to March 2016	Value added tax tribunal, Punjab and Chandigarh
Punjab Value Added Tax Act, 2005	Value added tax	0.19	0.14	April 2016 to March 2017	The Deputy Excise and Taxation Commissioner (Appeals) / Joint Director (Investigation), Bathinda

Name of the statute	Nature of dues	Amount (million)	Amount paid under protest (million)	Period to which the amount relates	Forum where dispute is pending
Punjab Value Added Tax Act, 2005	Value added tax	0.13	0.03	April 2016 to March 2017	The Deputy Excise and Taxation Commissioner (Appeals) / Joint Director (Enforcement), Jallandhar
Rajasthan Value Added Tax Act, 2003	Value added tax	582.46	16.75	2010-2015	Rajasthan High Court
West Bengal Value Added Tax Act, 2003	Value added tax	1.21	0.51	July 2012 and Sept 2013, Jan 15 and September 15	West Bengal, Tribunal
West Bengal Value Added Tax Act, 2003	Value added tax	0.96	0.47	April 2016-September 2016	West Bengal, Tribunal
The Goa Value Added Tax Act, 2005	Value added tax	2.43	-	2013 - 2014	Assistant Commissioner, Margoa
The Uttarakhand Added Tax Act, 2005	Value added tax	0.14	0.14	April 2012	Uttarakhand Sales Tax Department
Punjab Tax on Entry of Goods into Local Areas Act, 2000	Entry tax	28.77	-	2016-2017	Honorable High Court, Chandigarh
Rajasthan Tax of Entry of Goods into Local Areas Act, 1999	Entry tax	3.37	-	2014-2016	Honorable High Court, Jaipur
Goa Non-Biodegradable Garbage (Control) Act, 1996 (Act 5 of 1997)	Cess	61.78	-	April 2014 to December 2020	Honorable High Court of Bombay, Panaji
Income-tax Act, 1961	Income tax	39.00	-	2012-2013	Income Tax Appellate Tribunal, New Delhi
Income-tax Act, 1961	Income tax	43.32	-	AY 2008-09	Hon'ble Supreme Court
Income-tax Act, 1961	Income tax	0.69	-	AY 2009-10	Commissioner Income Tax (Appeals), New Delhi
Income-tax Act, 1961	Income tax	2.79	-	AY 2014-15, 2015-16	Commissioner Income Tax (Appeals), New Delhi
Income-tax Act, 1961	Income Tax	24.20	-	AY 2016-17	Commissioner Income Tax (Appeals), New Delhi

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Anupam Kumar
Partner
Membership No.: 501531
UDIN: 21501531AAAAAN8569
Place: Gurugram
Date: 16 February 2021
L-41 Connaught Place,
New Delhi 110 001

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

Sumit Kathuria
Partner
Membership No.: 520078
UDIN: 21520078AAAABH4232
Place: Gurugram
Date: 16 February 2021
606, 6th Floor, PP City Centre,
Road No. 44,
Pitampura, New Delhi 110 034

Annexure II to the Independent Auditor's Report of even date to the members of Varun Beverages Limited on the Standalone Financial Statements for the year ended 31 December 2020

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Varun Beverages Limited ('the Company') as at and for the year ended 31 December 2020, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit

preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 December 2020, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Anupam Kumar
Partner
Membership No.: 501531
UDIN:
21501531AAAAAN8569

Place: Gurugram
Date: 16 February 2021
L-41 Connaught Place,
New Delhi - 110001

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

Sumit Kathuria
Partner
Membership No.: 520078
UDIN:
21520078AAAABH4232

Place: Gurugram
Date: 16 February 2021
606, 6th Floor,
PP City Centre, Road No. 44,
Pitampura, New Delhi - 110034

Standalone Balance Sheet

As at 31 December 2020

(₹ in million)

	Notes	As at 31 December 2020	As at 31 December 2019
Assets			
Non-current assets			
(a) Property, plant and equipment	4A	47,061.67	48,399.67
(b) Capital work-in-progress	4B	390.05	585.75
(c) Goodwill	5A	19.40	19.40
(d) Other intangible assets	5B	5,553.03	5,598.47
(e) Investment in subsidiaries and associates	6	13,521.64	9,077.83
(f) Financial assets			
(i) Investments	7	0.01	0.01
(ii) Loans	8	2,700.50	6,042.77
(iii) Others	9	1.21	8.90
(g) Other non-current assets	10	1,053.48	916.91
Total non-current assets		**70,300.99**	**70,649.71**
Current assets			
(a) Inventories	11	6,790.61	6,729.83
(b) Financial assets			
(i) Trade receivables	12	1,705.29	1,305.31
(ii) Cash and cash equivalents	13	364.04	323.51
(iii) Bank balances other than (ii) above	14	0.72	0.65
(iv) Loans	15	99.94	351.71
(v) Others	16	2,130.20	2,820.09
(c) Current tax assets (Net)	27	88.80	-
(d) Other current assets	17	1,485.15	1,554.83
Total current assets		**12,664.75**	**13,085.93**
Total assets		**82,965.74**	**83,735.64**
Equity and liabilities			
Equity			
(a) Equity share capital	18	2,886.89	2,886.89
(b) Other equity	19	37,230.78	35,784.28
Total equity		**40,117.67**	**38,671.17**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20A	19,543.51	22,917.07
(ii) Other financial liabilities	20C	79.50	-
(b) Provisions	21	1,931.60	1,606.73
(c) Deferred tax liabilities (Net)	22	2,209.92	2,761.29
(d) Other non-current liabilities	23	7.34	8.23
Total non-current liabilities		**23,771.87**	**27,293.32**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20B	6,355.40	4,110.44
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	24	90.61	17.79
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	24	2,630.07	3,160.99
(iii) Other financial liabilities	25	7,415.98	8,485.19
(b) Other current liabilities	26	2,261.30	1,593.72
(c) Provisions	21	322.84	288.79
(d) Current tax liabilities (Net)	27	-	114.23
Total current liabilities		**19,076.20**	**17,771.15**
Total liabilities		**42,848.07**	**45,064.47**
Total equity and liabilities		**82,965.74**	**83,735.64**

Significant accounting policies 3

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

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

Anupam Kumar
Partner
Membership No.: 501531

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

Sumit Kathuria
Partner
Membership No.: 520078

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

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

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

Place : Gurugram
Dated : 16 February 2021

Standalone Statement of Profit and Loss

For the year ended 31 December 2020

(₹ in million)

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Income			
Revenue from operations	28	48,764.51	56,156.64
Other income	29	719.92	980.07
Total income		**49,484.43**	**57,136.71**
Expenses			
Cost of materials consumed	30	21,313.31	23,480.22
Purchases of stock-in-trade	31	874.83	3,963.29
Changes in inventories of finished goods, stock-in-trade and work-in-progress	32	(31.37)	(1,324.13)
Employee benefits expense	33	6,950.64	6,308.13
Finance costs	34	2,490.15	2,802.48
Depreciation and amortisation expense	35	4,128.17	3,872.02
Other expenses	36	11,066.61	11,691.79
Total expenses		**46,792.34**	**50,793.80**
Profit before exceptional items and tax		**2,692.09**	**6,342.91**
Exceptional items	59	665.29	-
Profit before tax		**2,026.80**	**6,342.91**
Tax expense			
(a) Current tax	27	269.80	948.70
(b) Adjustment of tax relating to earlier periods	27	14.50	9.86
(c) Deferred tax (credit)/expense	22	(521.79)	898.88
Total tax (credit)/expense		**(237.49)**	**1,857.44**
Net profit for the year		**2,264.29**	**4,485.47**
Other comprehensive income	37		
(a) Items that will not to be reclassified to Profit or Loss:			
(i) Re-measurement losses on defined benefit plans		(117.51)	(94.59)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		29.58	33.05
(iii) Gain from a bargain purchase	49A	-	344.43
Total other comprehensive income		**(87.93)**	**282.89**
Total comprehensive income for the year		**2,176.36**	**4,768.36**
Earnings per equity share of face value of ₹ 10 each			
Basic (₹)	39	7.84	16.10
Diluted (₹)	39	7.84	16.10

Significant accounting policies 3

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

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

Anupam Kumar
Partner
Membership No.: 501531

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

Sumit Kathuria
Partner
Membership No.: 520078

Place : Gurugram
Dated : 16 February 2021

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

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

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

Standalone Cash Flow Statement
For the year ended 31 December 2020

(Indirect Method) (₹ in million)

	Particulars	Year ended 31 December 2020	Year ended 31 December 2019
A.	**Operating activities**		
	Profit before tax	2,026.80	6,342.91
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation on property, plant and equipment	4,080.77	3,820.72
	Amortisation of intangible assets	47.40	51.30
	Interest expense at amortised cost	2,421.90	2,737.93
	Interest income at amortised cost	(251.77)	(276.93)
	Dividend income from non-current investment in subsidiary	(202.31)	(248.80)
	Dividend income from current investments	-	(0.20)
	Gain on disposal of property, plant and equipment (Net)	(5.35)	(45.06)
	Exceptional items	665.29	-
	Bad debts and advances written off	6.59	1.97
	Excess provisions written back	-	(150.18)
	Profit on sale of current investments	-	(1.38)
	Guarantee commission income	(36.13)	(41.80)
	Unrealised foreign exchange fluctuation	(68.04)	(48.60)
	Allowance for expected credit loss	7.56	-
	Operating profit before working capital changes	**8,692.71**	**12,141.88**
	Working capital adjustments:		
	Increase in inventories	(60.78)	(1,469.90)
	(Increase)/Decrease in trade receivables	(414.13)	77.61
	Decrease/(Increase) in current and non-current financial assets and other current and non-current assets	625.05	(930.45)
	(Decrease)/Increase in current financial liabilities and other current and non-current liabilities and provisions	(1,169.90)	1,951.31
	Total cash from operations	**7,672.95**	**11,770.45**
	Income tax paid	(476.21)	(1,101.39)
	Net cash flows from operating activities (A)	**7,196.74**	**10,669.06**
B.	**Investing activities**		
	Purchase of property, plant and equipment and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors)	(3,466.76)	(6,516.70)
	Proceeds from disposal of property, plant and equipment and intangible assets	223.15	216.43
	Loan given to subsidiaries	(435.39)	(211.23)
	Redemption of preference shares (classified as loan given to subsidiary)	-	89.15
	Change in advance received for capital assets	1,074.43	-
	Acquisition under business combination (Refer note 49)	-	(16,251.55)
	Purchase of investments in subsidiaries	-	(150.38)
	Government grant related to assets received	-	251.05
	Proceeds from sale of current investments	-	731.38
	Purchase of current investments	-	(730.00)
	Decrease in other bank balances	7.58	-
	Guarantee commission received	70.54	19.83
	Interest received	54.52	35.14
	Dividend income from current investments	-	0.20
	Dividend income from non-current investment in subsidiary	192.19	223.27
	Net cash used in investing activities (B)	**(2,279.74)**	**(22,293.41)**

(Indirect Method) (₹ in million)

Particulars	Year ended 31 December 2020	Year ended 31 December 2019
C. Financing activities		
Proceeds from long-term borrowings	7,800.45	18,373.71
Repayment of long-term borrowings	(11,719.09)	(12,264.34)
Repayment of deferred payment liabilities	-	(433.87)
Proceeds from short-term borrowings (Net)	2,244.96	921.69
Proceeds from issue of share capital (including share premium thereon)	-	9,001.80
Repayment of lease liabilities	(74.80)	-
Interest paid (inclusive of interest paid on lease liabilities ₹ 13.57 (31 December 2019: Nil))	(2,406.27)	(2,727.83)
Share issue expenses paid	-	(164.36)
Dividends paid	(721.72)	(684.96)
Dividend distribution tax paid	-	(91.73)
Net cash (used in)/flows from financing activities (C)	**(4,876.47)**	**11,930.11**
Net change in cash and cash equivalents (D=A+B+C)	**40.53**	**305.76**
Cash and cash equivalents at the beginning of year (E)	323.51	17.75
Cash and cash equivalents at the end of year (D+E) (Refer note 13)	**364.04**	**323.51**

Notes:

(a) Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes pursuant to Ind AS 7:

(₹ in million)

	Non-current borrowings*	Current borrowings
Balance as at 01 January 2020	27,897.93	4,110.44
Cash flows (Net)	(3,918.64)	2,244.96
Non-cash changes:		
Impact of fair value changes	60.54	-
Impact of exchange fluctuation	75.90	-
Balance as at 31 December 2020	**24,115.73**	**6,355.40**

Balance as at 01 January 2019	22,165.64	3,188.75
Cash flows (Net)	5,675.50	921.69
Non-cash changes:		
Impact of fair value changes	(10.70)	-
Impact of exchange fluctuation	67.49	-
Balance as at 31 December 2019	**27,897.93**	**4,110.44**

*includes current maturity of long-term debts and current portion of deferred payment liabilities amounting to ₹ 4,572.22 million (31 December 2019: ₹ 4,980.86 million).

(b) Excludes non-cash transaction of conversion of loans into equity investments (Refer note 6).

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

For 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

Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer and Whole Time Director
DIN 02079161

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

Place : Gurugram
Dated : 16 February 2021

Standalone Statement of Changes in Equity

For the year ended 31 December 2020

A. Equity share capital

(₹ in million)

Particulars	Notes	Number of shares	Amount
Balance as at 01 January 2019		182,641,940	1,826.42
Changes in equity share capital during the year 2019		106,046,780	1,060.47
Balance as at 31 December 2019	18	**288,688,720**	**2,886.89**
Changes in equity share capital during the year 2020		-	-
Balance as at 31 December 2020	18	**288,688,720**	**2,886.89**

B. Other Equity

(₹ in million)

Particulars	Notes	Reserve and surplus						Total
		Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation difference account (FCMITDA)	
Balance as at 01 January 2019		**189.50**	**18,400.81**	**0.39**	**444.26**	**4,972.54**	**55.47**	**24,062.97**
Profit for the year		-	-	-	-	4,485.47	-	4,485.47
Other comprehensive income ("OCI") for the year								
Re-measurement losses on defined benefit plans (Net of deferred taxes)#		-	-	-	-	(61.54)	-	(61.54)
Gain from a bargain purchase (refer note 49A)		344.43	-	-	-	-	-	344.43
Dividend paid*		-	-	-	-	(684.96)	-	(684.96)
Dividend distribution tax		-	-	-	-	(91.73)	-	(91.73)
Addition made in FCMITDA for the year		-	-	-	-	-	(2.22)	(2.22)
FCMITDA charged to the Statement of Profit and Loss		-	-	-	-	-	(45.11)	(45.11)
Additions made pursuant to exercise of employee stock options		-	1.85		-	-	-	1.85
Transfer to Securities premium on exercise of employee stock options		-	0.22	(0.22)	-	-	-	-
Adjustment on account of employee stock options lapsed		-	-	(0.17)	-	-	-	(0.17)
Amount utilised for bonus issue		-	(913.28)	-	-	-	-	(913.28)
Additions made on issue of equity shares pursuant to Qualified institutions placement (Refer note 18(h))		-	8,852.93	-	-	-	-	8,852.93
Amount utilised for share issue expenses (Refer note 58)		-	(164.36)	-	-	-	-	(164.36)

(₹ in million)

Particulars	Notes	Reserve and surplus						Total
		Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation difference account (FCMITDA)	
Balance as at 31 December 2019	**19**	**533.93**	**26,178.17**	**-**	**444.26**	**8,619.78**	**8.14**	**35,784.28**
Profit for the year		-	-	-	-	2,264.29	-	2,264.29
Other comprehensive income for the year								
Re-measurement losses on defined benefit plans (Net of deferred taxes)#		-	-	-	-	(87.93)	-	(87.93)
Dividend paid*		-	-	-	-	(721.72)	-	(721.72)
Addition made in FCMITDA for the year		-	-	-	-	-	20.99	20.99
FCMITDA charged to the Statement of Profit and Loss		-	-	-	-	-	(29.13)	(29.13)
Balance as at 31 December 2020	**19**	**533.93**	**26,178.17**	**-**	**444.26**	**10,074.42**	**-**	**37,230.78**

The disaggregation of changes in OCI by each type of reserves in equity is disclosed in Note 37.
* Transaction with owners in their capacity as owners.

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

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

Anupam Kumar
Partner
Membership No.: 501531

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

Sumit Kathuria
Partner
Membership No.: 520078

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

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
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Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer
and Whole Time Director
DIN 02079161

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

Place : Gurugram
Dated : 16 February 2021

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

1. Corporate information

Varun Beverages Limited (the "Company") is a public limited Company domiciled in India. Its registered office is at F-2/7, Okhla Industrial Area, Phase-I, New Delhi- 110 020. The Company's equity shares are listed on Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India ("NSE"). The Company was incorporated on 16 June 1995 under the provision of the Companies Act, 1956. The Company is primarily engaged in manufacturing, selling, bottling and distribution of beverages of PepsiCo's brand in geographically pre-defined territories as per franchisee agreement with PepsiCo India Holdings Private Limited.

2. Basis for preparation

These standalone financial statements ("financial statements") of the Company have been prepared in accordance with Indian Accounting Standard ("Ind AS") and comply with requirements of Ind AS notified under section 133 of the Companies Act, 2013 ("the Act"), read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, stipulation contained in Schedule III (Revised) and other pronouncements/ provisions of applicable laws. These financial statements are authorised for issue on 16 February 2021 in accordance with a resolution of the Board of Directors. The Board of Directors can permit the revision to the standalone financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

These standalone financial statements have been prepared using the significant accounting policies and measurement basis summarised below. These accounting policies have been used consistently throughout all periods presented in these standalone financial statements except as mentioned in note 3.2 below.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

i. Derivative financial instruments;

ii. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

iii. Defined benefit plans- plan assets measured at fair value; and

iv. Share based payments.

