IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

THIS OFFERING OF THE SECURITIES DESCRIBED IN THE ATTACHED PLACEMENT DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER REGULATION 2(1) (SS) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED ("SEBI ICDR REGULATIONS").

IMPORTANT: This e-mail is intended for the named recipient(s) only. If you are not an intended recipient, please delete this e-mail from your system immediately. You must read the following before continuing. The following applies to the pre-numbered placement document of Varun Beverages Limited (the "**Company**") dated November 19, 2024 in relation to the qualified institutions placement of equity shares of ₹ 2 each ("**Equity Shares**") by the Company filed with BSE Limited and National Stock Exchange of India Limited (the "**Stock Exchanges**") (such document, the "**Placement Document**") attached to this e-mail, and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Placement Document. In accessing the Placement Document, you acknowledge and agree to be bound by the following terms and conditions, including any modifications to them, from time to time, each time you receive any information from us as a result of such access. The information in the Placement Document is confidential and subject to updation, completion, revision, verification, amendment and change without notice. Kotak Mahindra Capital Company Limited, CLSA India Private Limited, IIFL Capital Services Limited (formerly known as IIFL Securities Limited), Jefferies India Private Limited and Motilal Oswal Investment Advisors Limited (the "**Lead Managers**") or any person who controls any of them or the Company or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers accepts any liability whatsoever for any loss howsoever arising from any use of this e-mail or the attached Placement Document or their respective contents or otherwise arising in connection therewith. **You acknowledge that the lacement Document is intended for use by you only and you agree not to forward it to any other person, internal or external to your company, in whole or in part, or otherwise provide access via e-mail or otherwise to any other person.**

INVESTING IN THE EQUITY SHARES DESCRIBED IN THE PLACEMENT DOCUMENT INVOLVES RISKS AND YOU SHOULD NOT INVEST ANY FUNDS IN THE EQUITY SHARES, UNLESS YOU ARE PREPARED TO RISK LOSING ALL OR PART OF YOUR INVESTMENT. YOU ARE ADVISED TO CAREFULLY READ THE SECTION TITLED "RISK FACTORS" AS WELL AS INFORMATION CONTAINED ELSEWHERE IN THE ATTACHED PLACEMENT DOCUMENT BEFORE MAKING AN INVESTMENT DECISION.

THE EQUITY SHARES OFFERED IN THE ISSUE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR ANY STATE SECURITIES LAWS IN THE UNITED STATES, AND UNLESS SO REGISTERED, AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. YOU UNDERSTAND THAT THE EQUITY SHARES OFFERED IN THE ISSUE ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES, ONLY TO PERSONS WHO ARE "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT ("U.S. QIB(s)") PURSUANT TO SECTION 4(A)(2) OR ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT; FOR AVOIDANCE OF DOUBT, THE TERM U.S. QIBS DOES NOT REFER TO A CATEGORY OF INSTITUTIONAL INVESTORS DEFINED UNDER APPLICABLE INDIAN REGULATIONS AND REFERRED TO IN THE PLACEMENT DOCUMENT AS "QIBs"; AND (B) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE UPON REGULATION S UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES ARE MADE.

FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF THE EQUITY SHARES OF THE COMPANY AND DISTRIBUTION OF THE PLACEMENT

DOCUMENT, SEE "*SELLING RESTRICTIONS*", "*NOTICE TO INVESTORS*", AND "*PURCHASER REPRESENTATIONS* AND *TRANSFER RESTRICTIONS*". THE ATTACHED PRE-NUMBERED PLACEMENT DOCUMENT MAY NOT BE FORWARDED, DOWNLOADED, DELIVERED OR DISTRIBUTED, IN WHOLE OR IN PART, ELECTRONICALLY OR OTHERWISE TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS EXCEPT IN ACCORDANCE WITH RULE 144A. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE EQUITY SHARES DESCRIBED IN THE ATTACHED PLACEMENT DOCUMENT.

This Issue and the distribution of the Placement Document is being done in reliance upon Chapter VI of the SEBI ICDR Regulations and Sections 42 and 62 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and other applicable provisions of the Companies Act, 2013 and rules framed thereunder, each as amended (together, the "**Companies Act**"). The Placement Document is personal to each prospective investor and does not constitute an offer or invitation or solicitation of an offer to the public or to any other person or class of investors.