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current if it satisfies any of the following conditions:

i. Expected to be realised or intended to sold or consumed in normal operating cycle;

ii. Held primarily for the purpose of trading;

iii. Expected to be realised within twelve months after the reporting period; or

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

All other assets are classified as non-current.

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

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

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

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

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

All other liabilities are classified as non-current.

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

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

The Company follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

The financial statements of the Company are presented in Indian Rupees (₹), which is also its functional currency and all amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III to the Act, unless otherwise stated.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

3. Significant accounting policies

3.1 Fair value measurements

The Company measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the balance sheet at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.2 Revenue recognition

Revenue is recognised upon transfer of control of promised goods or services to customers at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price allocated to that performance obligation as per contractually agreed terms with the customers. The transaction price of goods sold and services rendered is net of various discounts and schemes offered by the Company as part of the contract. Revenue is recorded provided the recovery of consideration is probable and determinable. Revenue from sale of goods and services transferred to distributors/intermediaries are recognised at a point in time.

a) *Sale of goods:*

Revenue from the sale of manufactured and traded goods products is recognised upon transfer of control of products to the customers which coincides with their delivery to customer and is measured at fair value of consideration received/receivable, net of discounts, amount collected on behalf of third parties and applicable taxes.

b) *Interest:*

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

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

c) ***Dividends:***

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

d) ***Commission:***

Commission income is recognised rateably over the contract period as per the agreed contractual terms.

e) ***Services rendered:***

Revenue from service related activities including management and technical know-how service is recognised as and when services are rendered and on the basis of contractual terms with the parties.

3.3 Inventories

Inventories are valued as follows:

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

However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

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

c) **Intermediate goods/ Finished goods:**

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

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

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

3.4 Property, plant and equipment

Measurement at recognition:

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

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

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

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

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increased the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

the Statement of Profit and Loss for the period during which such expenses are incurred. Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as a part of indirect construction cost to the extent the expenditure is related to construction or is incidental thereto. Other indirect costs incurred during the construction periods which are not related to construction activity nor are incidental thereto are charged to the Statement of Profit and Loss.

Value for individual assets acquired for a consolidated price, the cost is apportioned to the various assets on their relative fair values basis as determined by competent valuers.

Depreciation:

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

Description	Useful lives (upto)
Leasehold land	Over lease period
Buildings-factory	30 years
Buildings-others	60 years
Plant and equipment	20 years
Furniture and fixtures	10 years
Delivery vehicles	10 years
Vehicles (other than delivery vehicles)	7 years
Office equipment	4 years
Computer equipment	4 years
Containers	6 years
Post-mix vending machines and refrigerators (Visi - Cooler)	8 years
Power generating assets	22 years

Freehold land is not depreciated.

Depreciation on property, plant and equipment is provided over the useful lives of assets as specified in Schedule II to the Act except where the management, based on independent technical assessment, depreciates certain assets are over estimated useful lives which are different from the useful lives prescribed in the Schedule II to the Act. The Company has used the remaining useful lives to compute depreciation on its property, plant and equipment, acquired under the business transfer agreement based on external technical evaluation.

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

The Company has technically evaluated all the property, plant and equipment for determining the separate identifiable assets having different useful lives under the component approach. On technical evaluation of all separate identifiable components, the management is of the opinion that they do not have any different useful life from that of the principal asset.

In case of revaluation of leasehold land, the resulting amortisation of the total revalued amount is expensed off to the Statement of Profit and Loss.

Derecognition:

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

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

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

3.5 Intangible assets

Intangible assets are initially recognised at:

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

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

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss. Intangible assets with finite useful life are assessed for impairment whenever there is an indication that the intangible assets may be impaired. Amortisation of intangible assets such as softwares and distribution network is computed on a straight-line basis, at the rates representing estimated useful life of 4 years and 8 years respectively.

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

3.6 Borrowing costs

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

3.7 Leases

Transition to Ind AS 116 - Leases

The Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 - Leases ("Ind AS 116") which replaces the existing lease standard, Ind AS 17 - Leases, and other interpretations. Ind AS 116 – Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Company has adopted Ind AS 116, w.e.f. 01 January 2020 using modified retrospective method with right-of-use asset recognised at an amount equal to the lease liability in the balance sheet on the initial date of application.

The Company as a lessee

The Company enters into an arrangement for lease of buildings and equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with Ind AS 116 – Leases, at inception of the contract, the Company assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

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a) The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

b) The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

c) The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfills the requirements of Ind AS 40 - Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use asset are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

a) Fixed payments, including in-substance fixed payments;

b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c) Amounts expected to be payable under a residual value guarantee; and

d) The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item in the standalone financial statements of the Company.

The Company has elected not to apply the requirements of Ind AS 116 - Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Company as a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116 - Leases. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

Lease policy on or before 31 December 2019:

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

Company as a lessee

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

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of

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interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs.

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

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

Company as a lessor

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

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

3.8 Employee benefits

Contribution to provident and other funds

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Company recognises termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised

immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

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

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

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

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

Compensated absences

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

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

All other employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

3.9 Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments which are classified as equity-settled transactions.

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

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

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are

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met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the Company or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

3.10 Foreign currency transactions and translations

Transactions in foreign currencies are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

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

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or before 31 December 2016: Exchange differences arising on conversion of long term foreign currency monetary items used for acquisition of depreciable fixed assets are added to the cost of fixed assets and is depreciated over the remaining life of the respective fixed asset and in other cases, is recorded under the head 'Foreign Currency Monetary Item Translation Difference Account' and is amortised over the period of maturity of underlying long term foreign currency monetary items, in accordance with the option available under Ind AS 101.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or after 01 January 2017: Exchange differences arising on restatement of long term foreign currency monetary items obtained or given is recorded in the Statement of Profit and Loss.

3.11 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits' respectively.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments' ('Ind AS 109'), is measured at fair value with changes in fair value recognised in the Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration

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transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

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

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in the Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

3.12 Government grants

Grants from the Government are recognised when there is reasonable assurance that all underlying conditions will be complied with and that the grant will be received.

When loans or similar assistance are provided by Government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. That grant is recognised in the Statement of Profit and Loss under 'other operating revenue'. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Government grants related to assets are presented in the balance sheet by deducting the grant from the carrying value of the asset and non-monetary grant is recognised at a nominal value.

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Grants related to income are recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate and are presented as 'other operating revenues'.

Total government grant recognised in the Statement of Profit and Loss under the head 'Other operating revenue' amounts to ₹ 655.79 million (31 December 2019: ₹ 1,186.62 million) under different industrial promotion tax exemption schemes.

3.13 Income taxes

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

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 and rules thereunder. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity).

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their book bases. Deferred tax liabilities are recognised for all temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

Deferred tax on business combination

When a liability assumed is recognised at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base. In both cases, the resulting deferred tax asset affects goodwill.

3.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The business activities of the Company predominantly fall within a single operating segment, i.e., manufacturing and sale of beverages within India.

3.15 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the

Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

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

3.16 Financial instruments

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

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Financial assets

Initial recognition and measurement

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

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

a) Debt instruments at amortised cost

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income from these financial assets is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

b) Debt instruments at fair value through other comprehensive income

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

c) Debt instruments at fair value through profit or loss

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

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

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

d) Equity instruments

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

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

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

De-recognition

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

Impairment of financial assets

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

a) **Financial liabilities at FVTPL**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

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

b) **Financial liabilities at amortised cost**

After initial recognition, financial liabilities designated at amortised costs are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

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

Derivative financial instruments

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

3.17 Investment in subsidiaries and associates

An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, an investor controls an investee if and only if the investor has all the following:

a) power over the investee;

b) exposure, or rights, to variable returns from its involvement with the investee; and

c) the ability to use its power over the investee to affect the amount of the investor's returns.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Company has elected to recognise its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

Investment carried at cost is tested for impairment as per Ind-AS 36.

3.18 Non-current assets classified as held for sale

Non-current assets classified as held for sale are presented separately in the Balance Sheet and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arises on remeasurement or sale is included in the Statement of Profit and Loss.

If an entity has classified an asset (or disposal group) as held for sale, but the held-for-sale criteria as specified in standard are no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale.

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

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

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

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

3.19 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

3.20 Dividend distribution to equity holders

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

3.21 Provisions

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.22 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

3.23 Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, other than conversion of potential equity shares, that have changed the number of equity shares outstanding without a corresponding change in resources.

In case of a bonus issue, the number of ordinary shares outstanding is increased by number of shares issued as bonus shares in current year and comparative period presented as if the event had occurred at the beginning of the earliest year presented.

For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.24 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

i) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

a) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

b) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of tangible/intangible assets

The Company reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

b) Defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c) Inventories

The Company estimates the net realisable values of inventories, taking into account the most reliable evidence available at

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

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 2020

4A. Property, plant and equipment

(₹ in million)

	Land freehold#	Land leasehold#	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount											
Balance as at 01 January 2020	5,760.18	5,326.08	10,483.85	28,496.82	178.98	971.36	198.98	185.85	4,038.31	9,622.39	65,262.80
Additions for the year	108.56	6.57	450.82	2,228.53	10.15	228.71	33.50	11.21	350.98	2.73	3,431.76
Addition on account of transition to Ind AS 116 (Refer footnote iv below)	-	-	192.59	7.88	-	-	-	-	-	-	200.47
Government grant related to asset received (Refer footnote iii below)	-	(6.37)	-	-	-	-	-	-	-	-	(6.37)
Disposals for the year	-	(1.55)	-	(329.80)	(0.22)	(28.36)	(1.18)	(3.33)	(1,922.77)	(14.35)	(2,301.56)
Balance as at 31 December 2020	**5,868.74**	**5,324.73**	**11,127.26**	**30,403.43**	**188.91**	**1,171.71**	**231.30**	**193.73**	**2,466.52**	**9,610.77**	**66,587.10**
Accumulated Depreciation											
Balance as at 01 January 2020	-	230.99	1,594.05	6,749.60	99.40	702.30	123.98	111.69	1,747.51	5,503.61	16,863.13
Depreciation charge for the year	-	71.71	460.31	1,821.20	13.26	86.98	30.41	28.22	455.51	1,113.17	4,080.77
Reversal on disposals for the year	-	-	-	(62.08)	(0.17)	(23.02)	(1.00)	(2.62)	(1,315.73)	(13.85)	(1,418.47)
Balance as at 31 December 2020	**-**	**302.70**	**2,054.36**	**8,508.72**	**112.49**	**766.26**	**153.39**	**137.29**	**887.29**	**6,602.93**	**19,525.43**
Carrying amount as at 31 December 2020	**5,868.74**	**5,022.03**	**9,072.90**	**21,894.71**	**76.42**	**405.45**	**77.91**	**56.44**	**1,579.23**	**3,007.84**	**47,061.67**

(₹ in million)

	Land freehold#	Land leasehold#	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount											
Balance as at 01 January 2019	3,393.10	3,284.27	5,800.89	16,061.13	148.69	955.18	165.50	138.19	3,323.43	8,101.72	41,372.10
Additions for the year	527.84	112.01	1,387.71	4,980.31	15.59	37.96	37.32	41.75	787.63	859.08	8,787.20
Acquisition through business combination during the year (Refer note 49A)	1,839.24	1,965.04	3,295.39	7,730.79	14.84	15.65	6.44	6.84	312.53	721.66	15,908.42
Government grant related to asset received (Refer footnote iii below)	-	-	-	(251.05)	-	-	-	-	-	-	(251.05)
Disposals/adjustments for the year	-	(35.24)	(0.14)	(24.36)	(0.14)	(37.43)	(10.28)	(0.93)	(385.28)	(60.07)	(553.87)
Balance as at 31 December 2019	**5,760.18**	**5,326.08**	**10,483.85**	**28,496.82**	**178.98**	**971.36**	**198.98**	**185.85**	**4,038.31**	**9,622.39**	**65,262.80**
Accumulated Depreciation											
Balance as at 01 January 2019	-	170.84	1,279.16	5,213.93	87.29	649.59	101.73	86.64	1,385.75	4,414.13	13,389.06
Depreciation charge for the year	-	60.15	314.89	1,543.43	12.33	72.57	26.42	28.95	634.92	1,127.06	3,820.72
Reversal on disposals/adjustments of assets for the year	-	-	-	(7.76)	(0.22)	(19.86)	(4.17)	(3.90)	(273.16)	(37.58)	(346.65)
Balance as at 31 December 2019	**-**	**230.99**	**1,594.05**	**6,749.60**	**99.40**	**702.30**	**123.98**	**111.69**	**1,747.51**	**5,503.61**	**16,863.13**
Carrying amount as at 31 December 2019	**5,760.18**	**5,095.09**	**8,889.80**	**21,747.22**	**79.58**	**269.06**	**75.00**	**74.16**	**2,290.80**	**4,118.78**	**48,399.67**

#The Company had acquired leasehold lands at Sonarpur (Kolkata) amounting to ₹ 1.50 million (31 December 2019: ₹ 1.50 million), Pathankot (Punjab) amounting to ₹ Nil (31 December 2019: ₹ 197.10 million) and Sangli (Maharashtra) amounting to ₹ Nil (31 December 2019: ₹ 1.55 million) and freehold land at Nelamangala (Karnataka) amounting to ₹ Nil (31 December 2019: ₹ 1,316.60 million) which is yet to be registered in the name of the Company.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Property, plant and equipment (contd.)

Footnotes to Note 4A:

i. Refer Note 52 for information on property, plant and equipment pledged as security by the Company.

ii. Pre-operative expenses incurred and capitalised during the year are as under:

(₹ in million)

Net Book Value	31 December 2020	31 December 2019
Balance at the beginning of the year	2.46	149.29
Add: Incurred during the year		
Finance costs	-	131.93
Other expenses	56.21	71.37
Less: Capitalised during the year	(36.10)	(350.13)
Amount carried over	**22.57**	**2.46**

iii. During the year ended on 31 December 2020, the Company has received government grant related to assets under the Punjab Industrial and Business Development Policy, 2017 amounting to ₹ 6.37 million and for previous year ended on 31 December 2019, the Company has received government grant related to assets under the Central Capital Investment Subsidy NEIIPP, 2007 amounting to ₹ 251.05 million. The grant received has been deducted against the carrying value of the asset.

iv. The below schedule includes leased assets represents right of use assets, details of which are as under (Refer note 45):

(₹ in million)

	Leased buildings	Leased plant and equipment	Total
Gross carrying amount			
Balance as at 01 January 2020	-	-	-
Addition on account of transition to Ind AS 116	192.59	7.88	200.47
Additions for the year	-	-	-
Disposals for the year	-	-	-
Balance as at 31 December 2020	192.59	7.88	200.47
Accumulated Depreciation			
Balance as at 01 January 2020	-	-	-
Depreciation charge for the year	79.84	0.96	80.80
Reversal on disposals for the year	-	-	-
Balance as at 31 December 2020	79.84	0.96	80.80
Carrying amount as at 31 December 2020	**112.75**	**6.92**	**119.67**

The Company has adopted Ind AS 116 effective 01 January 2020, using modified retrospective method hence not applicable for comparative year.

v. The amount of contractual commitments for the acquisitions of property, plant and equipment are disclosed in Note 42.

4B. Capital work-in-progress: The changes in the carrying value of capital work-in-progress for the year ended 31 December 2020 and 31 December 2019 are as follows :

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2020	585.75
Additions for the year	2,483.65
Transfer to property, plant and equipment	(2,679.35)
Balance as at 31 December 2020	**390.05**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2019	3,392.26
Additions for the year	3,561.52
Transfer to property, plant and equipment	(6,368.03)
Balance as at 31 December 2019	**585.75**

5A. Goodwill

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2020	19.40
Acquired during the year	-
Balance as at 31 December 2020	**19.40**
Amortisation and impairment	
Balance as at 01 January 2020	-
Amortisation charge for the year	-
Balance as at 31 December 2020	-
Carrying amount as at 31 December 2020	**19.40**

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2019	19.40
Acquired during the year	-
Balance as at 31 December 2019	**19.40**
Amortisation and impairment	
Balance as at 01 January 2019	-
Amortisation charge for the year	-
Balance as at 31 December 2019	**-**
Carrying amount as at 31 December 2019	**19.40**

5B. Other intangible assets

(₹ in million)

	Franchise rights/ trademarks (Refer note i)	Distribution network	Computer software	Total
Gross carrying amount				
Balance as at 01 January 2020	6,042.96	157.64	274.37	6,474.97
Additions for the year	-	-	1.96	1.96
Balance as at 31 December 2020	6,042.96	157.64	276.33	6,476.93
Amortisation and impairment				
Balance as at 01 January 2020	656.97	20.77	198.76	876.50
Amortisation charge for the year	-	19.70	27.70	47.40
Balance as at 31 December 2020	656.97	40.47	226.46	923.90
Carrying amount as at 31 December 2020	**5,385.99**	**117.17**	**49.87**	**5,553.03**

(₹ in million)

	Franchise rights/ trademarks (Refer note i)	Distribution network	Computer software	Total
Gross carrying amount				
Balance as at 01 January 2019	5,657.86	157.64	225.30	6,040.80
Additions for the year	150.00	-	48.87	198.87
Acquisition through business combination during the year (Refer note 49A)	235.10	-	-	235.10
Disposals/adjustments for the year	-	-	0.20	0.20
Balance as at 31 December 2019	6,042.96	157.64	274.37	6,474.97
Amortisation and impairment				
Balance as at 01 January 2019	656.97	1.07	166.96	825.00
Amortisation charge for the year	-	19.70	31.60	51.30
Reversal on disposal/adjustments of assets for the year	-	-	0.20	0.20
Balance as at 31 December 2019	656.97	20.77	198.76	876.50
Carrying amount as at 31 December 2019	**5,385.99**	**136.87**	**75.61**	**5,598.47**

Footnotes to Note 5A and 5B:

(i) The Company has considered the related provisions of Ind AS 38 on 'Intangibles Assets' which permit certain intangible assets to have an indefinite life and accordingly the carrying value of these franchisee rights have been considered to have an indefinite life. These franchisee rights meet the prescribed criteria of renewal at nominal cost, renewal with no specific conditions attached and is supported by evidences of being renewed. Management is of the opinion that, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the franchise rights are expected to generate net cash inflows for the Company.