Confirmation of your Representation: You are accessing the attached Placement Document on the basis that you have confirmed your representation, agreement and acknowledgement to the Lead Managers that: (1) you are the intended recipient of the attached Placement Document; (2) the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and to the extent that you purchase the securities described in the attached Placement Document, you will be doing so pursuant to Regulation S; (3) the securities offered hereby have not been registered under the Securities Act; (4) you consent to delivery of the attached Placement Document and any amendments or supplements thereto by electronic transmission; (5) you are a "Qualified Institutional Buyer" as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not restricted from participating in the offering under the SEBI ICDR Regulations and other applicable laws and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (6) you are aware that your name will be included in the Placement Document as proposed allottees along with the number of Equity Shares proposed to be Allotted to you and the percentage of your post issue shareholding in the Company and you consent to such disclosure; (7) you are aware that if you, together with any other Qualified Institutional Buyers belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, the Company shall be required to disclose your name, along with the name of such other Allottees and the number of Equity Shares Allotted to you and to such other Allottees, on the website of the Stock Exchanges, and you consent to such disclosure; (8) you are aware that if you are circulated the Placement Document or are Allotted any Equity Shares in the Issue, the Company is required to disclose details such as your name, address, PAN, email-id and the number of Equity Shares Allotted along with other relevant information as may be required, to the Registrar of Companies, Maharashtra at Mumbai and you consent to such disclosures; and (9) that you consent to delivery of the attached Placement Document and any amendments or supplements thereto and the final placement document for the Issue by electronic transmission.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer of the securities or the Lead Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute a "general solicitation" or "general advertising" (each as defined in Regulation D under the Securities Act) or "directed selling efforts" (as defined in Regulation S) in the United States or elsewhere. You are reminded that the attached Placement Document has been delivered to you on the basis that you are a person into whose possession the attached Placement Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached Placement Document to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or invitation or solicitation in any place where offers, invitations or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and Lead Managers or any affiliate of the Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Lead Managers or such affiliate on behalf of the Company in such jurisdiction. Further, nothing in this electronic transmission constitutes an offer or an invitation or solicitation of an offer or an offer or invitation to the public under the Companies Act, or any other applicable law, by or on behalf of either the Company or the Lead Managers to subscribe for or purchase any of the equity shares described in the attached Placement Document. The attached Placement Document has not been and will not be filed as a prospectus with any registrar of companies in India and is not and should not be construed as an offering circular, an offering memorandum, an advertisement, an offer or an offer document under the SEBI ICDR Regulations, Companies Act, or any other applicable law. The attached Placement Document has not been and will not be reviewed or approved by any regulatory authority in India, including the Securities and Exchange Board of India, the Reserve Bank of India, any registrar of companies in India or any stock exchange in India. The attached Placement Document is not and should not be construed as an invitation, offer or sale of any securities to the public in India.

The Placement Document been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, Lead Managers or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any of them accepts any liability or responsibility whatsoever in respect of any difference between the Placement Document distributed to you in electronic format and the hard copy version available to you on request from the Lead Managers. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature. The attached Placement Document is intended only for use by the addressee named herein and may contain legally privileged and / or confidential information. If you are not the intended recipient of the attached Placement Document, you are hereby notified that any dissemination, distribution or copying of the attached Placement Document is strictly prohibited. If you have received the attached Placement Document in error, please immediately notify the sender or the Lead Managers by reply email and destroy the email received and any printouts of it.

You are reminded that no representation or warranty, expressed or implied, is made or given by or on behalf of the Lead Managers named herein, nor any person who controls them or any director, officer, employee or agent of them, or affiliate or associate of any such person as to the accuracy, completeness or fairness of the information or opinions contained in this document and such persons do not accept responsibility or liability for any such information or opinions.

Actions That You May Not Take: You should not reply by e-mail to this announcement, and you may not purchase any of the equity shares described in the attached pre-numbered Placement Document by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person. You are reminded that the information in the attached document is not complete and may be changed at any time without notice.

YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) FORWARD, DISTRIBUTE OR DELIVER THE ATTACHED PLACEMENT DOCUMENT, ELECTRONICALLY OR OTHERWISE, OR DISCLOSE THE CONTENTS OF THE PLACEMENT DOCUMENT, IN WHOLE OR IN PART, TO ANY OTHER PERSON OR (2) REPRODUCE IN WHOLE OR PART THE ATTACHED PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISSEMINATION, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Capital terms used but not defined herein shall have the meaning ascribed to such terms in the Placement Document attached hereto.

Placement Document
Not for Circulation and Strictly Confidential
Serial Number: [●]

(a PepsiCo franchisee)

VARUN BEVERAGES LIMITED

(A public company incorporated under the Companies Act, 1956 on June 16, 1995, with the Registrar of Companies, Delhi and Haryana at New Delhi and obtained a certificate for commencement of business on July 4, 1995. Our CIN is L74899DL1995PLC069839)

Registered Office: F-2/7, Okhla Industrial Area, Phase I, New Delhi – 110 020, Delhi, India
Corporate Office: Plot No. 31, Institutional Area, Sector – 44, Gurgaon – 122 002, Haryana, India
Telephone: +91 11 4170 6720 and +91 124 464 3100; **E-mail:** complianceofficer@rjcorp.in; **Website:** www.varunbeverages.com
Contact Person: Ravi Batra, Chief Risk Officer & Group Company Secretary

Our Company is issuing up to 132,743,362 equity shares of face value of ₹2 each ("**Equity Shares**") at a price of ₹565.00 per Equity Share (the "**Issue Price**"), including a premium of ₹563.00 per Equity Share, aggregating up to ₹75,000 million (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 42.