Goodwill and franchise rights with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

The assumptions used in this impairment assessment are most sensitive to following:

a) Weighted average cost of capital ''WACC'' of 13.30% for the explicit period and 13.57% for the terminal year.

b) For arriving at the terminal value, approximate growth rate of 5% is considered.

c) Number of years for which cash flows were considered are 5 years.

d) The approximate rate of growth in sales is estimated at 10%-20% in the discrete period.

No impairment loss was identified on the above assessment.

(ii) The amount of contractual commitments for the acquisitions of intangible assets are disclosed in Note 42.

(iii) Refer Note 52 for information on other intangible assets pledged as security by the Company.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

6. Investments in subsidiaries and associates

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Investment in subsidiaries (at cost) (unquoted)		
In equity shares		
17,392,760 (31 December 2019: 14,284,240) fully paid equity shares of MAD 50 each in Varun Beverages Morocco SA*#	6,179.18	4,922.56
643,853,670 (31 December 2019: 56,775,000) fully paid equity shares of LKR 10 each in Varun Beverages Lanka (Private) Limited**#	3,149.55	235.17
1,080,000 (31 December 2019: 1,080,000) fully paid equity shares of NPR 1,000 each in Varun Beverages (Nepal) Private Limited	798.91	798.91
18,710,100 (31 December 2019: 3,150,000) fully paid equity shares of ZMW 10 each in Varun Beverages (Zambia) Limited***#	3,231.01	2,670.39
935 (31 December 2019: 935) fully paid equity shares of USD 1 each in Varun Beverages (Zimbabwe) (Private) Limited	0.06	0.06
547,645 (31 December 2019: 200,000) fully paid equity shares of ₹ 10 each in Lunarmech Technologies Private Limited@^	162.93	150.38
Nil (31 December 2019: 35,474) fully paid equity shares of ₹ 10 each in Angelica Technologies Private Limited~@^	-	12.56
In preference shares		
Equity portion of Nil (31 December 2019: 58,707,866) redeemable preference shares in Varun Beverages (Lanka) Private Limited**	-	287.80
	13,521.64	**9,077.83**
Aggregate amount of unquoted investments	**13,521.64**	**9,077.83**

*During the year ended on 31 December 2020, loans given to Varun Beverages Morocco SA ("VBL Morocco") amounting to ₹ 999.17 million (31 December 2019: ₹ 1,182.46 million) and Interest receivable amounting to ₹ 257.45 million (31 December 2019: ₹ Nil) were converted into equity investment.

**During the year ended on 31 December 2020, redeemable preference shares (classified as loans) given to Varun Beverages Lanka (Private) Limited ("VBL Lanka") amounting to ₹ 2,626.57 million (31 December 2019: ₹ Nil) were converted into equity investment. Accordingly, the equity portion of ₹ 287.80 million of this investment has been added to the cost of equity investment in VBL Lanka.

***During the year ended on 31 December 2020, loans given to Varun Beverages (Zambia) Limited ("VBL Zambia") amounting to ₹ 560.62 million (31 December 2019: ₹ Nil) were converted into equity investment.

@The National Company Law Tribunal, through its order dated 22 May 2020 has approved the scheme of amalgamation of the subsidiary of the Company, namely, Angelica Technologies Private Limited ("Angelica") with Lunarmech Technologies Private Limited ("Lunarmech") (subsidiary of Angelica Technologies Private Limited). The approved scheme of amalgamation has been filed with the Registrar of Companies on 07 July 2020. Consequently, 98 (Ninety eight) fully paid-up equity shares of Lunarmech of the face value of ₹ 10 each have been allotted for every 10 (Ten) fully paid-up equity shares of the face value of ₹ 10 each of Angelica. This has no impact on the standalone financial statements.

^The Company, on 09 September 2019, has acquired 20% shareholding in Lunarmech for a purchase consideration of ₹ 150.38 million.

~The Company, on 04 November 2019, has acquired board control in its associate, Angelica. Consequently, both Angelica and Lunarmech became subsidiaries of the Company w.e.f. 04 November 2019.

#These investments were tested for impairment in accordance with Ind AS 36 "Impairment of Assets".

Refer note 54 for information required under Section 186 (4) of the Companies Act, 2013.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Information about investments along with proportion of ownership interest held and country of incorporation are as follows:

Name of the company/entity	Country of incorporation and principal place of business	Proportion of ownership interests held by the Company at year end	
		As at 31 December 2020	As at 31 December 2019
Varun Beverages (Nepal) Private Limited ('VBL Nepal')	Nepal	100%	100%
Varun Beverages Lanka (Private) Limited ('VBL Lanka')	Sri Lanka	100%	100%
Varun Beverages Morocco SA ('VBL Morocco')	Morocco	100%	100%
Ole Spring Bottlers (Private) Limited ('Ole')*	Sri Lanka	100%	100%
Varun Beverages (Zambia) Limited ('VBL Zambia')	Zambia	90%	90%
Varun Beverages (Zimbabwe) (Private) Limited ('VBL Zimbabwe')	Zimbabwe	85%	85%
Varun Beverages (Botswana) (Proprietary) Limited ^	Botswana	-	90%
Angelica Technologies Private Limited	India	-	47.30%
Lunarmech Technologies Private Limited∞	India	55%	55%

* subsidiary of VBL Lanka

^subsidiary of VBL Zambia till 12 May 2020

∞ subsidiary of Angelica Technologies Private Limited till 04 November 2019

7. Investments

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Fair value through Profit or Loss		
Investment in equity shares (unquoted)		
200 (31 December 2019: 200) shares of ₹ 50 each in The Margao Urban Co-operative Bank Limited	0.01	0.01
250 (31 December 2019: 250) shares of ₹ 10 each in The Goa Urban Co-operative Bank Limited**	0.00	0.00
	0.01	**0.01**
Aggregate amount of unquoted investments	0.01	0.01

**Rounded off to Nil.

8. Loans

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Loans carried at amortised cost		
Security deposits	390.41	421.22
Loans to related parties, considered good - Unsecured	2,310.09	5,621.55
	2,700.50	**6,042.77**
Loans to subsidiaries, in the ordinary course of business		
Varun Beverages (Zimbabwe) (Private) Limited	1,084.85	648.60
Varun Beverages (Zambia) Limited#	497.14	1,030.28
Varun Beverages Morocco SA#	728.10	1,676.77
Varun Beverages Lanka (Private) Limited#	-	2,265.90

#The loans granted were tested for impairment in accordance with Ind AS 109.

Refer note 54 for information required under Section 186 (4) of the Companies Act, 2013.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

9. Other non-current financial asset

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Financial asset at amortised cost		
Balance in deposit accounts with more than 12 months maturity#	1.21	8.90
	1.21	**8.90**

#Pledged as security with electricity department/banks.

10. Other non-current assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Unsecured, considered good)		
Capital advances	713.09	544.65
Advances other than capital advances		
- Income tax paid (includes amount paid under protest)	165.68	168.63
- Balance with statutory authorities (paid under protest)	140.54	166.03
- Prepaid expenses	34.17	37.60
	1,053.48	**916.91**

11. Inventories

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Valued at lower of cost or net realisable value)		
Raw and packing materials (including goods in transit of ₹ 74.39 (31 December 2019: ₹ 176.91))	2,525.43	2,651.70
Work in progress	81.57	61.18
Intermediate goods (including goods in transit of ₹ 28.76 (31 December 2019: ₹ 35.86))	1,643.18	1,836.56
Finished goods (including goods in transit of ₹ 10.31 (31 December 2019: ₹ 26.03))	1,205.16	1,095.62
Stores and spares	1,335.27	1,084.77
	6,790.61	**6,729.83**

The Company manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods, stock in trade values, which are not significant, are not separately ascertainable.

The cost of inventories recognised as an expense during the year is disclosed in Note 30, Note 31 and Note 32.

12. Trade receivables

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Trade receivable, considered good - Unsecured	1,643.31	1,198.33
Trade receivable, considered good - Secured	61.98	106.98
Trade receivable - Credit impaired	223.82	216.26
	1,929.11	**1,521.57**
Less : Allowance for expected credit loss	(223.82)	(216.26)
	1,705.29	**1,305.31**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Includes amounts due, in the ordinary course of business, from subsidiaries		
Varun Beverages (Zambia) Limited	30.77	10.61
Varun Beverages (Zimbabwe) (Private) Limited	28.10	22.79
Varun Beverages Morocco SA	7.98	1.59
Ole Spring Bottlers (Private) Limited	2.73	-
Varun Beverages (Nepal) Private Limited	391.23	476.05
Lunarmech Technologies Private Limited	37.44	2.92
Includes amounts due, in the ordinary course of business, from companies in which directors of the Company are also directors:		
Alisha Torrent Closures (India) Private Limited	9.13	3.20
Devyani Airport Services (Mumbai) Private Limited	0.26	0.57

Trade receivables are non-interest bearing and credit period generally falls in the range of 0 to 120 days terms.

13. Cash and cash equivalents

(also for the purpose of Standalone Cash Flow Statement)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Balance with banks in current accounts	250.98	261.63
Balance in deposits with original maturity of less than three months	9.23	2.11
Cheques/drafts on hand	100.01	54.37
Cash on hand	3.82	5.40
	364.04	**323.51**

14. Bank balances other than cash and cash equivalents

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Deposits with original maturity more than 3 months but less than 12 months *	0.11	-
Unpaid dividend account**	0.61	0.65
	0.72	**0.65**

*Pledged as security with statutory authorities/banks

**These balances are not available for use by the Company and corresponding balance is disclosed as unclaimed dividend in note 25.

15. Loans

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Loans carried at amortised cost		
Loans to related party, considered good - Unsecured	-	282.34
Security deposits	99.94	69.37
	99.94	**351.71**
Loans to a subsidiary, in the ordinary course of business		
Varun Beverages Lanka (Private) Limited#	-	282.34

#The loan granted was tested for impairment in accordance with Ind AS 109.

Refer note 54 for information required under Section 186 (4) of the Companies Act, 2013.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

16. Other financial assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Unsecured, considered good)		
Interest accrued on:		
- Loan to subsidiaries*	245.77	378.04
- Term deposits	0.23	0.21
- Others	15.68	11.88
Dividend receivable**	192.19	192.19
Guarantee commission receivable#	10.26	54.16
Government grant receivable	1,197.24	1,840.78
Claim receivables	350.56	277.12
Other receivables^	118.27	65.71
	2,130.20	**2,820.09**
*Amounts due from subsidiaries		
Varun Beverages (Zambia) Limited	92.40	84.57
Varun Beverages (Zimbabwe) (Private) Limited	94.26	45.15
Varun Beverages Morocco SA	59.11	248.32
	245.77	**378.04**
**Amount due from a subsidiary, namely, Varun Beverages (Nepal) Private Limited	192.19	192.19
# Amounts due from subsidiaries:		
Varun Beverages (Nepal) Private Limited	-	6.44
Varun Beverages Morocco SA	1.42	1.38
Varun Beverages (Zimbabwe) (Private) Limited	8.84	46.34
	10.26	**54.16**
^ Includes amounts due from subsidiaries:		
Varun Beverages Morocco SA	11.89	7.87
Varun Beverages (Zambia) Limited	6.45	12.43
Varun Beverages Lanka (Private) Limited	2.93	0.80
Varun Beverages (Zimbabwe) (Private) Limited	13.17	9.04
Varun Beverages (Nepal) Private Limited	0.33	1.61
	34.77	**31.75**

17. Other current assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Unsecured, considered good)		
Security deposits	1.27	1.28
Other advances :		
- Employees	40.99	69.08
- Contractors and suppliers	745.46	565.40
- Prepaid expenses	126.41	101.01
- Balance with statutory/government authorities	517.54	772.15
- Other advances	53.48	45.91
	1,485.15	**1,554.83**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

18. Equity share capital

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Authorised share capital:		
500,000,000 (31 December 2019: 500,000,000) equity shares of ₹10 each	5,000.00	5,000.00
	5,000.00	**5,000.00**
Issued, subscribed and fully paid up:		
288,688,720 (31 December 2019: 288,688,720) equity shares of ₹ 10 each	2,886.89	2,886.89
	2,886.89	**2,886.89**

a) Reconciliation of share capital

(₹ in million)

Particulars	No. of shares	Amount
Balance as at 01 January 2020	288,688,720	2,886.89
Add: Change during the year	-	-
Balance as at 31 December 2020	**288,688,720**	**2,886.89**

(₹ in million)

Particulars	No. of shares	Amount
Balance as at 01 January 2019	182,641,940	1,826.42
Add: Shares issued on exercise of employee stock options during the year	13,285	0.13
Add: Bonus shares issued during the year (Refer note (d) below)	91,327,613	913.28
Add: Shares issued pursuant to Qualified institutional placement ("QIP") (Refer note (h) below)	14,705,882	147.06
Balance as at 31 December 2019	**288,688,720**	**2,886.89**

b) Terms/rights attached to shares

The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

c) List of shareholders holding more than 5% of the equity share capital of the Company at the beginning and at the end of the year:

Shareholders as at 31 December 2020	No. of shares	%
R J Corp Limited	79,933,517	27.69%
Ravi Kant Jaipuria & Sons (HUF)	53,881,805	18.66%
Mr. Varun Jaipuria	50,663,250	17.55%

Shareholders as at 31 December 2019	No. of shares	%
R J Corp Limited	81,033,517	28.07%
Ravi Kant Jaipuria & Sons (HUF)	57,481,805	19.91%
Mr. Varun Jaipuria	50,663,250	17.55%

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

As per records of the Company, including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

During the year ended 31 December 2019, the Company has issued 91,327,613 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

e) Shares reserved for issue under options (Refer note 50)

Under Employee Stock Option Scheme, 2013:

	As at 31 December 2020	As at 31 December 2019
No. of equity shares of ₹ 10 each at an exercise price of ₹ 149.51 per share		
Options outstanding at the beginning of the year	-	23,285
Less: Options lapsed during the year	-	10,000
Less: Shares issued on exercise of employee stock options	-	13,285
	-	-

f) Shares held by holding and ultimate holding company

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
RJ Corp Limited, Parent* company	799.34	810.34
79,933,517 (31 December 2019: 81,033,517) fully paid equity shares of ₹ 10 each		
Ravi Kant Jaipuria & Sons (HUF), Parent* of RJ Corp Limited	538.82	574.82
53,881,805 (31 December 2019: 57,481,805) fully paid equity shares of ₹ 10 each		
	1,338.16	**1,385.16**

*as defined under Ind AS 110 - Consolidated Financial Statements ("Ind AS 110").

g) Preference share capital

The Company also has authorised preference share capital of 50,000,000 (31 December 2019: 50,000,000) preference shares of ₹ 100 each. The Company does not have any outstanding issued preference shares.

h) Pursuant to QIP, 14,705,882 equity shares of the Company of ₹ 10 each were allotted at ₹ 612 per equity share: (Refer note 58)

(₹ in million)

Date of allotment	Share capital	Securities premium
07 September 2019	147.06	8,852.93

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

19. Other equity

Refer Standalone Statement of Changes in Equity for detailed movement in Other Equity balance.

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Capital reserve	533.93	533.93
General reserve	444.26	444.26
Securities premium	26,178.17	26,178.17
Retained earnings	10,074.42	8,619.78
Foreign currency monetary item translation difference account	-	8.14
	37,230.78	**35,784.28**

Description of nature and purpose of each reserve:

Capital reserve - Created on merger of Varun Beverages (International) Limited with the Company pursuant to and in accordance with the Court approved scheme of amalgamation. Includes gain from bargain purchases.

General reserve - Created by way of transfer from debenture redemption reserve on redemption of debentures and is not an item of other comprehensive income.

Securities premium - Created to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Retained earnings - Created from the profit of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

Foreign currency monetary item translation difference account - Created for recording exchange differences arising on restatement of long term foreign currency monetary items, other than for acquisition of fixed assets, and is being amortised over the maturity period of such monetary items.

20. Borrowings

A. Non-current borrowings:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Term loans (secured) (Refer note 20D)		
- Foreign currency loans from banks	914.08	1,752.25
- Indian rupee loans from banks	17,710.27	20,364.53
- Indian rupee loan from a financial institutions	919.16	800.29
	19,543.51	**22,917.07**

Loans and borrowing above are recognised at amortised cost/ fair value taking into account any discount or premium on acquisition and fee or costs that are part of effective interest rate, accordingly the outstanding balances above may not necessarily reconcile with repayment amounts.

B. Current borrowings:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Loans repayable on demand		
Working capital facilities from banks (secured) (Refer footnote (a))	5,355.40	2,110.44
Working capital facility from bank (unsecured) (Refer footnote (b))	1,000.00	2,000.00
	6,355.40	**4,110.44**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(a) Working capital facilities from banks are secured by first charge on entire current assets of the Company ranking pari-passu amongst the banks and second charge on the movable and immovable assets of the Company pertaining to specific manufacturing units. One facility from bank is secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company and another facility from bank is secured by subservient charge over movable fixed assets of the Company. These facilities carry interest rates ranging between 4.75% to 5.90% (31 December 2019: 8.35% to 9.65%).

(b) During the current year, Company has availed a working capital facility from a bank carrying rate of interest of 5.60% per annum and is repayable in two equal instalments at the end of eight and nine month from the date of disbursement. During the previous year ended on 31 December 2019, working capital facility from a bank carried rate of interest of 7.15% per annum and was repayable in one instalment at the end of six month from the date of disbursement. The outstanding amount of ₹ 2,000.00 million were repaid during the year.

There are no defaults in repayment of principal borrowings or interest there on.

C. Other non-current financial liabilities:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Lease liabilities (Refer note 45)	79.50	-
	79.50	**-**

D. Terms and conditions/details of securities for loans:

(₹ in million)

Name of the bank/instrument	Loan outstanding			
	31 December 2020		31 December 2019	
	Non-current	Current	Non-current	Current
Term loans				
(i) Foreign currency loan from banks (secured)				
Loan carrying rate of interest of LIBOR+1.60% (31 December 2019: LIBOR+1.60%) and is repayable in two equal instalments of SGD 16.56 each in May 2021 and May 2022. The Company has executed a cross currency swap to hedge total loan of SGD 33.13 to USD 25.00 and interest rate swap to hedge its exposure.	914.08	914.08	1,752.25	-
Loan is secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory/franchisee rights acquired under the acquisition under slump sale basis except vehicles.				
	914.08	**914.08**	**1,752.25**	**-**
(ii) Indian rupee loan from banks (secured)				
Loans carrying weighted average rate of interest 6.86% (31 December 2019: 8.92%) depending upon tenure of the loans. For repayment terms refer note 20E.	17,600.10	3,598.41	20,283.64	4,942.71
These loan are secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory / franchisee rights acquired under the business acquisition except vehicles.				

(₹ in million)

Name of the bank/instrument	Loan outstanding			
	31 December 2020		31 December 2019	
	Non-current	Current	Non-current	Current
(iii) Vehicle rupee term loan (secured)				
Loans carrying rate of interest in range of 7.90%-9.25% (31 December 2019: 7.90%-10.15%). They are repayable generally over a period of three to five years in equal monthly instalments as per the terms of the respective agreements. Vehicle loans are secured against respective vehicles financed.	110.17	59.73	80.89	38.15
	17,710.27	**3,658.14**	**20,364.53**	**4,980.86**
(iv) Indian rupee loan from a financial institutions (secured)				
Interest free loan from The Pradeshiya Industrial & Investment Corporation of U.P. Limited are repayable in one instalment after expiry of seven years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid upto the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.52%-9.72%. The repayments are due as following: **Date of repayment** — **Amount** 25 December 2023 — 155.79 30 November 2024 — 177.83 01 November 2025 — 211.98	389.38	-	356.42	-
Interest free loan from The Director of Industries and Commerce, Haryana are repayable in one instalment after expiry of five years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid upto the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.33%. The repayments are due as following: **Date of repayment** — **Amount** 16 January 2023 — 94.01 30 March 2023 — 90.73 07 June 2023 — 175.00 25 October 2023 — 73.66 20 February 2024 — 91.36 27 May 2024 — 36.85 29 August 2024 — 39.10 17 February 2025 — 43.98 13 October 2025 — 23.96	529.78	-	443.87	-
	919.16	**-**	**800.29**	**-**
Total	**19,543.51**	**4,572.22**	**22,917.07**	**4,980.86**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

E. Repayment terms:

(₹ in million)

S. No	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
1	Term loan - 1	-	-	57.67	114.60	The loan was originally repayable in two instalments of ₹ 57.30 each due in May 2020 and June 2020 and one instalment of ₹ 57.84 due in May 2021. The outstanding amount of ₹ 172.44 was repaid during the year.
2	Term loan - 2	350.00	175.00	700.00	350.00	Pre payment of one instalment of ₹ 175.00 due in May 2021. One instalment of ₹ 175.00 due in June 2021, two instalments of ₹ 175.00 each due in May 2022 and June 2022.
3	Term loan - 3	598.59	-	996.56	-	Pre payment was for two instalments of ₹ 150.00 due in May 2021 and ₹ 250.00 due in June 2021 and two instalments of ₹ 300.00 each due in May 2022 and June 2022.
4	Term loan - 4	249.66	125.00	499.23	50.00	Pre payment was done for one instalment of ₹ 125.00 due in May 2021. One instalment of ₹ 125.00 due in June 2021 and two instalments of ₹ 125.00 each due in May 2022 and June 2022.
5	Term loan - 5	-	150.00	300.00	300.00	Pre payment was done for one instalment of ₹ 150.00 due in May 2021. One instalment of ₹ 150.00 due in June 2021.
6	Term loan - 6	589.25	294.63	1,178.45	392.83	Pre payment was done for one instalment of ₹ 294.63 due in May 2021. One instalment of ₹ 294.63 due in June 2021 and two instalments of ₹ 294.63 each due in May 2022 and June 2022.
7	Term loan - 7	321.09	-	581.36	-	Pre payment was done for two instalments of ₹ 76.96 due in May 2021 and of ₹ 183.31 due in June 2021. One instalment of ₹ 183.31 due in May 2022 and ₹ 137.78 due in June 2022.
8	Term loan - 8	101.60	-	217.50	115.90	Pre payment was done for two instalments of ₹ 57.95 each due in May 2021 and June 2021. Two instalments of ₹ 57.95 due in May 2022 and ₹ 43.65 due in June 2022.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

S. No	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
9	Term loan - 9	-	-	150.00	100.00	The loan was originally repayable in two instalments of ₹ 50.00 each due in May 2020 and June 2020, two instalments of ₹ 50.00 each due in May 2021 and June 2021 and one instalment of ₹ 50.00 due in May 2022. The outstanding amount of ₹ 250.00 was repaid during the year.
10	Term loan - 10	-	-	240.00	80.00	The loan was originally repayable in two instalments of ₹ 40.00 each due in May 2020 and June 2020, two instalments of ₹ 40.00 each due in May 2021 and June 2021, two instalments of ₹ 40.00 each due in May 2022 and June 2022 and two instalments of ₹ 40.00 each due in May 2023 and June 2023. The outstanding amount of ₹ 320.00 was repaid during the year.
11	Term loan - 11	-	150.00	150.00	150.00	Two instalments of ₹ 75.00 each due in May 2021 and June 2021.
12	Term loan - 12	238.30	297.88	536.18	297.88	Two instalments of ₹ 148.94 each due in May 2021 and June 2021 and two instalments of ₹ 119.15 each due in May 2022 and June 2022.
13	Term loan - 13	300.00	-	600.00	200.00	Pre payment was done for two instalments of ₹ 150.00 each due in May 2021 and June 2021. Two instalments of ₹ 150.00 each due in May 2022 and June 2022.
14	Term loan - 14	250.00	-	350.00	100.00	Pre payment was done for two instalments of ₹ 50.00 each due in May 2021 and June 2021. Two instalments of ₹ 50.00 each due in May 2022 and June 2022 and two instalments of ₹ 75.00 each due in May 2023 and June 2023.
15	Term loan - 15	999.75	250.00	1,499.74	500.00	Pre payment was done for one instalment of ₹ 250.00 due in May 2021. One instalment of ₹ 250.00 due in June 2021, two instalments of ₹ 250.00 each due in May 2022 and June 2022 and two instalments of ₹ 250.00 each due in May 2023 and June 2023.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

S. No	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
16	Term loan - 16	510.00	160.00	750.00	240.00	Pre payment of one instalment of ₹ 80.00 due in May 2021. Two instalments of ₹ 80.00 each due in June 2021 and July 2021, three instalments of ₹ 90.00 each due in May 2022, June 2022 and July 2022 and one installment of ₹ 90.00 due in May 2023 and of ₹ 150.00 due in June 2023.
17	Term loan - 17	245.00	150.00	395.00	150.00	Two instalments of ₹ 75.00 each due in June 2021 and July 2021, two instalments of ₹ 80.00 each due in June 2022 and July 2022 and one instalment of ₹ 85.00 due in June 2023.
18	Term loan - 18	434.91	-	628.21	193.30	Pre payment was done for one instalment of ₹ 193.30 due in May 2021. One instalment of ₹ 193.30 due in May 2022 and one instalment of ₹ 241.62 due in May 2023.
19	Term loan - 19	444.60	-	666.80	166.60	Pre payment was done for two instalments of ₹ 111.10 each due in May 2021 and June 2021. Two instalments of ₹ 111.10 each due in May 2022 and June 2022, one instalment of ₹ 111.10 due in May 2023 and one instalment of ₹ 111.30 due in June 2023.
20	Term loan - 20	1,166.09	145.80	1,457.55	291.60	Pre payment was done for one instalment of ₹ 145.80 due in June 2021. One instalment of ₹ 145.80 due in July 2021, two instalments of ₹ 145.80 each due in June 2022 and July 2022, two instalments of ₹ 145.80 each due in June 2023 and July 2023, two instalments of ₹ 145.90 each due in June 2024 and July 2024 and two instalments of ₹ 145.90 each due in June 2025 and July 2025.
21	Term loan - 21	1,496.79	-	1,495.36	-	Two instalments of ₹ 375.00 each due in May 2022 and June 2022 and two instalments of ₹ 375.00 each due in May 2023 and June 2023.

(₹ in million)

S. No	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
22	Term loan - 22	1,746.48	-	2,494.90	500.00	Pre payment was done for three instalments of ₹ 250.00 each due in May 2021, June 2021 and May 2022. One instalment of ₹ 250.00 due in June 2022, two instalments of ₹ 250.00 each due in May 2023 and June 2023, two instalments of ₹ 250.00 each due in May 2024 and June 2024 and two instalments of ₹ 250.00 each due in May 2025 and June 2025.
23	Term loan - 23	1,196.61	200.00	1,594.35	400.00	Pre payment was done for one instalment of ₹ 200.00 due in May 2021. One instalment of ₹ 200.00 due in June 2021, two instalments of ₹ 300.00 each due in May 2022 and June 2022 and two instalments of ₹ 300.00 each due in May 2023 and June 2023.
24	Term loan - 24	700.00	-	850.00	150.00	Pre payment was done for two instalments of ₹ 75.00 each due in May 2021 and June 2021. Two instalments of ₹ 75.00 each due in May 2022 and June 2022, two instalments of ₹ 75.00 each due in May 2023 and June 2023, two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
25	Term loan - 25	796.19	-	894.78	100.00	Pre payment was done for two instalments of ₹ 50.00 each due in May 2021 and June 2021. Two instalments of ₹ 100.00 each due in May 2022 and June 2022, two instalments of ₹ 100.00 each due in May 2023 and June 2023, two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
26	Term loan - 26	-	-	1,000.00	-	The loan was originally repayable in one instalment of ₹ 200.00 due in July 2022, two instalments of ₹ 200.00 each due in June 2023 and July 2023 and two instalments of ₹ 200.00 each due in June 2024 and July 2024. The outstanding amount of ₹ 1,000.00 was repaid during the year.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

S. No	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
27	Term loan - 27	750.00	500.00	-	-	Four instalments of ₹ 125.00 each due in April 2021, May 2021, June 2021 and July 2021 and four instalments of ₹ 125.00 each due in April 2022, May 2022, June 2022 and July 2022 and two instalments of ₹ 125.00 each due in April 2023 and May 2023.
28	Term loan - 28	500.00	500.00	-	-	Two instalments of ₹ 250.00 each due in May 2021 and June 2021 and two instalments of ₹ 250.00 each due in May 2022 and June 2022.
29	Term loan - 29	499.90	500.10	-	-	Three instalments of ₹ 166.67 each due in May 2021, June 2021 and July 2021 and three instalments of ₹ 166.67 each due in May 2022, June 2022 and July 2022.
30	Term loan - 30	1,800.00	-	-	-	One instalment of ₹ 1800.00 due in June 2024.
31	Term loan - 31	1,250.00	-	-	-	One instalment of ₹ 625.00 due in June 2022 and one instalment of ₹ 625.00 due in June 2023.
32	Term loan - 32	65.29	-	-	-	One instalment of ₹ 32.64 due in June 2022 and one instalment of ₹ 32.65 due in June 2023.
		17,600.10	**3,598.41**	**20,283.64**	**4,942.71**	

21. Provisions

(Refer note 38)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Non-current		
Defined benefit liability (net)	1,417.54	1,190.35
Other long term employee obligations	514.06	416.38
	1,931.60	**1,606.73**
Current		
Defined benefit liability (net)	107.56	112.30
Other short term employee obligations	215.28	176.49
	322.84	**288.79**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

22. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

(₹ in million)

Deferred tax liabilities/ (assets)	As at 01 January 2020	Recognised in other comprehensive income**	Recognised in Statement of Profit and Loss	As at 31 December 2020
Accelerated depreciation for tax purposes	4,701.04	-	(1,182.17)	3,518.87
Minimum alternate tax (MAT) credit*	(1,168.94)	-	291.72	(877.22)
Allowance for doubtful debts	(75.57)	-	19.24	(56.33)
Provision for bonus	(33.41)	-	10.96	(22.45)
Foreign currency monetary item translation difference account	(2.84)	-	2.84	-
Fair valuation of financial instruments	(230.53)	-	203.34	(27.19)
Provision for retirement benefits	(662.38)	(29.58)	218.58	(473.38)
Borrowings	(0.97)	-	(0.69)	(1.66)
Benefit accrued on government grants	274.03	-	(67.32)	206.71
Other expenses allowable on payment basis	(39.14)	-	(18.29)	(57.43)
	2,761.29	**(29.58)**	**(521.79)**	**2,209.92**

(₹ in million)

Deferred tax liabilities/ (assets)	As at 01 January 2019	Acquired on business combination (Refer note 49A)	Recognised in other comprehensive income**	Recognised in Statement of Profit and Loss	As at 31 December 2019
Accelerated depreciation for tax purposes	3,590.56	-	-	1,110.48	4,701.04
Minimum alternate tax (MAT) credit*	(1,047.74)	-	-	(121.20)	(1,168.94)
Allowance for doubtful debts	(89.22)	-	-	13.65	(75.57)
Provision for bonus	(18.65)	(11.47)	-	(3.29)	(33.41)
Foreign currency monetary item translation difference account	(19.38)	-	-	16.54	(2.84)
Fair valuation of financial instruments	(194.33)	-	-	(36.20)	(230.53)
Provision for retirement benefits	(394.45)	(119.34)	(33.05)	(115.54)	(662.38)
Borrowings	(0.16)	-	-	(0.81)	(0.97)
Benefit accrued on government grants	272.62	-	-	1.41	274.03
Other expenses allowable on payment basis	(72.98)	-	-	33.84	(39.14)
	2,026.27	**(130.81)**	**(33.05)**	**898.88**	**2,761.29**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

*MAT credit: (₹ in million)

	Recognised in profit and loss	Utilised from profit and loss
31 December 2020	-	(291.72)
31 December 2019	170.76	(49.56)

MAT credit recognised in a year is adjustable against income taxes payable under normal tax provisions over a period of 15 years.

MAT credit recognised on balance sheet date is accumulation of credit recognised (net of utilisation) as per below table:

(₹ in million)

Financial year	Credit available for carry forward (net of utilisation)	Expiry date
2015-16	103.08	31 March 2031
2016-17	385.62	31 March 2032
2017-18	217.76	31 March 2033
2019-20	170.76	31 March 2035
Total	**877.22**	

**The amounts recognised in other comprehensive income relate to the re-measurement of net defined retirement benefit liability. Refer note 37 for the amount of the income tax relating to these components of other comprehensive income.

All significant deferred tax assets (including tax losses and other tax credits) have been recognised in the balance sheet.

On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April 2019 subject to certain conditions.

During the year ended 31 December 2020, the Company made an assessment of the impact of the Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax (MAT) credit and expiry of other tax benefits/holidays available. In accordance with the Ind AS 12 "Income Taxes", the Company is also required to remeasure its deferred tax balances, for amounts that are expected to reverse in future when the Company would migrate to the new tax regime. The Company has remeasured its outstanding deferred tax balances and written back an amount of ₹ 731.85 million to the Statement of Profit and Loss.

23. Other non-current liabilities

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Deferred revenue on government grant	7.34	8.23
	7.34	**8.23**

24. Trade payables

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Total outstanding dues of-		
Micro enterprises and small enterprises (Refer note 47)	90.61	17.79
Creditors other than micro enterprises and small enterprises	2,630.07	3,160.99
	2,720.68	**3,178.78**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

25. Other current financial liabilities

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Current maturities of long-term debts (Refer note 20D)	4,572.22	4,980.86
Current maturities of lease liabilities (Refer note 45)	44.29	-
Interest accrued but not due on borrowings	82.69	127.61
Payable for capital expenditure	680.29	746.97
Employee related payables	440.05	407.98
Unclaimed dividends#	0.61	0.65
Security deposits	1,575.12	2,152.67
Liability for foreign currency derivative contract	20.71	68.45
	7,415.98	**8,485.19**

#Not due for deposit to the Investor Education and Protection Fund.

26. Other current liabilities

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Advance from customers	460.14	1,033.08
Advance received for capital assets	1,074.43	-
Statutory dues payable	703.12	556.91
Deferred revenue	23.61	3.73
	2,261.30	**1,593.72**

27. Current tax liabilities/(Current tax assets) (net)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Provision for tax, net of prepaid taxes ₹ 254.34 (31 December 2019: ₹ 701.54)	(88.80)	114.23
	(88.80)	**114.23**

The key components of income tax expense for the year ended 31 December 2020 and 31 December 2019 are:

A. Statement of Profit and Loss:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(i) Profit and Loss section		
(a) Current tax	269.80	948.70
(b) Adjustment of tax relating to earlier periods	14.50	9.86
(c) Deferred tax	(521.79)	898.88
Income tax expense reported in the Statement of Profit and Loss	**(237.49)**	**1,857.44**
(ii) OCI section		
Deferred tax related to items recognised in OCI during the year:		
(a) Net loss on remeasurements of defined benefit plans	(29.58)	(33.05)
Income tax charged to OCI	**(29.58)**	**(33.05)**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

B. Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Accounting profit before tax	**2,026.80**	**6,342.91**
Tax expense at statutory income tax rate of 34.944% (31 December 2019: 34.944%)	708.24	2,216.47
Adjustments in respect of current income tax of previous years	14.50	9.86
Non deductible expenses	37.62	3.71
Deduction claimed u/s Chapter-VI A of Income-tax Act, 1961	(196.42)	(273.36)
Deferred tax on capital gain on asset sold	(4.29)	-
Income chargeable at lower tax rate	(35.35)	(43.51)
Income not chargeable to tax	(27.37)	(13.48)
Impact of remeasurement of deferred tax liability	(731.85)	-
Others	(2.57)	(42.25)
Income tax expense at effective tax rate reported in the Statement of Profit and Loss	**(237.49)**	**1,857.44**

During the year ended 31 December 2020 and 31 December 2019, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax to the taxation authorities. The Company believes that Dividend Distribution Tax represents additional payment to taxation authority on behalf of the shareholders. Hence, Dividend Distribution Tax paid for the year ended on 31 December 2019 was charged to equity. (Also refer note 40)

28. Revenue from operations

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Sale of products	47,601.02	54,555.93
Rendering of services to a subsidiary	298.36	375.23
Other operating revenue	865.13	1,225.48
	48,764.51	**56,156.64**

Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers:

A. Reconciliation of revenue recognised with the contracted price:

(₹ in million)

Particulars	Year ended 31 December 2020	Year ended 31 December 2019
Gross revenue/Contracted price	57,552.48	67,515.57
Less: Discounts and rebates*	(9,653.10)	(12,584.41)
Revenue from contracts with customers	**47,899.38**	**54,931.16**

*Includes discounts and rebates given on invoice to customers.