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT")

The Equity Shares are listed on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**", and together with NSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE as on November 12, 2024, was ₹584.15 and ₹584.30 per Equity Share, respectively. In-principle approvals under Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), for listing of the Equity Shares to be issued pursuant to the Issue have been received by our Company from each of BSE and NSE on November 13, 2024. Our Company shall make applications to the Stock Exchanges for obtaining the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

OUR COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

Except for the Preliminary Placement Document and this Placement Document, the information on our Company's website or any website directly or indirectly linked to our Company's website or the website of the Lead Managers (as defined hereinafter) and their respective affiliates or agents does not form part of this Placement Document, and prospective investors should not rely on such information contained in, or available through, such websites for their investment in this Issue. A copy of the Preliminary Placement Document and this Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) has been delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, Delhi and Haryana at New Delhi ("**RoC**"), within the stipulated period as prescribed under the Companies Act and the PAS Rules. This Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined hereinafter). This Placement Document has not been and will not be filed as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction. The placement of Equity Shares proposed to be made pursuant to this Placement Document is meant solely for Eligible QIBs on a private placement basis and is not an offer to the public or to any other class of investors.

THE ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBs (AS DEFINED HEREINAFTER) IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER AND CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR. THE ISSUE DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OR CATEGORY OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBs. THIS PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBS WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN VIOLATION OF THE COMPANIES ACT, SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "*RISK FACTORS*" ON PAGE 55, BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES TO BE ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT. PROSPECTIVE INVESTORS OF THE EQUITY SHARES OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THE PRELIMINARY PLACEMENT DOCUMENT AND/OR THIS PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue has only been made pursuant to the Preliminary Placement Document and this Placement Document and the Confirmation of Allocation Note (each as defined hereinafter). For further details, see "*Issue Procedure*" on page 215. The distribution of this Placement Document or the disclosure of its contents without our Company's prior consent, to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and, unless so registered, may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are qualified institutional buyers (as defined in Regulation 144A under the U.S. Securities Act) ("**U.S. QIBs**") pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act, for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Placement Document as "QIBs", and (b) outside the United States, in "offshore transactions", as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdictions where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described in the sections titled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 232 and 240, respectively.

This Placement Document is dated November 19, 2024.

LEAD MANAGERS				
KOTAK MAHINDRA CAPITAL COMPANY LIMITED	**CLSA INDIA PRIVATE LIMITED**	**IIFL CAPITAL SERVICES LIMITED *(formerly known as IIFL Securities Limited)***	**JEFFERIES INDIA PRIVATE LIMITED**	**MOTILAL OSWAL INVESTMENT ADVISORS LIMITED**

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Company, our Subsidiaries, our Associates, our Joint Venture (collectively, our "**Group**") and the Equity Shares, which is material in the context of the Issue. The statements contained in this Placement Document relating to our Group and the Equity Shares are, in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Group and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company. There are no other facts in relation to our Group and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Group has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Placement Document is provided as of the date of this Placement Document and neither our Group nor the Lead Managers have any obligation to update such information to a later date.

Kotak Mahindra Capital Company Limited, CLSA India Private Limited, IIFL Capital Services Limited (*formerly known as IIFL Securities Limited*), Jefferies India Private Limited and Motilal Oswal Investment Advisors Limited (the "**Lead Managers**" **or** "**LMs**") have made reasonable enquiries but have not separately verified all of the information contained in the Preliminary Placement Document and this Placement Document (financial, legal or otherwise). Accordingly, neither the Lead Managers nor any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Lead Managers and/or any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in the Preliminary Placement Document and this Placement Document or any other information (financial, legal or otherwise) supplied in connection with our Group and the Equity Shares or its distribution. Each person receiving the Preliminary Placement Document and this Placement Document acknowledges that such person has not relied either on the Lead Managers or on any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Group and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

The information contained in this Placement Document have been provided by our Company and from other sources identified herein. The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue in consultation with the Lead Managers or their respective representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and not further distribute or make any copies of this Placement Document or any documents referred to in this Placement Document. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or by or on behalf of any of the Lead Managers. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the United States Securities and Exchange Commission, any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any other

applicable state securities laws of the United States and, unless so registered, may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States, only to persons who are "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("Rule 144A")) ("U.S. QIB(s)") pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act; for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Placement Document as "QIBs"; and (b) outside the United States, in offshore transactions in reliance upon Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales are made.

Subscribers and purchasers of the Equity Shares offered in the Issue will be deemed to make the representations, warranties, acknowledgements and agreements set forth in, and the Equity Shares are transferable only in accordance with, the restrictions described in the sections titled "*Representations by Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 7, 232 and 240, respectively of this Placement Document.

The distribution of this Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been or will be taken by our Company and the Lead Managers that would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and none of the Preliminary Placement Document or this Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For further details, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 232 and 240, respectively.

In making an investment decision, the prospective investors must rely on their own examination of our Group, the Equity Shares and the terms of the Issue, including the merits and risks involved. Prospective investors should not construe the contents of the Preliminary Placement Document or this Placement Document as legal, business, tax, accounting, or investment advice and should consult their own counsels and advisors as to business, investment, legal, tax, accounting and related matters concerning the Issue.

In addition, our Company and the Lead Managers are not making any representation to any investor, purchaser, offeree or subscriber of the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company.

Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under applicable law, including Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act read with Rule 14 of the PAS Rules, and other provisions of the Companies Act, and that it is not prohibited by SEBI or any other regulatory, statutory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares or otherwise accessing the capital markets in India. Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

Neither our Company nor any of the Lead Managers are liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document.

Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations and the QIBs shall be solely responsible for compliance with the provisions of the SEBI Takeover Regulations, SEBI Insider Trading Regulations and other applicable laws, rules, regulations, guidelines and circulars.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document.

The information on our Company's website, viz., www.varunbeverages.com, any website directly or indirectly linked to the website of our Company or to the websites of the Lead Managers or any of their respective affiliates or agents, does not and shall not constitute nor form part of this Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites.

Our Company agrees to comply with any undertakings given by it from time to time in connection with the Equity Shares to the Stock Exchanges and, without prejudice to the generality of foregoing, shall furnish to the Stock Exchanges all such information as the rules of the Stock Exchanges may require in connection with the listing of the Equity Shares on the Stock Exchanges.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

This Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information relating to investors in certain other jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 232 and 240, respectively.

Any information about our Company available on any website of the Stock Exchanges, our Company or Subsidiaries or Joint Venture or the Lead Managers, other than this Placement Document, shall not constitute a part of this Placement Document and no investment decision should be made on the basis of such information.

REPRESENTATIONS BY INVESTORS

All references herein to "you" or "your" in this section are to the Bidders in the Issue. By Bidding for and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged, and agreed to contents set forth in the sections "*Notice to Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 4, 232 and 240, respectively, and have represented, warranted and acknowledged to and agreed to our Company and to each of the Lead Managers, as follows:

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company which is not set forth in this Placement Document;

- You are a "qualified institutional buyer" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, and all other applicable laws; and (ii) comply with the SEBI ICDR Regulations, the Companies Act and all other applicable laws, including any reporting obligations, making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;

- You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, or dealing in securities or otherwise accessing capital markets in India;

- If you are not a resident of India, but are an Eligible QIB, (i) you are a foreign portfolio investor, and you confirm that you are an Eligible FPI as defined in this Placement Document and have a valid and existing registration with SEBI under the applicable laws in India, or (ii) a multilateral or bilateral development financial institution and can participate in the Issue only under Schedule II of FEMA Rules and you are eligible to invest in India under applicable law, including FEMA Rules, and any other notifications, circulars or clarifications issued thereunder. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws. You are eligible to invest in India under applicable law, including the FEMA Rules, and any notifications, circulars or clarifications issued thereunder and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities or otherwise accessing the capital markets;

- You are aware that in terms of the FEMA Rules, the total holding by each FPI including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the total holdings of all FPIs put together shall not exceed the sectoral cap applicable to the sector in which our Company operates. In terms of the FEMA Rules, for calculating the total holding of FPIs in a company, holding of all registered FPIs shall be included. Hence, Eligible FPIs may invest in such number of Equity Shares in this Issue such that (i) the individual investment of the FPI in our Company does not exceed 10% of the post-Issue paid-up Equity Share capital of our Company on a fully diluted basis, and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company. In case the holding of an FPI together with its investor group increases to 10% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI, subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. Since FVCIs are not permitted to participate in the Issue, you confirm that you are not an FVCI;

- You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in each of which case, investment can only be through the Government approval route), and that your investment is in accordance with consolidated FDI Policy and press note no. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, and Rule 6 of the FEMA Rules;

- You will provide the information as required under the provisions of the Companies Act, the PAS Rules, the applicable provisions of the SEBI ICDR Regulations and any other applicable rules for record keeping by our Company, including your name, nationality, complete address, phone number, e-mail address, permanent account number (if applicable) and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue and the list of Eligible QIBs including the aforementioned details shall be filed with the RoC and SEBI, as may be required under the Companies Act and other applicable laws;

- If you are Allotted Equity Shares pursuant to the Issue, you shall not sell the Equity Shares so acquired, for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges and in accordance with any other resale restrictions applicable to you. For more information, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 232 and 240, respectively;

- You are aware that the Preliminary Placement Document and this Placement Document has not been and will not be filed as a prospectus with the RoC under the Companies Act, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs;

- The Preliminary Placement Document was filed, and this Placement Document has been filed, with the Stock Exchanges for record purposes only and the Preliminary Placement Document and this Placement Document has been displayed on the websites of our Company and the Stock Exchanges;

- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have the necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations, as may be required and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

- You are aware that, our Company, the Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are not making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of any of the Lead Managers. The Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Lead Managers may not have knowledge of all the statements that our Company or its agents may have made at such Company Presentations and is therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Lead Managers have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) you confirm that you have not been provided any material or price sensitive information relating to our Company and the Issue that was not publicly available;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of

Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act;

- You understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association of our Company and will be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared;

- All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Placement Document. Neither our Company nor the Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Placement Document;

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public or any other category of investors other than Eligible QIBs, and the Allotment of such Equity Shares shall be at the discretion of our Company, in consultation with the Lead Managers;

- You are aware that in terms of the requirements of the Companies Act, upon Allocation, our Company has disclosed names and percentage of post-Issue shareholding of the proposed Allottees in this Placement Document. However, disclosure of such details in relation to the proposed Allottees in this Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Lead Managers;

- You are aware that if you are Allotted more than 5% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- You have been provided a serially numbered copy(ies) of the Preliminary Placement Document and have read it in its entirety, including in particular, "*Risk Factors*" on page 55;