B. Contract balances:

The following table provides information about receivables and contract liabilities from contract with customers:

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Receivables

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Trade receivables	1,929.11	1,521.57
Less: Allowances for expected credit loss	(223.82)	(216.26)
Net receivables	**1,705.29**	**1,305.31**

Contract liabilities

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Advance from customers	460.14	1,033.08
	460.14	**1,033.08**

C. Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liabilities are on account of the advance payment received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 120 days from the completion of performance obligation.

There is no significant financing component in any transaction with the customers.

D. Changes in the contract liabilities balances during the year are as follows:

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Balance at the beginning of the year	1,033.08	638.07
Addition during the year	460.14	1,033.08
Revenue recognised during the year	(1,033.08)	(638.07)
Balance at the closing of the year	**460.14**	**1,033.08**

29. Other income

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Interest income on items at amortised cost:		
- term deposits	4.59	0.65
- loan to subsidiaries	223.38	254.39
- others	23.80	21.89
Net gain on foreign currency transactions and translations	165.16	161.98
Gain on sale of current investments	-	1.38
Excess provisions written back	-	150.18
Guarantee commission/commission income from:		
- subsidiary	36.13	41.80
Dividend income from non-current investment in subsidiary	202.31	248.80
Dividend income from current investments	-	0.20
Gain on sale of property, plant and equipment (net)	5.35	45.06
Miscellaneous	59.20	53.74
	719.92	**980.07**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

30. Cost of materials consumed

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Raw material and packing material consumed		
Inventories at beginning of the year	2,651.70	1,577.80
Purchases during the year (net)	22,779.19	26,651.92
	25,430.89	**28,229.72**
Sold during the year	1,592.15	2,097.80
Inventories at end of the year	2,525.43	2,651.70
	21,313.31	**23,480.22**

31. Purchases of stock-in-trade

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Beverages	565.14	3,776.90
Others	309.69	186.39
	874.83	**3,963.29**

32. Changes in inventories of finished goods, work-in-progress and traded goods

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
As at the beginning of the year		
- Finished goods	1,095.62	549.75
- Intermediate goods	1,836.56	1,259.93
- Work in progress	61.18	76.59
	2,993.36	1,886.27
As at the closing of the year		
- Finished goods	1,205.16	1,095.62
- Intermediate goods	1,643.18	1,836.56
- Work in progress	81.57	61.18
	2,929.91	2,993.36
Finished goods used as fixed assets*	(94.82)	(217.04)
	(31.37)	**(1,324.13)**

*The Company manufactures plastic shells at one of its manufacturing facilities at Alwar. The shells manufactured are used for beverages operations of the Company as property, plant and equipment (under the head "Containers"). These containers are also sold to third parties. The cost of manufacturing of plastic shells is being shown here separately with a corresponding debit to property, plant and equipment.

33. Employee benefits expense

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Salaries, wages and bonus	6,399.53	5,815.74
Contribution to provident fund and other funds	336.66	285.61
Staff welfare expenses	214.45	206.78
	6,950.64	**6,308.13**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

34. Finance costs

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Interest on items at amortised cost:		
- Term loans	1,893.82	2,372.71
- Working capital facilities	333.87	266.30
- Financial liabilities	87.57	65.33
- Others	87.93	11.47
Exchange differences regarded as an adjustment to borrowings	68.25	64.55
Other ancillary borrowing costs	18.71	22.12
	2,490.15	**2,802.48**

35. Depreciation and amortisation expense

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Depreciation on property, plant and equipment	4,080.77	3,820.72
Amortisation of intangible assets	47.40	51.30
	4,128.17	**3,872.02**

36. Other expenses

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Power and fuel	2,030.74	2,201.86
Repairs to plant and equipment	859.87	885.94
Repairs to buildings	54.67	73.61
Other repairs	483.83	404.00
Consumption of stores and spares	460.50	562.79
Rent (Refer note 45)	378.83	454.97
Rates and taxes	61.98	51.66
Insurance	87.06	46.61
Printing and stationery	29.68	40.51
Communication	45.84	53.99
Travelling and conveyance	436.68	731.37
Directors' sitting fee	3.60	7.60
Payment to auditors*	13.55	13.80
Vehicle running and maintenance	78.45	82.98
Lease and hire (Refer note 45)	175.56	147.31
Security and service charges	260.35	283.08
Legal, professional and consultancy	152.43	217.95
Bank charges	9.34	13.65
Advertisement and sales promotion	575.11	710.08
Meetings and conferences	15.28	11.54
Royalty	87.70	105.85
Freight, octroi and insurance paid (net)	3,489.91	3,558.61
Delivery vehicle running and maintenance	703.39	515.42
Distribution expenses	4.31	5.54
Loading and unloading charges	271.84	315.07

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Donations	2.35	0.39
Bad debts and advances written off	6.59	1.97
Allowance for expected credit loss	7.56	-
Corporate Social Responsibility expenditure (Refer note 48)	75.04	57.50
General office and other miscellaneous	204.57	136.14
	11,066.61	**11,691.79**

***Payment to auditors**

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Services rendered for:		
- Audit and reviews	11.50	11.40
- taxation matters	1.05	1.24
- other matters**	0.48	0.45
- reimbursement of expenses	0.52	0.71
	13.55	**13.80**

**Excludes expense of ₹ Nil (31 December 2019: ₹ 4.25 million) towards fee related to QIP of equity shares, which has been adjusted with the securities premium as share issue expense.

37. Other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserves in equity is shown below:

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Retained earnings		
Re-measurement losses on defined benefit plans	(117.51)	(94.59)
Tax impact on re-measurement losses on defined benefit plans (Refer note 22)	29.58	33.05
	(87.93)	**(61.54)**
Capital reserve		
Gain from a bargain purchase (Refer note 49A)	-	344.43
	-	**344.43**

38. Gratuity and other post-employment benefit plans

Gratuity:

The Company has a defined benefit gratuity plan governed by the Payments of Gratuity Act, 1972. Every employee who has completed five years or more of services is eligible for gratuity on separation at 15 days salary (last drawn salary) for each completed year of service. The Company has formed a Gratuity Trust to which contribution is made and an insurance policy is taken by the trust, which is a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity outflow during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (particularly, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset. The Company makes a provision of unfunded liability based on actuarial valuation in the Balance Sheet as part of employee cost.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Compensated absences:

The Company recognises the compensated absences expenses in the Statement of Profit and Loss based on actuarial valuation.

The following tables summaries the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet:

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Changes in present value are as follows:				
Balance at the beginning of the year	1,332.58	773.03	592.87	404.91
Acquired on business combination (Refer note 49A)	-	289.19	-	52.34
Current service cost	166.12	140.32	151.22	129.12
Interest cost	88.67	71.22	40.44	33.98
Benefits settled	(116.78)	(35.58)	(53.02)	(23.84)
Actuarial loss/(gain)	118.27	94.40	(2.17)	(3.64)
Balance at the end of the year	**1,588.86**	**1,332.58**	**729.34**	**592.87**

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Change in fair value of plan assets are as follows:				
Plan assets at the beginning of the year, at fair value	29.93	49.16	-	-
Expected income on plan assets	3.67	2.89	-	-
Actuarial gain/(loss)	0.76	(0.18)	-	-
Contributions by employer	50.00	2.06	-	-
Benefits settled	(20.60)	(24.00)	-	-
Plan assets at the end of the year, at fair value	**63.76**	**29.93**	**-**	**-**

The Company has taken an insurance policy against its liability towards gratuity, the same has been disclosed as plan assets above.

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Reconciliation of present value of the obligation and the fair value of the plan assets:				
Present value of obligation	1,588.86	1,332.58	729.34	592.87
Fair value of plan assets	(63.76)	(29.93)	-	-
Net liability recognised in the Balance Sheet	**1,525.10**	**1,302.65**	**729.34**	**592.87**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Amount recognised in Statement of Profit and Loss:				
Current service cost	166.12	140.32	151.22	129.12
Interest expense	88.67	71.22	40.44	33.98
Expected return on plan assets	(3.67)	(2.89)	-	-
Actuarial gain	-	-	(2.17)	(3.64)
Net cost recognised	**251.12**	**208.65**	**189.49**	**159.46**

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Amount recognised in Other Comprehensive Income:				
Actuarial changes arising from changes in financial assumptions	118.10	42.09	-	-
Actuarial changes arising from changes in demographic assumptions	-	(85.59)	-	-
Experience adjustments	0.17	137.91	-	-
Return on plan assets	(0.76)	0.18	-	-
Amount recognised	**117.51**	**94.59**	**-**	**-**

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Assumptions used:				
Mortality	IALM 2012-2014	IALM 2012-2014	IALM 2012-2014	IALM 2012-2014
Discount rate	5.85%	6.95%	5.85%	6.95%
Withdrawal rate	11.00%	11.00%	11.00%	11.00%
Salary increase	12.00%	12.00%	12.00%	12.00%
Rate of leave availment	-	-	20.00%	20.00%
Retirement age (Years)	58-70	58-70	58-70	58-70
Rate of return on plan assets	6.76-7.27%	7.36-7.65%	-	-

A quantitative sensitivity analysis for significant assumption as at 31 December 2020 is as shown below:

(₹ in million)

	Sensitivity level		Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Discount rate	+1%	+1%	(114.17)	(92.43)	(23.84)	(18.83)
	-1%	-1%	130.52	105.13	25.48	20.09
Salary increase	+1%	+1%	121.72	99.14	23.82	18.98
	-1%	-1%	(109.19)	(89.26)	(22.77)	(18.17)
Withdrawal rate	+1%	+1%	(37.00)	(25.48)	(9.15)	(6.90)
	-1%	-1%	41.52	28.46	9.67	7.23

The sensitivity analysis above has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Risk associated:	
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit.
Interest risk (discount rate risk)	A decrease in the bond interest rate (discount rate) will increase the plan liability.
Mortality risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2012-2014) (31 December 2019: (2012-14) ultimate table). A change in mortality rate will have a bearing on the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Effect of the defined benefit plan on the Company's future cash flows:

Funding arrangements and funding policy:

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

Expected contribution during the next annual reporting period:

The Company's best estimate of contribution during the next financial year approximates to ₹ 1,698.56 million (31 December 2019: ₹ 1,459.25 million).

The following are maturity profile of Defined Benefit Obligations in future years (before adjusting fair value of plan assets):

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
(i) Weighted average duration of the defined benefit obligation	8 years	7 years	3 years	3 years
(ii) Expected cash flows over the years (valued on undiscounted basis):				
Duration (years)				
1	171.32	142.25	215.28	176.49
2 to 5	623.22	572.20	453.15	387.98
Above 5	1,921.11	1,791.76	238.72	201.75
	2,715.65	**2,506.21**	**907.15**	**766.22**

Defined contribution plan:

Contribution to defined contribution plans, recognised as expense for the year is as under:

Employer's contribution to provident and other funds ₹ 336.66 million (31 December 2019 ₹ 285.61 million)

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

39. Earnings per share (EPS)

(₹ in million, unless otherwise stated)

	31 December 2020	31 December 2019
Profit attributable to the equity shareholders	2,264.29	4,485.47
Weighted average number of equity shares outstanding during the year for calculating basic earning per share (nos.)	288,688,720	278,613,350
Add: Employee stock options (nos.)	-	5,002
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (nos.)	288,688,720	278,618,352
Nominal value per equity shares (₹)	10.00	10.00
Basic earnings per share (₹)	7.84	16.10
Diluted earnings per share (₹)	7.84	16.10

40. Dividend:

(₹ in million)

	31 December 2020	31 December 2019
Interim dividend ₹ 2.50 per share (31 December 2019: ₹ 2.50 per share)	721.72	684.96
Dividend distribution tax on interim dividend	-	91.73

With effect from 01 April 2020, a domestic company is not required to pay Dividend Distribution Tax ("DDT") on any amount declared, distributed or paid by such company by way of dividend.

41. Contingent liabilities and commitments

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(a) Guarantees issued on behalf of subsidiaries for business purposes	2,918.22	2,583.14
(b) Claims against the Company not acknowledged as debts (being contested):-		
(i) Goods and Service Tax	4.23	2.16
(ii) For excise and service tax	69.98	50.12
(iii) For Customs	90.75	45.37
(iv) For sales tax / entry tax	594.81	760.02
(v) For income tax	110.00	85.80
(vi) Others*	339.61	315.28

*excludes pending matters where amount of liability is not ascertainable.

42. Capital commitments

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 713.09 (31 December 2019: ₹ 544.65)).	1,224.52	3,783.86

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

43. Pursuant to transfer pricing legislations under the Income-tax Act, 1961, the Company is required to use specified methods for computing arm's length price in relation to specified international and domestic transactions with its associated enterprises. Further, the Company is required to maintain prescribed information and documents in relation to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of updating its transfer pricing documentation for the current financial year. Based on the preliminary assessment, the management is of the view that the update would not have a material impact on the tax expense recorded in these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.

44. Related party disclosures (as per Ind AS-24)

Following are the related parties and transactions entered with related parties for the relevant financial year:

(i) List of related parties and relationships:-

I. Key managerial personnel (KMPs)	
Mr. Ravi Kant Jaipuria	Non-executive chairman and Karta of Ravi Kant Jaipuria & Sons (HUF)
Mr. Varun Jaipuria	Whole Time Director
Mr. Raj Pal Gandhi	Whole Time Director
Mr. Rajinder Jeet Singh Bagga (w.e.f. 02 May 2019)	Whole Time Director
Mr. Kapil Agarwal	Chief Executive Officer and Whole Time Director
Mr. Kamlesh Kumar Jain (till 01 August 2019)	Chief Financial Officer and Whole Time Director
Mr. Vikas Bhatia (w.e.f 01 August 2019)	Chief Financial Officer
Mr. Pradeep Khushalchand Sardana	Non-executive independent director
Mr. Naresh Kumar Trehan	Non-executive independent director
Mrs. Sita Khosla	Non-executive independent director
Dr. Ravi Gupta	Non-executive independent director
Mrs. Rashmi Dhariwal	Non-executive independent director
Mr. Ravi Batra	Company secretary
Mr. Mahavir Prasad Garg	Company secretary of the parent, namely RJ Corp Limited
II. Parent and ultimate parent	
RJ Corp Limited	Parent
Ravi Kant Jaipuria & Sons (HUF)	Ultimate parent
III. Subsidiaries/step down subsidiaries	
Varun Beverages Morocco SA	Subsidiary
Varun Beverages (Nepal) Private Limited	Subsidiary
Varun Beverages Lanka (Private) Limited	Subsidiary
Varun Beverages (Zambia) Limited	Subsidiary
Varun Beverages (Zimbabwe) (Private) Limited	Subsidiary
Lunarmech Technologies Private Limited (w.e.f. 04 November 2019)	Subsidiary
Angelica Technologies Private Limited (amalgamated with Lunarmech Technologies Private Limited by NCLT order dated 22 May 2020)	Subsidiary
Varun Beverages (Botswana) (Proprietary) Limited (w.e.f. 21 February 2019 to 11 March 2020)	Step down subsidiary
Ole Spring Bottlers (Private) Limited	Step down subsidiary

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

IV. Fellow subsidiaries and entities controlled by parent/ultimate parent*

Devyani International Limited

Devyani Food Industries Limited

Alisha Retail Private Limited (till 19 February 2020)

Varun Food and Beverages Zambia Limited

Wellness Holdings Limited

SVS India Private Limited

Lineage Healthcare Limited (w.e.f. 27 September 2019)

Diagno Labs Private Limited

V. Associate (or an associate of any member of the Company)

Lunarmech Technologies Private Limited (till 03 November 2019)

Angelica Technologies Private Limited (till 03 November 2019)

Lineage Healthcare Limited (till 26 September 2019)

VI. Relatives of KMPs*

Mrs. Dhara Jaipuria

Mrs. Devyani Jaipuria

Mrs. Shashi Jain (till 01 August 2019)

Mr. Kanishk Jain (till 01 August 2019)

Ms. Srishti Jain (till 01 August 2019)

Mrs. Aastha Agarwal

Mr. Ravindra Dhariwal

Mr. Kaustubh Agarwal

VII. Entities in which a director or his/her relative is a member/director/trustee*

Champa Devi Jaipuria Charitable Trust

Mala Jaipuria Foundation (Trust)

SMV Beverages Private Limited

Alisha Torrent Closures (India) Private Limited

Nectar Beverages Private Limited

Jai Beverages Private Limited

Sagacito Technology Private Limited

Medanta Institute of Education and Research

RJ Foundation (Trust)

Devyani Food Industries (Kenya) Limited

Devyani Airport Services (Mumbai) Private Limited

VIII. Entities which are post employment benefits plans

VBL Employees' Gratuity Trust

*With whom the Company had transactions during the current year and previous year.