- In making your investment decision, you have (i) relied on your own examination of us, the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made and continue to make your own assessment of us and the Equity Shares and the terms of the Issue based solely on and in reliance of the information contained in this Placement Document and no other disclosure or representation by our Company or any other party, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws (including tax laws), (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of us and the Equity Shares, (v) relied solely on the information contained in this Placement Document and no other disclosure or representation by our Company, its Directors, Promoter and affiliates, or the Lead Manager or any other party, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither our Company, the Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, our Company, the Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or the Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares; and (vi) are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You are aware that investment in Equity Shares involves a high degree of risk and that the Equity Shares are, therefore a speculative investment;

- If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire the Equity Shares for each managed account and hereby make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' (as defined under the Companies Act and the SEBI ICDR Regulations) of our Company and are not a person related to our Promoters, either directly or indirectly and your Bid does not directly or indirectly represent our 'Promoters', or 'Promoter Group' (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

- You have no rights under a shareholders' agreement or voting agreement entered into with our Promoters or members of the Promoter Group or persons related to the Promoters, no veto rights or right to appoint any nominee director on our Board, other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoters);

- You agree in terms of Section 42 of the Companies Act and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act;

- You have no right to withdraw your Application Form or revise your Bid downwards after the Bid / Issue Closing Date (as defined hereinafter);

- You are eligible to Bid for and hold the Equity Shares so Allotted, together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

- The Bid made by you would not result in triggering a tender offer under the SEBI Takeover Regulations (as defined hereinafter) and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;

- The aggregate number of Equity Shares Allotted to you under the Issue, together with other Allottees that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50 % of the Issue Size. For the purposes of this representation:

  (a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and

(b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares to be issued pursuant to the Issue and for trading on the Stock Exchanges, were made and an in-principle approval has been received by our Company from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final listing and trading approvals for listing of the Equity Shares to be issued pursuant to this Issue will be obtained in time or at all. Neither our Company nor the Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the Lead Managers have entered into a Placement Agreement with our Company whereby the Lead Managers have, subject to the satisfaction of certain conditions set out therein, undertaken to use reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- You understand that the contents of this Placement Document are exclusively the responsibility of our Company, and that neither the Lead Managers nor any person acting on their behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Lead Managers or our Company or any other person, and the Lead Managers or our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, the Lead Managers and their respective affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

- You understand that the Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including the non-performance by our Company or any of its obligations or any breach of any representations or warranties by our Company, whether to you or otherwise;

- You are able to purchase the Equity Shares in accordance with the restrictions described in "*Selling Restrictions*" on page 232;

- You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "*Selling Restrictions*" on page 232, you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Purchaser Representations and Transfer Restrictions*" on page 240, and you warrant that you will comply with such representations, warranties, acknowledgments and undertakings;

- If you are within the United States, you are a U.S. QIB, who is acquiring the Equity Shares for your own account or for the account of an institutional investor who also meets the requirements of a U.S. QIB, for investment purposes only, and not with a view to, or for reoffer or resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part;

- If you are outside the United States, you are subscribing for the Equity Shares in an "offshore transaction" as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made;

- You are not acquiring or subscribing for the Equity Shares as a result of any "general solicitation" or "general advertising" (as those terms are defined in Regulation D under the U.S. Securities Act) or "directed selling efforts" (as defined in Regulation S) and you understand and agree that offers and sales (a) in the United States, are being made in reliance on an exemption to the registration requirements of the U.S. Securities Act provided by Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act, and the Equity Shares may not be eligible for resale under Rule 144A thereunder; and (b) outside the United States, are being made in "offshore transactions" as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in the sections titled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 232 and 240, respectively;

- You represent and agree that you will only reoffer, resell, pledge or otherwise transfer the Equity Shares (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in transactions exempt from the registration requirements of the U.S. Securities Act or; (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act; and (B) in accordance with the applicable laws of the jurisdictions where those offers and sales are made;

- You understand that our Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended ("**Investment Company Act**") and you will not be entitled to the benefits of the Investment Company Act;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the court(s) in Delhi, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- You agree to indemnify and hold our Company, the Lead Managers and their respective directors, officers, employees, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You have made the payment for subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies have been paid from the bank account of the person whose name appears first in the application;

- You acknowledge that the Preliminary Placement Document does not, and this Placement Document shall not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

- You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the Lead Managers;

- You represent that you are not an affiliate of our Company or the Lead Managers or a person acting on behalf of such affiliate. However, affiliates of the Lead Managers, which are Eligible FPIs, may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. For further details, please see "*Offshore Derivative Instruments*" on page 14;

- Our Company, the Lead Managers, their respective affiliates, directors, counsels, officers, employees, shareholders, representatives, agents, controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, and are irrevocable. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the Lead Managers; and

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI including the affiliates of the Lead Managers, who are registered as a Category I FPIs may issue, subscribe to and deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**Offshore Derivative Instruments**"), and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such Offshore Derivative Instruments provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned Category I FPI may receive compensation from the purchasers of such instruments. An FPI will collect the regulatory fee of USD 1,000 or any other amount, as may be specified by SEBI from time to time, from every subscriber of offshore derivative instrument issued by it and deposit such regulatory fee with SEBI by way of electronic transfer in the designated bank account of SEBI. In terms of Regulation 21 of SEBI FPI Regulations, such Offshore Derivative Instruments may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs subject to exceptions provided in the SEBI FPI Regulations, and post compliance with the 'know your client' requirements, as specified by SEBI and subject to payment of applicable regulatory fee and in compliance with such other conditions as may be specified by SEBI. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. Offshore Derivative Instruments have not been and are not being offered or sold pursuant to the Preliminary Placement Document and this Placement Document. This Placement Document does not contain any information concerning Offshore Derivative Instruments or the issuer(s) of any Offshore Derivative Instruments, including, without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control,) is not permitted to be 10% or above of our post-Issue Equity Share capital on a fully diluted basis. The SEBI has, vide a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above-mentioned restrictions shall also apply to subscribers of Offshore Derivative Instruments and two or more subscribers of Offshore Derivative Instruments having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the Offshore Derivative Instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of Offshore Derivative Instruments, these investment restrictions shall apply on the aggregate of the FPI investments and Offshore Derivative Instruments held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA Rules. These investment restrictions shall also apply to subscribers of Offshore Derivative Instruments.

Affiliates of the Lead Managers which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. Any Offshore Derivative Instruments that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any Offshore Derivative Instruments, or in the establishment of the terms of any Offshore Derivative Instruments, or in the preparation of any disclosure related to any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Lead Managers do not make any recommendation as to any investment in Offshore Derivative Instruments and do not accept any responsibility whatsoever in connection with any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be issued are not securities of the Lead Managers and do not constitute any obligations of or claims on the Lead Managers.

Prospective investors interested in purchasing any Offshore Derivative Instruments have the responsibility to obtain adequate disclosures as to the issuer(s) of such Offshore Derivative Instruments and the terms

and conditions of any such Offshore Derivative Instruments from the issuer(s) of such Offshore Derivative Instruments. Neither SEBI nor any other regulatory authority has reviewed or approved any Offshore Derivative Instruments, or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in Offshore Derivative Instruments, including whether Offshore Derivative Instruments are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document and this Placement Document has been submitted to each of the Stock Exchanges.

The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of the Preliminary Placement Document and this Placement Document; or

(2) warrant that the Equity Shares to be issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company,

and it should not, for any reason be deemed or construed to mean that the Preliminary Placement Document and this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription / acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investor(s)', 'bidder', 'prospective investor(s)' and 'potential investor(s)' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue and references to 'our Company', 'Company', 'the Company' and the 'Issuer', are to Varun Beverages Limited and references to 'we', 'us' or 'our' are to our Company together with our Subsidiaries, Associates and Joint Venture.

Currency and units of presentation

In this Placement Document, (i) references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of Republic of India; (ii) references to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America; (iii) references to 'KES' and 'Kenyan Shilling' are to the legal currency of Republic of Kenya; (iv) references to 'DH', 'MAD' and 'Moroccan Dirham' are to the legal currency of Kingdom of Morocco; (v) references to 'MZN', 'MT', 'MTn' and 'Metical' are to the legal currency of Republic of Mozambique; (vi) references to 'रू' 'Rs', 'NPN' and 'Nepalese Rupee' are to the legal currency of the Federal Democratic Republic of Nepal; (vii) references to 'S$', 'SGD' and 'Singapore Dollar' are to the legal currency of the Republic of Singapore; (viii) references to 'රු', 'LKR' and 'Sinhala' are to the legal currency of Democratic Socialist Republic of Sri Lanka; (ix) references to 'ZMW' and 'Kwacha' are to the legal currency of Republic of Zambia; (x) references to 'Z$', 'ZWL' and 'Zimbabwean Dollar' are to the legal currency of Republic of Zimbabwe; and (xi) references to 'R', 'ZAR', 'Rand' and 'South African Rand' are to the legal currency of South Africa. All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Unless stated otherwise, all references to page numbers in this Placement Document are to the page numbers of this Placement Document.

All the numbers in this Placement Document have been presented in millions, unless stated otherwise. The amounts derived from financial statements included herein are presented in ₹ millions.

Except as otherwise set out in this Placement Document, all figures set out in this Placement Document have been rounded off to the nearest whole number. However, all figures expressed in terms of percentage, have been rounded off to one or two decimal places, as applicable. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Financial data and other information

Our Company publishes its financial statements in Indian Rupees.

Our Company's financial year commences on January 1 of each year and ends on December 31 of the same year, accordingly, all references to a particular 'Financial Year' or 'Calendar Year' or 'CY' or 'Fiscal Year' or 'FY' or 'Fiscal', unless stated otherwise, are to the 12 months period ended on December 31 of that year. Our financial year ending on December 31 was approved, pursuant to an order dated December 15, 2015, issued by the Company Law Board, New Delhi.