(ii) Terms and conditions of transactions with related parties

The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(iii) Transactions with KMPs (Refer note 44A)

(iv) Transactions with related parties (Refer note 44B)

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

44A. Transactions with KMPs

(₹ in million)

		For year ended 2020	For year ended 2019
I.	**Remuneration paid**		
	Mr. Varun Jaipuria	43.65	31.45
	Mr. Raj Pal Gandhi	41.56	48.51
	Mr. Kapil Agarwal	68.31	57.12
	Mr. Kamlesh Kumar Jain	-	9.89
	Mr. Ravi Batra	9.13	8.23
	Mr. Rajinder Jeet Singh Bagga	31.55	18.44
	Mr. Mahavir Prasad Garg^	3.09	3.60
	Mr. Vikas Bhatia	22.53	7.72
II.	**Director sitting fees paid**		
	Mr. Pradeep Khushalchand Sardana	0.40	0.80
	Mrs. Sita Khosla	0.90	1.90
	Dr. Ravi Gupta	1.00	1.90
	Mrs. Rashmi Dhariwal	1.30	3.00
III.	**Dividend paid**		
	Mr. Varun Jaipuria	126.66	126.66
	Mr. Raj Pal Gandhi	1.53	1.53
	Mr. Kapil Agarwal	1.03	1.02
	Mr. Kamlesh Kumar Jain	-	0.06
	Mr. Rajinder Jeet Singh Bagga	0.32	0.32
	Mr. Vikas Bhatia	0.02	0.02
	Mr. Pradeep Khushalchand Sardana	-	0.00*
IV.	**Defined benefit obligation (cumulative) for KMP**		
	(i) Gratuity		
	Mr. Varun Jaipuria	43.73	25.88
	Mr. Raj Pal Gandhi	47.13	40.01
	Mr. Kapil Agarwal	61.97	48.79
	Mr. Ravi Batra	1.26	0.73
	Mr. Mahavir Prasad Garg	0.32	0.16
	Mr. Rajinder Jeet Singh Bagga	23.43	19.56
	Mr. Vikas Bhatia	0.02	0.01
	(ii) Compensated absences		
	Mr. Varun Jaipuria	14.82	8.22
	Mr. Raj Pal Gandhi	14.58	13.02
	Mr. Kapil Agarwal	18.53	15.84
	Mr. Ravi Batra	1.56	1.16
	Mr. Vikas Bhatia	1.42	0.54
	Mr. Mahavir Prasad Garg	0.61	0.35
	Mr. Rajinder Jeet Singh Bagga	7.52	7.09
V.	**Bonus Share issued (Face value of ₹ 10 each)**		
	Mr. Varun Jaipuria	-	16.89
	Mr. Raj Pal Gandhi	-	2.04
	Mr. Kapil Agarwal	-	2.03
	Mr. Kamlesh Kumar Jain	-	0.09
	Mr. Pradeep Khushalchand Sardana	-	0.00*
	Mr. Rajinder Jeet Singh Bagga	-	0.43
VI.	**Balances (payable)/receivable outstanding at the end of the year, net**		
	Mr. Varun Jaipuria	(2.15)	(1.56)
	Mr. Raj Pal Gandhi	(1.48)	(1.60)
	Mr. Kapil Agarwal	(2.63)	(2.12)
	Mr. Rajinder Jeet Singh Bagga	(1.31)	0.24
	Mr. Ravi Batra	(0.50)	(0.45)
	Mr. Mahavir Prasad Garg	(0.22)	(0.14)
	Mrs. Sita Khosla	-	(0.09)
	Mr. Vikas Bhatia	(0.66)	(0.75)

*Rounded off to Nil.

^Net of reimbursement

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

44B. Transactions with related parties

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Sale of goods																
- Varun Beverages (Nepal) Private Limited	-	-	42.03	61.29	-	-	-	-	-	-	-	-	-	-	**42.03**	**61.29**
- Ole Spring Bottlers (Private) Limited	-	-	12.35	18.86	-	-	-	-	-	-	-	-	-	-	**12.35**	**18.86**
- Varun Beverages Morocco SA	-	-	6.08	6.49	-	-	-	-	-	-	-	-	-	-	**6.08**	**6.49**
- Varun Beverages Lanka (Private) Limited	-	-	2.91	0.05	-	-	-	-	-	-	-	-	-	-	**2.91**	**0.05**
- Varun Beverages (Zambia) Limited	-	-	73.07	54.66	-	-	-	-	-	-	-	-	-	-	**73.07**	**54.66**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	164.23	206.91	-	-	-	-	-	-	-	-	-	-	**164.23**	**206.91**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	98.27	75.48	-	-	**98.27**	**75.48**
- Lunarmech Technologies Private Limited	-	-	55.19	2.46	-	-	-	12.17	-	-	-	-	-	-	**55.19**	**14.63**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	20.51	5.15	-	-	**20.51**	**5.15**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	27.05	-	-	**-**	**27.05**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	548.63	49.53	-	-	**548.63**	**49.53**
- Devyani International Limited	-	-	-	-	32.49	56.52	-	-	-	-	-	-	-	-	**32.49**	**56.52**
- Devyani Food Industries Limited	-	-	-	-	8.44	16.62	-	-	-	-	-	-	-	-	**8.44**	**16.62**
- Alisha Retail Private Limited	-	-	-	-	-	(0.29)	-	-	-	-	-	-	-	-	**-**	**(0.29)**
- Devyani Airport Services (Mumbai) Private Limited	-	-	-	-	-	-	-	-	-	-	1.58	2.63	-	-	**1.58**	**2.63**
- Lineage Healthcare Limited	-	-	-	-	0.05	0.05	-	-	-	-	-	-	-	-	**0.05**	**0.05**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	-	-	7.27	-	-	-	**7.27**	**-**
Sale of raw materials and stores																
- Varun Beverages (Nepal) Private Limited	-	-	5.13	2.95	-	-	-	-	-	-	-	-	-	-	**5.13**	**2.95**
- Varun Beverages Lanka (Private) Limited	-	-	5.62	33.98	-	-	-	-	-	-	-	-	-	-	**5.62**	**33.98**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	179.50	244.53	-	-	-	-	-	-	-	-	-	-	**179.50**	**244.53**
- Varun Beverages (Zambia) Limited	-	-	13.34	2.95	-	-	-	-	-	-	-	-	-	-	**13.34**	**2.95**
- Varun Beverages Morocco SA	-	-	5.71	-	-	-	-	-	-	-	-	-	-	-	**5.71**	**-**
- Lunarmech Technologies Private Limited	-	-	0.01	0.16	-	-	-	-	-	-	-	-	-	-	**0.01**	**0.16**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	0.00*	1.50	-	-	**0.00***	**1.50**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	110.36	-	-	**-**	**110.36**
- Devyani Food Industries Limited	-	-	-	-	32.76	33.54	-	-	-	-	-	-	-	-	**32.76**	**33.54**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	58.23	144.32	-	-	**58.23**	**144.32**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	-	-	4.74	-	-	-	**4.74**	**-**
Purchase of goods																
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	484.15	-	-	**-**	**484.15**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	263.65	278.63	-	-	**263.65**	**278.63**
- Devyani Food Industries Limited	-	-	-	-	251.62	142.00	-	-	-	-	-	-	-	-	**251.62**	**142.00**
Purchase of raw materials and stores																
- Lunarmech Technologies Private Limited	-	-	616.01	99.38	-	-	-	491.34	-	-	-	-	-	-	**616.01**	**590.72**
- Alisha Retail Private Limited	-	-	-	-	-	0.05	-	-	-	-	-	-	-	-	**-**	**0.05**
Promotional charges paid																
- Alisha Retail Private Limited	-	-	-	-	-	1.95	-	-	-	-	-	-	-	-	**-**	**1.95**
Loan given																
- Varun Beverages Morocco SA	-	-	-	211.23	-	-	-	-	-	-	-	-	-	-	**-**	**211.23**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	435.39	-	-	-	-	-	-	-	-	-	-	-	**435.39**	**-**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Interest received/(paid)																
- Varun Beverages Morocco SA	-	-	66.52	124.13	-	-	-	-	-	-	-	-	-	-	**66.52**	124.13
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	43.85	41.18	-	-	-	-	-	-	-	-	-	-	**43.85**	41.18
- Varun Beverages (Zambia) Limited	-	-	34.68	50.57	-	-	-	-	-	-	-	-	-	-	**34.68**	50.57
- Varun Beverages Lanka (Private) Limited	-	-	78.33	38.51	-	-	-	-	-	-	-	-	-	-	**78.33**	38.51
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	(4.00)	(4.00)	-	-	**(4.00)**	(4.00)
Contribution to corporate social responsibility activities																
- Mala Jaipuria Foundation	-	-	-	-	-	-	-	-	-	-	10.80	5.00	-	-	**10.80**	5.00
- Champa Devi Jaipuria Charitable Trust	-	-	-	-	-	-	-	-	-	-	20.00	50.00	-	-	**20.00**	50.00
- Medanta Institute of Education and Research	-	-	-	-	-	-	-	-	-	-	10.00	-	-	-	**10.00**	-
- RJ Foundation	-	-	-	-	-	-	-	-	-	-	33.59	-	-	-	**33.59**	-
Guarantee commission income																
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	34.73	38.26	-	-	-	-	-	-	-	-	-	-	**34.73**	38.26
- Varun Beverages (Nepal) Private Limited	-	-	1.40	3.59	-	-	-	-	-	-	-	-	-	-	**1.40**	3.59
Guarantee commission receivable written off																
- Varun Beverages (Nepal) Private Limited	-	-	7.63	-	-	-	-	-	-	-	-	-	-	-	**7.63**	-
Dividend income																
- Varun Beverages (Nepal) Private Limited	-	-	202.31	202.31	-	-	-	-	-	-	-	-	-	-	**202.31**	202.31
- Varun Beverages (Zambia) Limited	-	-	-	46.49	-	-	-	-	-	-	-	-	-	-	**-**	46.49
Redemption of preference shares (classified as loan given to subsidiary)																
- Varun Beverages Lanka (Private) Limited	-	-	-	89.15	-	-	-	-	-	-	-	-	-	-	**-**	89.15

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Conversion of loan into investment																
- Varun Beverages Morocco SA	-	-	1,256.62	1,182.46	-	-	-	-	-	-	-	-	-	-	**1,256.62**	**1,182.46**
- Varun Beverages (Zambia) Limited	-	-	560.62	-	-	-	-	-	-	-	-	-	-	-	**560.62**	**-**
Conversion of preference shares (classified as loan given to subsidiary) to investment																
- Varun Beverages Lanka (Private) Limited	-	-	2,626.58	-	-	-	-	-	-	-	-	-	-	-	**2,626.58**	**-**
Professional charges paid																
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	-	-	4.40	5.20	-	-	-	-	**4.40**	**5.20**
- Sagacito Technology Private Limited	-	-	-	-	-	-	-	-	-	-	-	4.00	-	-	**-**	**4.00**
Service rendered: management fees																
- Varun Beverages (Nepal) Private Limited	-	-	132.61	165.86	-	-	-	-	-	-	-	-	-	-	**132.61**	**165.86**
Travelling expenses paid																
- Wellness Holdings Limited	-	-	-	-	38.30	217.30	-	-	-	-	-	-	-	-	**38.30**	**217.30**
Licence fee paid																
- Devyani Food Industries Limited	-	-	-	-	1.20	-	-	-	-	-	-	-	-	-	**1.20**	**-**
Dividend paid																
- RJ Corp Limited	199.83	209.33	-	-	-	-	-	-	-	-	-	-	-	-	**199.83**	**209.33**
- Ravi Kant Jaipuria & Sons (HUF)	134.70	146.95	-	-	-	-	-	-	-	-	-	-	-	-	**134.70**	**146.95**
- Mrs. Aastha Agarwal	-	-	-	-	-	-	-	-	0.25	0.25	-	-	-	-	**0.25**	**0.25**
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	-	-	0.25	0.25	-	-	-	-	**0.25**	**0.25**
- Mr. Kanishk Jain	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Mrs. Shashi Jain	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Ms. Srishti Jain	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	0.01	0.01	-	-	-	-	**0.01**	**0.01**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	-	-	17.51	20.26	-	-	-	-	**17.51**	**20.26**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Service rendered: Technical know-how fees																
- Varun Beverages (Nepal) Private Limited	-	-	165.75	207.32	-	-	-	-	-	-	-	-	-	-	**165.75**	**207.32**
(Expenses incurred by the Company on behalf of others)/ expenses incurred by others on behalf of the Company																
- Devyani International Limited	-	-	-	-	8.17	6.11	-	-	-	-	-	-	-	-	**8.17**	**6.11**
- Diagno Labs Private Limited	-	-	-	-	-	0.10	-	-	-	-	-	-	-	-	**-**	**0.10**
- Lunarmech Technologies Private Limited	-	-	0.05	-	-	-	-	0.00*	-	-	-	-	-	-	**0.05**	**0.00***
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	-	(2.06)	-	-	-	-	-	-	-	-	-	-	**-**	**(2.06)**
- Alisha Retail Private Limited	-	-	-	-	-	0.01	-	-	-	-	-	-	-	-	**-**	**0.01**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	(0.20)	-	-	-	**(0.20)**	**-**
- RJ Corp Limited	(1.03)	-	-	-	-	-	-	-	-	-	-	-	-	-	**(1.03)**	**-**
- Devyani Food Industries Limited	-	-	-	-	1.27	(1.25)	-	-	-	-	-	-	-	-	**1.27**	**(1.25)**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	(1.17)	-	-	**-**	**(1.17)**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	-	-	(1.94)	-	-	-	**(1.94)**	**-**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	**0.00***	**-**
Amount paid by Company on behalf of others/(amount paid by others on behalf of the Company)																
- Devyani Food Industries Limited	-	-	-	-	-	1.56	-	-	-	-	-	-	-	-	**-**	**1.56**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	11.10	-	-	**-**	**11.10**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	2.49	(20.00)	-	-	**2.49**	**(20.00)**

*Rounded off to Nil.

(₹ in million)

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	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Rent/ lease charges paid/ (received)																
- RJ Corp Limited	112.35	109.80	-	-	-	-	-	-	-	-	-	-	-	-	**112.35**	**109.80**
- Ravi Kant Jaipuria & Sons (HUF)	7.57	7.21	-	-	-	-	-	-	-	-	-	-	-	-	**7.57**	**7.21**
- SVS India Private Limited	-	-	-	-	1.20	1.05	-	-	-	-	-	-	-	-	**1.20**	**1.05**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	33.69	-	-	**-**	**33.69**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	27.00	17.10	-	-	**27.00**	**17.10**
- Mrs. Dhara Jaipuria	-	-	-	-		-	-	-	2.83	2.58	-	-	-	-	**2.83**	**2.58**
- Devyani Food Industries Limited	-	-	-	-	(1.33)	-	-	-	-	-	-	-	-	-	**(1.33)**	**-**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	(0.86)	(0.32)	-	-	**(0.86)**	**(0.32)**
Financial guarantees given																
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	710.34	213.82	-	-	-	-	-	-	-	-	-	-	**710.34**	**213.82**
- Varun Beverages (Nepal) Private Limited	-	-	-	280.99	-	-	-	-	-	-	-	-	-	-	**-**	**280.99**
Financial guarantees closed																
- Varun Beverages (Nepal) Private Limited	-	-	-	468.31	-	-	-	-	-	-	-	-	-	-	**-**	**468.31**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	430.15	-	-	-	-	-	-	-	-	-	-	-	**430.15**	**-**
Purchase of fixed assets																
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	1,075.94	-	-	**-**	**1,075.94**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	15.00	340.26	-	-	**15.00**	**340.26**
Sale of fixed assets																
- Varun Beverages (Nepal) Private Limited	-	-	8.31	15.66	-	-	-	-	-	-	-	-	-	-	**8.31**	**15.66**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	101.27	9.45	-	-	-	-	-	-	-	-	-	-	**101.27**	**9.45**
- Varun Beverages Lanka (Private) Limited	-	-	0.44	-	-	-	-	-	-	-	-	-	-	-	**0.44**	**-**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Marketing support fee																
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	98.90	-	-	**-**	**98.90**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	43.38	-	-	**-**	**43.38**
Contribution to gratuity trust																
- VBL Employees' Gratuity Trust	-	-	-	-	-	-	-	-	-	-	-	-	50.00	2.06	**50.00**	**2.06**
IT infrastructure support fee received																
- Varun Beverages (Nepal) Private Limited	-	-	1.86	2.99	-	-	-	-	-	-	-	-	-	-	**1.86**	**2.99**
- Varun Beverages Lanka (Private) Limited	-	-	4.36	2.82	-	-	-	-	-	-	-	-	-	-	**4.36**	**2.82**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	3.62	2.63	-	-	-	-	-	-	-	-	-	-	**3.62**	**2.63**
- Devyani International Limited	-	-	-	-	1.70	2.83	-	-	-	-	-	-	-	-	**1.70**	**2.83**
- Varun Food and Beverages Zambia Limited	-	-	-	-	0.34	0.63	-	-	-	-	-	-	-	-	**0.34**	**0.63**
- Varun Beverages (Zambia) Limited	-	-	3.08	3.98	-	-	-	-	-	-	-	-	-	-	**3.08**	**3.98**
- Varun Beverages Morocco SA	-	-	4.37	4.50	-	-	-	-	-	-	-	-	-	-	**4.37**	**4.50**
- Devyani Food Industries Limited	-	-	-	-	4.98	7.41	-	-	-	-	-	-	-	-	**4.98**	**7.41**
Advance paid for acquisition of assets																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	30.00	4.00	-	-	**30.00**	**4.00**
Capital commitments																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	252.00	282.00	-	-	**252.00**	**282.00**
Bonus share issued (Face value of ₹ 10 each)																
- RJ Corp Limited	-	279.11	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**279.11**
- Ravi Kant Jaipuria & Sons (HUF)	-	195.94	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**195.94**
- Mr. Kanishk Jain	-	-	-	-	-	-	-	-	-	0.01	-	-	-	-	**-**	**0.01**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
- Mrs. Shashi Jain	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Ms. Srishti Jain	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	-	0.01	-	-	-	-	**-**	**0.01**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	-	-	-	27.01	-	-	-	-	**-**	**27.01**
Balances outstanding at the end of the year, net including loan outstanding																
A. Receivable/(payable), net																
- Varun Beverages Morocco SA	-	-	808.50	1,935.94	-	-	-	-	-	-	-	-	-	-	**808.50**	**1,935.94**
- Varun Beverages (Nepal) Private Limited	-	-	583.75	676.29	-	-	-	-	-	-	-	-	-	-	**583.75**	**676.29**
- Ole Spring Bottlers (Private) Limited	-	-	2.73	0.00*	-	-	-	-	-	-	-	-	-	-	**2.73**	**0.00***
- Varun Beverages Lanka (Private) Limited	-	-	2.93	2,627.37	-	-	-	-	-	-	-	-	-	-	**2.93**	**2,627.37**
- Varun Beverages (Zambia) Limited	-	-	626.76	1,137.89	-	-	-	-	-	-	-	-	-	-	**626.76**	**1,137.89**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	1,229.22	771.93	-	-	-	-	-	-	-	-	-	-	**1,229.22**	**771.93**
- Devyani International Limited	-	-	-	-	10.35	1.42	-	-	-	-	-	-	-	-	**10.35**	**1.42**
- RJ Corp Limited	35.49	34.82	-	-	-	-	-	-	-	-	-	-	-	-	**35.49**	**34.82**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	1.27	1.21	-	-	-	-	**1.27**	**1.21**
- Wellness Holdings Limited	-	-	-	-	(9.77)	(31.00)	-	-		-	-	-	-	-	**(9.77)**	**(31.00)**
- Alisha Retail Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
- Lunarmech Technologies Private Limited	-	-	(104.24)	(89.98)	-	-	-	-	-	-	-	-	-	-	**(104.24)**	**(89.98)**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	47.53	(12.27)	-	-	**47.53**	**(12.27)**
- Varun Food and Beverages Zambia Limited	-	-	-	-	0.00*	0.56	-	-	-	-	-	-	-	-	**0.00***	**0.56**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	9.02	3.20	-	-	**9.02**	**3.20**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	0.30	-	-	**-**	**0.30**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	1.22	3.75	-	-	**1.22**	**3.75**
- Devyani Airport Services (Mumbai) Private Limited	-	-	-	-	-	-	-	-	-	-	0.26	0.57	-	-	**0.26**	**0.57**
- Devyani Food Industries Limited	-	-	-	-	(21.83)	0.00*	-	-	-	-	-	-	-	-	**(21.83)**	**0.00***
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	-	-	13.95	-	-	-	**13.95**	**-**
B. Financial guarantees																
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	2,637.23	2,302.15	-	-	-	-	-	-	-	-	-	-	**2,637.23**	**2,302.15**
- Varun Beverages (Nepal) Private Limited	-	-	280.99	280.99	-	-	-	-	-	-	-	-	-	-	**280.99**	**280.99**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