Our Company has published its audited consolidated financial statements as of and for the Financial Year ended December 31, 2023, December 31, 2022 and December 31, 2021 and the unaudited consolidated financial results of our Company as at and for the six months ended June 30, 2024 and June 30, 2023 and unaudited consolidated financial results for the nine months ended September 30, 2024 and September 30, 2023, in compliance with the SEBI Listing Regulations. As required under the applicable regulations, and for the convenience of prospective investors, we have included the following in this Placement Document:

i. audited consolidated financial statements of our Company as at and for the Financial Year ended December 31, 2023, December 31, 2022 and December 31, 2021, prepared in accordance with the Indian Accounting Standards ("**Ind AS**") notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act (collectively, the "**Audited Consolidated Financial Statements**");

ii. unaudited consolidated financial results of our Company as at and for the six months ended June 30, 2024 and June 30, 2023, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards 34 "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act read with the relevant rules thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the SEBI Listing Regulations (the "**Unaudited Consolidated June Financial Results**");

iii. unaudited consolidated financial results of our Company for the nine months ended September 30, 2024 and September 30, 2023, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards 34 "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act read with the relevant rules thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the SEBI Listing Regulations (the "**Unaudited Consolidated September Financial Results**" and together with the Unaudited Consolidated June Financial Results the "**Unaudited Consolidated Financial Results**"). The Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results are referred to as, the "**Financial Information**").

The audited consolidated financial statements as at and for the Financial Year ended December 31, 2023, have been audited by our Joint Statutory Auditors, on which they have issued audit report dated February 5, 2024. Additionally, limited review of the Unaudited Consolidated September Financial Results has been carried out by the Joint Statutory Auditors, on which they have issued their limited review report dated October 22, 2024. Additionally, limited review of the Unaudited Consolidated June Financial Results has been carried out by the Joint Statutory Auditors, on which they have issued their limited review report dated July 30, 2024. The audited consolidated financial statements as at and for the Financial Year ended December 31, 2022 were jointly audited by O. P. Bagla & Co. LLP., Chartered Accountants and Walker Chandiok & Co LLP, on which they have issued audit report dated February 6, 2023. Further, the audited consolidated financial statements as at and for the Financial Year ended December 31, 2021 were jointly audited by Walker Chandiok & Co LLP and APAS & Co LLP., Chartered Accountants on which they have issued the audit report dated February 3, 2022.

The Audited Consolidated Financial Statements should be read along with the respective audit reports, and the Unaudited Consolidated Financial Results should be read along with the corresponding review report. The Audited Consolidated Financial Statements have been subjected to audit that has been performed in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act. The Unaudited Consolidated Financial Results have been subjected to review conducted in accordance with Standard on Review Engagement (SRE) 2410 issued by the Institute of Chartered Accountants of India ("**ICAI**"). Further, our Unaudited Consolidated Financial Results are not necessarily indicative of results that may be expected for the full financial year or any future reporting period and are not comparable with the annual financials.

Except as specifically indicated otherwise and unless the context requires otherwise, all the consolidated financial information provided as at and for the Fiscal Year 2023, 2022 and 2021 included in this Placement Document have been derived from the Audited Consolidated Financial Statements. Further, except as specifically indicated otherwise and unless the context requires otherwise, all the consolidated financial information for the nine months ended September 30, 2024, included in this Placement Document have been derived from the Unaudited Consolidated Financial Results.

Our Company prepares its financial statements in accordance with Ind AS. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards ("**IFRS**"). Our Company does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Placement Document, nor does our Company provide a reconciliation of its Financial Information to IFRS or U.S. GAAP. Accordingly, the degree to which the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results included in this Placement Document will provide meaningful information is entirely dependent on the reader's familiarity with the respective Indian accounting standards or principles. Any reliance by persons not familiar with Indian accounting standards on the financial disclosures presented in this Placement Document should accordingly be limited. Prospective investors are advised to consult their advisors before making any investment decision. Please see, *"Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as IFRS and U.S. GAAP, which may be material to investors' assessment of our financial condition"* on page 83.

The information on our Company's website shall not form a part of this Placement Document.

Non-GAAP financial measures

We have included certain non-GAAP financial measures relating to our operations and financial performance such as, "*EBITDA*" and "*interest coverage ratio*" (together, "**Non-GAAP Financial Measures**" and each, a "**Non-GAAP Financial Measure**") in this Placement Document. For details of these Non-GAAP Financial Measures, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations –Non-GAAP Measures*" on page 135. These Non-GAAP Financial Measures are not required by or presented in accordance with Ind AS. We compute and disclose such Non-GAAP Financial Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of the Company's businesses, many of which provide such Non-GAAP Financial Measures and other statistical and operational information when reporting their financial results. However, note that these Non-GAAP Financial Measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies. The presentation of these Non-GAAP Financial Measures is not intended to be considered in isolation or as a substitute for the financial statements included in this Placement Document. Prospective investors should read this information in conjunction with the financial statements included in "*Financial Information*" on page 276.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Placement Document consists of estimates based on data reports compiled by governmental bodies, professional organisations, industry publications and analysts and on data from other external sources, and on our knowledge of markets in which we compete. The statistical information included in this Placement Document relating to the various sectors in which we operate has been reproduced from various trade, industry and regulatory / government publications and websites, more particularly described in "*Industry Overview*" on page 153.

Unless stated otherwise, statistical information, industry and market data used throughout this Placement Document has been obtained from the report titled "*India Soft Drinks Market Insights 2023 and Global Market Data Insights"* dated October 2024 (the "**GlobalData Report**"), which is a report exclusively commissioned and paid for by our Company and prepared and issued by GlobalData, pursuant to a booking form dated October 1, 2024, in connection with the Issue.

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – Industry information included in this Placement Document has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete, reliable or accurate."* on page 80.