45. Disclosure on lease transactions pursuant to Ind AS 116 - Leases

The Company has adopted Ind AS 116 "Leases" w.e.f. 01 January 2020, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019, using modified retrospective method with right-of-use asset recognised at an amount equal to the lease liability in the balance sheet on the initial date of application. Accordingly, previous period information has not been restated. The Company's lease asset class primarily consists of leases for buildings and plant and equipment. With the exception of short-term leases, leases of low-value and cancellable long-term leases underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liability.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the weighted average borrowing rate on the date of adoption, i.e., 8.22%.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right of use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security against the Company's other debts and liabilities.

i Lease liabilities are presented in the balance sheet as at 31 December 2020:

(₹ in million)

	As at 31 December 2020
Current maturities of lease liabilities (Refer note 25)	44.29
Non-current lease liabilities (Refer note 20C)	79.50
Total	**123.79**

ii The recognised right of use assets relate to buildings and plant and equipments as at 31 December 2020:

(₹ in million)

	Total
Right of use assets - buildings and plant and equipments	
Balance as at 01 January 2020	-
Addition on account of transition to Ind AS 116 (Refer note 4)	200.47
Additions for the year	-
Disposals for the year	-
Depreciation charge for the year	(80.80)
Balance as at 31 December 2020	**119.67**

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

(₹ in million)

	Year ended 31 December 2020
Depreciation charge on right of use assets	80.80
Interest expense on lease liabilities	13.57
Total	**94.37**

iv Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less), cancellable long-term leases and for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 554.39 million.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

v Refer Standalone Cash Flow Statement for total cash outflow for leases for the year ended 31 December 2020.

vi Maturity of lease liabilities

Future minimum lease payments were as follows:

(₹ in million)

	Lease payments	Interest expense	Net Present value
Not later than 1 year	52.39	8.10	44.29
Later than 1 year not later than 5 years	49.71	17.91	31.80
Later than 5 years	280.62	232.92	47.71
Total	**382.72**	**258.93**	**123.79**

vii The following is a reconciliation of total operating lease commitments at 31 December 2019 (as disclosed in the financial statements for the year ended 31 December 2019) to the lease liabilities recognised at 01 January 2020:

(₹ in million)

Particulars	Amount
Total operating lease commitments disclosed as at 31 December 2019	108.03
Leases with remaining lease term of less than 12 months	(29.81)
Leases identified at the time of transition	392.19
Operating lease liabilities before discounting	**470.41**
Discounting impact (using weighted average borrowing rate)	(272.49)
Total lease liabilities recognised as at 01 January 2020	**197.92**

viii Adjustments recognised in the balance sheet on 01 January 2020:

The change in accounting policy for leases impacted the following items in the balance sheet on 01 January 2020:

(₹ in million)

	Amount reported as at 31 December 2019	Impacts of adoption Ind AS 116	Adjusted amount as at 01 January 2020
Other non-current assets	37.60	(2.55)	35.05
Lease liabilities (including current liabilities)	-	197.92	197.92
Right of use assets - buildings and plant and equipments	-	200.47	200.47

The Company has recognised ₹ 197.92 million as right-of-use assets with corresponding impact of ₹ 197.92 million in lease liabilities and reclassification of deferred rent ₹ 2.55 million to right-of-use assets as at 01 January 2020.

Disclosure under Ind AS 17 - Leases for the year ended 31 December 2019

The Company has taken various premises and other fixed assets on operating leases. The lease agreements generally have a lock-in-period of 1-9 years and are cancellable at the option of the lessee thereafter. Majority of the leases have escalation terms after certain years and are extendable by mutual consent on expiry of the lease. There are no sub-leases or contingent rents. During the year, lease payments under operating leases amounting to ₹ 602.28 million have been recognised as an expense in the Statement of Profit and Loss.

Non-cancellable operating lease rentals payable (minimum lease payments) for these leases are as follows:

(₹ in million)

	As at 31 December 2019
Payable within one year	46.35
Payable between one and five years	61.68
Payable after five years	-
Total	**108.03**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

46. The business activities of the Company predominantly fall within a single reportable business segment, i.e., manufacturing and sale of beverages within India. There are no separately reportable business or geographical segments that meet the criteria prescribed in Ind AS 108 on Operating Segments. The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Company is seasonal.

47. Dues to Micro and Small Enterprises

The dues to Micro and Small Enterprises as required under the Micro, Small and Medium Enterprises Development ("MSMED") Act, 2006 to the extent information available with the Company is given below:

(₹ in million)

Particulars	31 December 2020	31 December 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	90.61	17.79
Interest due on above	0.28	0.04
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year*	670.87	128.57
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	4.58	1.60
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	4.58	1.60

*includes principal amounting to ₹ 670.87 million (31 December 2019: ₹ 128.57 million).

48. Details of Corporate Social Responsibility (CSR) expenditure

In accordance with the provisions of section 135 of the Companies Act, 2013, the Board of Directors of the Company had constituted CSR Committee. The details for CSR activities is as follows.

(₹ in million)

Particulars	For the year ended 31 December 2020	For the year ended 31 December 2019
(a) Gross amount required to be spent by the Company during the year	75.04	57.22
(b) Amount spent during the year on the following		
1. Construction / Acquisition of any asset	-	-
2. On purpose other than 1 above	75.04	57.50

1. Refer note 44B for amounts paid to Champa Devi Jaipuria Charitable Trust towards contribution for "Shiksha Kendra" for the education of underprivileged, to Mala Jaipuria Foundation for the vocational training to underprivileged and destitute to enhance their skills and talents to secure livelihood, to RJ Foundation (objective of the trust is to carry on CSR activities as per requirements laid down under Section 135 of the Companies Act, 2013) and to Medanta Institute of Education and Research for promoting health care.
2. The Company does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

49. Acquisitions and disposals

Acquisitions during the year ended 31 December 2019:

A. Acquisitions under business combination

The Company acquired franchise rights in South and West regions from PepsiCo India Holdings Private Limited ("PepsiCo") for a national bottling, sales and distribution footprint in 7 states and 5 Union Territories of India along with manufacturing units in Bharuch (Gujarat), Mahul (Maharashtra), Paithan (Maharashtra), Roha (Maharashtra), Mamandur (Tamil Nadu), Nelamangala (Karnataka), Palakkad (Kerala), Sangareddy (Telangana) and Sricity (Andhra Pradesh) for a total transaction value of ₹ 18,025 million on slump sale basis. The aforesaid transaction value excludes the consideration paid for working capital taken over amounting to ₹ 321.64 million and investment fund amounting to ₹ 2,095.09 million received on acquisition from PepsiCo.

The details of the business combination are as follows:

Name of seller	PepsiCo India Holdings Private Limited
Acquisition date	01 May 2019

Recognised amounts of identifiable net assets

(₹ in million)

Particulars	Amount
Property, plant and equipment	15,908.42
Other intangible assets (Franchise rights)	235.10
Deferred tax assets	130.81
Total non-current assets (a)	**16,274.33**
Non-current liabilities recognised	
Employee benefits payable (included under the head provisions)	(341.53)
Total non-current liabilities (b)	**(341.53)**
Net current assets acquired	
Other current financial liabilities	
- Security deposits from distributors	(252.05)
- Employee related payables	(32.82)
Other current liabilities	(399.59)
Other current assets:	
- Inventories	1,076.68
- Security deposits	213.93
- Others	57.03
Net current assets (c)	**663.18**
Identifiable net assets (d = a+b+c)	**16,595.98**
Amount paid (e)	16,251.55
Goodwill/(Gain from a bargain purchase) (e-d)	**(344.43)**

Gain from a bargain purchase

The above business combination has resulted in a bargain purchase due to the Company's manufacturing capabilities/distribution network and PepsiCo's focus on its core activities of research, brand building and market penetration.

B. Asset acquisitions

(i) On 14 February 2019, the Company has acquired PepsiCo's previously franchised rights for a total purchase consideration of ₹ 150.00 million from SMV Beverages Private Limited and Nectar Beverages Private Limited (together referred as 'SMV Group') to sell and distribute PepsiCo's beverage brands in 13 districts in State of Karnataka, 14 districts in State of Maharashtra and 3 districts in State of Madhya Pradesh.

(ii) On 03 October 2019, the Company has acquired a manufacturing unit at Dharwad, Karnataka along with certain assets for a total purchase consideration of ₹ 747.27 million from Nectar Beverages Private Limited.

(iii) On 30 October 2019, the Company has acquired a manufacturing unit at Tirunelveli, Tamil Nadu along with certain assets for a total purchase consideration of ₹ 200.00 million from Prathishta Business Solutions Private Limited.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

50. Share-based payments

Description of share based payments arrangements

During the year ended 31 December 2013, the Company granted stock options to certain employees of the Company and its subsidiaries. The Company has the following share-based payment arrangements for employees.

A. Employee Stock Option Plan 2013 (ESOP 2013)

The ESOP 2013 ("the Plan") was approved by the Board of Directors and the shareholders on 13 May 2013 and further amended by Board of Directors on 01 December 2015. The plan entitles key managerial personnel and employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. Stock options can be settled by issue of equity shares. As per the Plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 149.51, which is 1.14 % above the stock price at the date of grant, i.e., 13 May 2013.

The expense recognised for employee services received during the respective years is ₹ Nil.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and changes in, share options during the year:

Particulars	31 December 2020		31 December 2019	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	-	-	23,285	149.51
Options exercised during the year	-	-	(13,285)	149.51
Options lapsed during the year	-	-	(10,000)	149.51
Outstanding at the end of the year	**-**		**-**	
Exercisable at the end of the year	-		-	

The fair values of options granted under new plan were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The following principal assumptions were used in the valuation:

	Options vested and exercised	Options vested and unexercised
Number of options	2,006,550	668,850
Fair value on grant date (₹)	65.92	66.44
Share price at grant date (₹)	147.83	147.83
Exercise price (₹)	149.51	149.51
Expected volatility	16.63%	16.63%
Expected life	7.56 years	7.64 years
Expected dividends	0%	0%
Risk-free interest rate (based on government bonds)	7.53%	7.53%

The measure of volatility has been calculated based on the average volatility of closing market price of the BSE 500 during the period 01 January 2013 to 31 December 2013.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Particulars of Scheme	
Name of scheme	**Employee Stock Option Plan 2013**
Vesting conditions	668,850 options on the date of grant ('First vesting') 668,850 options on first day of January of the calendar year following the first vesting ('Second vesting') 668,850 options on first day of January of the calendar year following the second vesting ('Third vesting') 668,850 options on first day of January of the calendar year following the third vesting ('Fourth vesting') Notwithstanding any other clause of this Plan, no vesting shall occur until 01 December 2015 or fourth vesting, whichever is earlier
Exercise period	Stock options can be exercised within a period of 5 years from the date of vesting.
Number of share options	2,675,400
Exercise price	149.51
Method of settlement	Equity
Fair value on the grant date	Options vested: ₹ 65.92 Options to be vested : ₹ 66.44
Remaining life as on 31 December 2020	-
Remaining life as on 31 December 2019	-

The following share options were exercised during the previous year:

	Options series	Number exercised	Share price at exercise date	Exercise date
Granted on 13 May 2013	ESOP 2013	9,585	₹ 515.47	18 February 2019
Granted on 13 May 2013	ESOP 2013	3,700	₹ 630.40	03 June 2019

B. Employee Stock Option Plan 2016 ("ESOS 2016")

The ESOS 2016 ("the Scheme") was approved by the Board of Directors and the shareholders on 27 April 2016. The Scheme entitles key managerial personnel and employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. Stock options can be settled by issue of equity shares. No options under this Scheme have been granted in the current or previous years.

51. Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity shareholders of the Company.

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, non-current and current borrowings, deferred payment liabilities, current maturity of long-term debts and lease liabilities, less cash and cash equivalents, excluding discontinued operations, if any.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

The amounts managed as capital by the Company for the reporting periods are summarised as follows:

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Non-current borrowings (Refer note 20A)	19,543.51	22,917.07
Current borrowings (Refer note 20B)	6,355.40	4,110.44
Lease liabilities (Refer note 20C)	79.50	-
Current maturities of lease liabilities (Refer note 25)	44.29	-
Current maturities of long-term debts (Refer note 20D)	4,572.22	4,980.86
	30,594.92	**32,008.37**
Less: Cash and cash equivalents (Refer note 13)	(364.04)	(323.51)
Net debt (A)	**30,230.88**	**31,684.86**
Equity share capital (Refer note 18)	2,886.89	2,886.89
Other equity (Refer note 19)	37,230.78	35,784.28
Total capital (B)	**40,117.67**	**38,671.17**
Capital and net debt (C=A+B)	**70,348.55**	**70,356.03**
Gearing ratio (A/C)	**42.97%**	**45.04%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 31 December 2019.

Breaches in meeting the financial covenants of the borrowings would permit the banks to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowing in the reporting periods.

52. Assets pledged as security

The carrying amount of assets pledged as security are:

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Inventories and trade receivable (Refer note 11 and 12)	8,495.90	8,035.14
Other bank deposits (Refer note 14)	0.72	0.65
Current loans (Refer note 15)	99.94	351.71
Other current financial assets (Refer note 16)	2,130.20	2,820.09
Other current assets (Refer note 17)	1,485.15	1,554.83
Other intangible assets (Refer note 5B)	5,553.03	5,598.47
Property, plant and equipment (Refer note 4A)	47,061.67	48,399.67
Capital work-in-progress (Refer note 4B)	390.05	585.75

53. Recent accounting pronouncements (Ind AS issued but not yet effective)

Ministry of Corporate Affairs ("MCA") notifies new accounting standards or amendments to the existing accounting standards. There is no such notification which would be applicable to the Company from 01 January 2021.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

54. Information under Section 186 (4) of the Companies Act, 2013 and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements), 2015

(₹ in million)

(i)

Name of the Loanee	Rate of Interest	Secured/ Unsecured	Maximum balance outstanding during the year 2020	As at 31 December 2020	Maximum balance outstanding during the year 2019	As at 31 December 2019
Varun Beverages Morocco SA	3.50% + Libor	Unsecured	1,776.82	728.10	2,805.70	1,676.77
Varun Beverages Lanka (Private) Limited*	Zero to 2% + Libor	Unsecured	2,626.57	-	2,608.65	2,548.24
Varun Beverages (Zambia) Limited	4% + Libor	Unsecured	234.53	-	221.32	221.32
Varun Beverages (Zambia) Limited	2.25% + Libor	Unsecured	857.23	497.14	808.96	808.96
Varun Beverages (Zimbabwe) (Private) Limited	4% + Libor	Unsecured	1,121.58	1,084.85	648.60	648.60

The above loans are given for business purposes.

*Represents debt component of investments in redeemable preference shares.

(₹ in million)

(ii)

Name of the Investee	As at 31 December 2020	As at 31 December 2019
Varun Beverages Morocco SA	6,179.18	4,922.56
Varun Beverages (Nepal) Private Limited	798.91	798.91
Varun Beverages Lanka (Private) Limited	3,149.55	522.97
Varun Beverages (Zambia) Limited	3,231.01	2,670.39
Angelica Technologies Private Limited	-	12.56
Varun Beverages (Zimbabwe) (Private) Limited	0.06	0.06
Lunarmech Technologies Private Limited	162.93	150.38

The above investments are made for business purposes.

(₹ in million)

(iii)

Guarantees outstanding, given on behalf of	As at 31 December 2020	As at 31 December 2021
Varun Beverages (Nepal) Private Limited	280.99	280.99
Varun Beverages (Zimbabwe) (Private) Limited	2,637.23	2,302.15

The above financial guarantees are given on behalf of subsidiaries for business purposes.

The above transactions are in the ordinary course of business.

55. Financial instruments risk

Financials risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of financial risks are market risk, credit risk and liquidity risk.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

The management of the Company monitors and manages the financial risks relating to the operations of the Company on a continuous basis. The Company's risk management is coordinated at its head office, in close cooperation with the management, and focuses on actively securing the Company's short to medium-term cash flows and simultaneously minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

55.1 Market risk analysis

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The functional currency of the Company is Indian Rupees ('INR' or '₹'). Most of the Company's transactions are carried out in Indian Rupees. Exposures to currency exchange rates mainly arise from the Company's overseas sales and purchases, lending to overseas subsidiary companies, external commercial borrowings etc. which are primarily denominated in US Dollars ('USD'), Lankan Rupee (LKR), Pound Sterling ('GBP'), Singapore Dollars ('SGD') and Euro.

The Company has limited exposure to foreign currency risk and thereby it mainly relies on natural hedge. To further mitigate the Company's exposure to foreign currency risk, non-INR cash flows are continuously monitored and derivative contracts are entered into wherever considered necessary.

The carrying amounts of the Company's foreign currency denominated monetary items are restated at the end of each reporting period. Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are as follows:

(₹ in million)

	USD	LKR	GBP	SGD	Euro
31 December 2020					
Financial assets					
(i) Loans (non-current and current)					
(a) Loans to related parties	31.62	-	-	-	-
(ii) Trade receivables (current)	1.21	-	-	-	-
(iii) Other financial assets (current)					
(a) Interest accrued on loan to related parties	3.36	-	-	-	-
(b) Guarantee commission receivable	0.14	-	-	-	-
(c) Other receivables	0.47	-	-	-	-
(iv) Other assets (non-current and current)	0.31	-	0.01	-	1.55
Total financial assets	**37.11**	**-**	**0.01**	**-**	**1.55**
Financial liabilities					

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	USD	LKR	GBP	SGD	Euro
(i) Borrowings (non-current)					
(a) Foreign currency loans from banks	-	-	-	33.13	-
(ii) Trade payables	2.99	-	0.00*	-	0.06
(iii) Other current financial liabilities					
(a) Interest accrued but not due on borrowings	-	-	-	0.06	-
(b) Payable for capital expenditure	0.64	-	-	-	1.15
Total financial liabilities	**3.63**	**-**	**0.00***	**33.19**	**1.21**
*Rounded off to Nil.					
31 December 2019					
Financial assets					
(i) Loans (non-current and current)					
(a) Loans to related parties	47.08	5,701.67	-	-	-
(ii) Trade receivables (current)	0.58	-	-	-	-
(iii) Other financial assets (current)					
(a) Interest accrued on loan to related parties	5.30	-	-	-	-
(b) Guarantee commission receivable	0.67	-	-	-	-
(c) Other receivables	0.42	-	-	-	-
(iv) Other assets (non-current and current)	1.81	-	-	-	2.24
Total financial assets	**55.86**	**5,701.67**	**-**	**-**	**2.24**
Financial liabilities					
(i) Borrowings (non-current)					
(a) Foreign currency loans from banks	-	-	-	33.13	-
(ii) Trade payables	5.91	-	-	-	-
(iii) Other current financial liabilities					
(a) Interest accrued but not due on borrowings	-	-	-	0.11	-
(b) Payable for capital expenditure	0.57	-	-	-	0.12
Total financial liabilities	**6.48**	**-**	**-**	**33.24**	**0.12**

The following table illustrates the foreign currency sensitivity of profit and equity with regards to the Company's financial assets and financial liabilities considering 'all other things being equal' and ignoring the impact of taxation. It assumes a +/- 1% change of the INR/USD, INR/LKR, INR/GBP, INR/SGD and INR/Euro exchange rate for the year ended at 31 December 2020 (31 December 2019: 1%). These are the sensitivity rates used when reporting foreign currency exposures internally to the key management personnel and represents management's assessment of the reasonably possible changes in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at end of each period reported upon. A positive number indicates an increase in profit or equity and vice-versa.

If the INR had strengthened against the USD by 1% (31 December 2019: 1%), LKR by 1% (31 December 2019: 1%), GBP by 1% (31 December 2019: 1%), SGD by 1% (31 December 2019: 1%) and Euro by 1% (31 December 2019: 1%), the following would have been the impact:

(₹ in million)

	Profit for the year		Equity	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
USD	(24.46)	(35.19)	(24.46)	(35.19)
LKR	-	(22.18)	-	(22.18)
GBP	(0.00)	-	(0.00)	-
SGD	18.32	17.58	18.32	17.58
Euro	(0.31)	(1.69)	(0.31)	(1.69)

If the INR had weakened against the USD by 1% (31 December 2019 1%), LKR by 1% (31 December 2019: 1%), GBP by 1% (31 December 2019: 1%), SGD by 1% (31 December 2019: 1%) and Euro by 1% (31 December 2019: 1%), the following would have been the impact:

(₹ in million)

	Loss for the year		Equity	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
USD	24.46	35.19	24.46	35.19
LKR	-	22.18	-	22.18
GBP	0.00	-	0.00	-
SGD	(18.32)	(17.58)	(18.32)	(17.58)
Euro	0.31	1.69	0.31	1.69

Exposures to foreign exchange rates vary during the year depending on the volume of the overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Company is exposed to changes in market interest rates as some of the bank and other borrowings are at variable interest rates and also loans have been advanced to subsidiary companies at variable interest rates. All the Company's term deposits are at fixed interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (31 December 2019: +/- 1%). These changes are considered to be reasonably possible based on management's assessment. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(₹ in million)

	Profit/(loss) for the year		Equity	
	+1%	-1%	+1%	-1%
31 December 2020	(189.05)	189.05	(189.05)	189.05
31 December 2019	(218.97)	218.97	(218.97)	218.97

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of pet chips and sugar and therefore require a continuous supply. In view of volatility of pet chips and sugar prices, the Company also executes into various advance purchase contracts.

Commodity price sensitivity

The following tables shows the effect of price change in sugar and pet chips

(₹ in million)

Particulars	Change in yearly average price		Effect on profit before tax		Effect on equity	
31 December 2020						
Sugar	+1%	-1%	(55.96)	55.96	(55.96)	55.96
Pet chips	+1%	-1%	(27.55)	27.55	(27.55)	27.55

(₹ in million)

Particulars	Change in yearly average price		Effect on profit before tax		Effect on equity	
31 December 2019						
Sugar	+1%	-1%	(63.14)	63.14	(63.14)	63.14
Pet chips	+1%	-1%	(39.43)	39.43	(39.43)	39.43

Other price sensitivity

The Company is not exposed to any listed equity or listed debt price risk as it does not hold any investments in listed entities.

55.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is operating through a network of distributors and other distribution partners based at different locations. The Company is exposed to this risk for various financial instruments, for example loans granted, receivables from customers, deposits placed etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at end of each reporting period, as summarised below:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Classes of financial assets-carrying amounts:		
Investments (current)	0.01	0.01
Loans (current and non-current)	2,800.44	6,394.48
Trade receivables	1,705.29	1,305.31
Cash and cash equivalents	364.04	323.51
Bank balances other than mention above	0.72	0.65
Other financial assets (current and non-current)	2,131.41	2,828.99
	7,001.91	**10,852.95**

The Company continuously monitors receivables and defaults of customers and other counterparties, and incorporates this information into its credit risk controls. Appropriate security deposits are kept against the supplies to customers and balances are reconciled at regular intervals. The Company's policy is to deal only with creditworthy counterparties.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty. Trade receivables consist of a large number of customers of various scales and in different geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables. In case the receivables are not recovered even after regular follow up, measures are taken to stop further supplies to the concerned customer. The expected credit loss is based on the five years historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Movement in expected credit loss allowance on trade receivables

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Balance at the beginning of the year	216.26	255.93
Loss allowance measured at lifetime expected credit loss	7.56	(39.67)
Balance at the end of the year	**223.82**	**216.26**

The credit risk for cash and cash equivalents, bank deposits including interest accrued thereon and Government grant receivables is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and State Government bodies. The credit risk for loans advanced to subsidiary companies including interest accrued thereon is also considered negligible since operations of these entities are regularly monitored by the Company and these companies have shown considerable growth.

In respect of financial guarantees provided by the Company, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of each reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

55.3 Liquidity risk analysis

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and considering the maturity profiles of financial assets and other financial liabilities as well as forecast of operational cash inflows and outflows. Liquidity needs are monitored in various time bands, on a day-to-day basis, a week-to-week basis and a month-to-month basis. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the Company's ability to avail further credit facilities subject to creation of requisite charge on its assets. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

As at 31 December 2020, the Company's non-derivative financial liabilities have contractual maturities as summarised below:

(₹ in million)

31 December 2020	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	10,013.54	18,941.16	
Trade payables	2,720.68	-	-
Other financial liabilities (current and non-current)	2,871.60	49.71	280.62
Total	**15,605.83**	**18,990.87**	**280.62**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

This compares to the maturity of the Company's non-derivative financial liabilities in the previous reporting periods as follows:

(₹ in million)

31 December 2019	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	9,091.30	20,133.22	1,403.78
Trade payables	3,178.78	-	-
Other financial liabilities (current)	3,504.33	-	-
Total	**15,774.41**	**20,133.22**	**1,403.78**

As at 31 December 2020, the contractual cash flows (excluding interest thereon) of the Company's derivative financial instruments are as follows:

(₹ in million)

31 December 2020	1 to 12 months	1 to 5 years
Cross currency interest rate swap	914.08	914.08

This compares to the contractual cash flows (excluding interest thereon) of the Company's derivative financial instruments in the previous year as follows:

(₹ in million)

31 December 2019	1 to 12 months	1 to 5 years
Cross currency interest rate swap	-	1,752.25

55.4 Risk due to outbreak of COVID-19 pandemic

The outbreak of Coronavirus disease (COVID-19) pandemic in India has caused significant disturbances and slowdown of economic activity. The nationwide lockdowns ordered by the Governments in the first half of the year has resulted in operating constraints leading to significant reduction in economic activities and also the business operation of the Company in terms of sales. However, the recent phased nationwide unlocking ordered by the Governments has resulted in signs of improvement in economic activities consequent to which our business operations have also shown uptick during the second half of the year. The management has considered the possible effects that may result from the pandemic on the carrying amount of receivables including contract assets, goodwill, intangibles, inventories and investments. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of these assets. However, the management will continue to closely monitor any material changes to future economic conditions depending upon how the situation evolve henceforth.

56. Fair value measurements

Financial instruments by categories

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

Particulars	Notes	Carrying value		Fair value/amortised cost	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial assets					
Fair value through profit and loss ('FVTPL')					
(i) Non-current financial assets					
(a) Investment (non-current)	7	0.01	0.01	0.01	0.01
Amortised cost					
(i) Non-current financial assets					

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Particulars	Notes	Carrying value		Fair value/amortised cost	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
(a) Loans	8	2,700.50	6,042.77	2,700.50	6,042.77
(b) Other	9	1.21	8.90	1.21	8.90
(ii) Current financial assets					
(a) Trade receivables	12	1,705.29	1,305.31	1,705.29	1,305.31
(b) Cash and cash equivalents	13	364.04	323.51	364.04	323.51
(c) Bank balances other than (b) above	14	0.72	0.65	0.72	0.65
(d) Loans	15	99.94	351.71	99.94	351.71
(e) Other	16	2,130.20	2,820.09	2,130.20	2,820.09
Total		**7,001.91**	**10,852.95**	**7,001.91**	**10,852.95**
Financial liabilities					
FVTPL					
(i) Current financial liability					
(a) Liability for foreign currency derivative contract	25	20.71	68.45	20.71	68.45
Amortised cost					
(i) Non-current borrowings (excluding those disclosed under FVTPL category above)	20A	19,543.51	22,917.07	19,543.51	22,917.07
(ii) Other non-current financial liabilities	20C	79.50	-	79.50	-
(iii) Current financial liabilities					
(a) Borrowings	20B	6,355.40	4,110.44	6,355.40	4,110.44
(b) Trade payables	24	2,720.68	3,178.78	2,720.68	3,178.78
(c) Other	25	7,395.27	8,416.74	7,395.27	8,416.74
Total		**36,115.07**	**38,691.48**	**36,115.07**	**38,691.48**

Valuation technique to determine fair value

Cash and cash equivalents, other bank balances, trade receivables, loans, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the long term borrowings, loans and other deferred payments are determined by using discounted cash flow method using the appropriate discount rate. The discount rate is determined using other similar instruments incorporating the risk associated.
- The Company executed derivative financial instruments such as cross currency interest rate swap being valued using valuation techniques, which employs use of market observable inputs. The Company uses mark to market valuation provided by bank for its valuation.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Fair value hierarchy

The financial assets measured at fair value are grouped into the fair value hierarchy as on 31 December 2020 and 31 December 2019 as follows: (also refer note 3.1)

(₹ in million)

31 December 2020	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2020	0.01	-	-	0.01
Liabilities measured at fair value:					
(a) Liability for foreign currency derivative contract	31 December 2020	20.71	-	20.71	-

There have been no transfers of financial assets and financial liabilities between the levels during the year 2020

(₹ in million)

31 December 2019	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2019	0.01	-	-	0.01
Liabilities measured at fair value:					
(a) Liability for foreign currency derivative contract	31 December 2019	68.45	-	68.45	-

57. Details of hedged and unhedged exposure in foreign currency denominated monetary items

A. Exposure in foreign currency - hedged

The Company executed derivative financial instruments such as cross currency interest rate swap contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

Outstanding foreign currency exposure hedged (excluding interest thereon):

(in million)

Particulars	Period	Foreign currency		Hedged currency	
ECB Loan	31 December 2020	SGD	33.13	USD	25.00
	31 December 2019	SGD	33.13	USD	25.00

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

B. Exposure in foreign currency - unhedged

Outstanding foreign currency exposure not being hedged against adverse currency fluctuation:

(in million)

Particulars	Period	Foreign currency		Local currency	
Trade receivable	31 December 2020	USD	1.21	INR	88.14
	31 December 2019	USD	0.58	INR	41.02
Advance to vendors	31 December 2020	USD	0.31	INR	22.90
	31 December 2019	USD	1.81	INR	126.69
	31 December 2020	EURO	1.55	INR	124.51
	31 December 2019	EURO	2.24	INR	175.87
	31 December 2020	GBP	0.01	INR	0.71
	31 December 2019	GBP	-	INR	-
Loan given	31 December 2020	USD	31.62	INR	2,310.09
	31 December 2019	USD	47.08	INR	3,355.65
	31 December 2020	LKR	-	INR	-
	31 December 2019	LKR	5,701.67	INR	2,548.24
Loan taken (ECB loan)	31 December 2020	USD	25.00	INR	1,828.15
	31 December 2019	USD	25.00	INR	1,752.25
Other receivables	31 December 2020	USD	3.98	INR	290.48
	31 December 2019	USD	6.40	INR	455.91
Other payables	31 December 2020	USD	0.06	INR	3.53
	31 December 2019	USD	0.09	INR	6.05
Trade payables	31 December 2020	USD	2.99	INR	218.16
	31 December 2019	USD	5.91	INR	421.73
	31 December 2020	GBP	0.00	INR	0.35
	31 December 2019	GBP	-	INR	-
	31 December 2020	EURO	0.06	INR	5.18
	31 December 2019	EURO	-	INR	-
Payable for capital expenditure	31 December 2020	USD	0.64	INR	47.50
	31 December 2019	USD	0.57	INR	40.64
	31 December 2020	EURO	1.15	INR	103.52
	31 December 2019	EURO	0.12	INR	9.56

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

58. During the year ended 31 December 2019, pursuant to Qualified institutions placement ("QIP"), the Company has raised ₹ 8,999.99 million through fresh issue of 14,705,882 equity shares of ₹ 10 each at a premium of ₹ 602 per share. The Audit committee and the Board of Directors noted the utilisation of funds raised through such fresh issue of equity shares to be in line with the object of the issue, the details of which are as follows:

(₹ in million)

Particulars	Amount
Gross proceeds received from QIP	8,999.99
Less: Share issue expenses	(164.36)
Net proceeds received from QIP	8,835.63
Amount utilised for:	
Repayment of debts	(8,835.63)
Unutilised amount	**-**

59. The exceptional items for the year ended 31 December 2020 amounting to ₹ 665.29 million, represents write off of certain plant and equipment, glass bottles and plastic shells which are not in use. In quarter ended 31 March 2020, the Company has provided for the impairment of these assets which are subsequently written off.

60. No adjusting or significant non-adjusting events have occurred between 31 December 2020 and the date of authorisation of these standalone financial statements.

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

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

Anupam Kumar
Partner
Membership No.: 501531

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

Sumit Kathuria
Partner
Membership No.: 520078

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

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer
and Whole Time Director
DIN 02079161

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

Place : Gurugram
Dated : 16 February 2021

Notes

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