Further, the calculation of certain statistical and/or financial information / ratios specified in the sections titled "*Business*", "*Risk Factors*", "*Management's Discussions and Analysis of Results of Operations and Financial Condition*" and otherwise in this Placement Document may vary from the manner such information is calculated under and for purposes of, and as specified in, the GlobalData Report. Data from these sources may also not be comparable. The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Accordingly, investment decisions should not be based solely on such information.

Our Company takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by an independent source and neither our Company nor the Lead Managers can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute '*forward-looking statements*'. Investors can generally identify forward-looking statements by terminology such as '*aim*', '*anticipate*', '*believe*', '*continue*', '*can*', '*could*', '*estimate*', '*expect*', '*intend*', '*goal*', '*may*', '*objective*', '*plan*', '*potential*', '*project*'', '*pursue*', '*shall*', '*should*', '*will*', '*would*', '*will likely result*', '*is likely*', '*are likely*', '*believe*', '*expect*', '*expected to*', '*will continue*', '*will achieve*', '*will pursue*' or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

The forward-looking statements appear in a number of places throughout this Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements contained in this Placement Document (whether made by us or any third party), are projections and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others include:

- The termination or non-renewal of the PepsiCo India Agreements or the PepsiCo International Agreements or the Tropicana India Agreement by PepsiCo India/ PepsiCo Inc./ SVC/ PepsiCo International Entities or any material modification to the existing terms under such agreements adverse to our interest.
- The various obligations we are subject to under the PepsiCo India Agreements, Tropicana India Agreement and the PepsiCo International Agreements, including the obligation to purchase PepsiCo beverage concentrate exclusively from PepsiCo or PepsiCo approved manufacturers, being set in a manner adverse to our business interest.
- An inability to integrate the operations of, or leverage potential operating and cost efficiencies from the recent acquisition of The Beverage Company (Proprietary) Limited in South Africa.
- An inability to secure the prior approval of PepsiCo that our growth plans and expansion struggles are subject to.
- Any adverse weather conditions during peak sales seasons, since a significant majority of our production and sales is seasonal, with a majority of our CSD and NCB sales taking place during the summer months,
- Our inability to service our debt obligations in a timely manner or to comply with various financial and other covenants and other terms and conditions of our financing agreements.
- Insufficient cash flows from our operations or an inability to borrow funds to meet our working capital requirements, as our business is working capital intensive.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*" and "*Our Business*" on pages 55, 111, 153 and 172, respectively.

The forward-looking statements contained in this Placement Document are based on the beliefs of our Company and management, as well as the assumptions made by, and information currently available to, our Company and management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, the prospective investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and neither we nor the Lead Managers nor any of their affiliates undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations, cash flows or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent oral or written forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public limited company limited by shares, incorporated under the laws of India. Majority of our Directors, Key Managerial Personnel and Senior Management named herein are residents of India and a substantial portion of the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to effect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and 44A, respectively, of the Civil Procedure Code, 1908, as amended ("**Civil Procedure Code**"). Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

a) where the judgment has not been pronounced by a court of competent jurisdiction;
b) where the judgment has not been given on the merits of the case;
c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;
d) where the proceedings in which the judgment was obtained were opposed to natural justice;
e) where the judgment has been obtained by fraud; and
f) where the judgment sustains a claim founded on a breach of any law, then in force in India.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards (even if such an award is enforceable as a decree or judgement). The execution of a foreign decree under Section 44A of the Civil Procedure Code is also subject to the exception under Section 13 of the Civil Procedure Code.

The following territories have been declared to be reciprocating territories within the meaning of Section 44A of the Civil Procedure Code by the Government of India, comprising of the United Kingdom, Aden, Fiji, Republic of Singapore, Federation of Malaysia, Trinidad and Tobago, New Zealand, the Cook Islands (including Niue) and the Trust Territories of Western Samoa, Hong Kong and United Arab Emirates. The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such foreign judgement, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and additionally and any such amount may be subject to income tax pursuant to execution of such a judgment in accordance with applicable laws. Our Company and the Lead Managers cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and the foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information, for or as of the end of the period indicated with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per USD), for the years / periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmarks India Private Limited (the "**FIBIL**"), which is available on the website of the RBI and FIBIL. No representation is made that any Rupee amounts, could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(₹ per US$)

Period	Period end(1)	Average(2)	High(3)	Low(4)
Calendar Year				
2023	83.12	82.60	83.40	81.22
2022	82.79	78.65	83.20	73.93
2021	74.30	73.93	76.25	72.29
Month ended				
October 31, 2024	84.08	84.03	84.08	83.81
September 30, 2024	83.67	83.81	83.98	83.49
August 31, 2024	83.87	83.90	83.97	83.73
July 31, 2024	83.73	83.59	83.74	83.40
June 30, 2024	83.45	83.47	83.59	83.07
May 31, 2024	83.42	83.39	83.52	83.08

(Source: www.fbil.org.in and www.rbi.org.in).

Notes:

(1) The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods.

(2) Represents the average of the official rate for each Working Day of the relevant period.

(3) Maximum of the official rate for each Working Day of the relevant period.

(4) Minimum of the official rate for each Working Day of the relevant period.

(5) In the event that the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day have been considered. The RBI reference rate is rounded off to two decimal places.

The exchange rates set out above were not the exchange rates used in, and may have differed at all relevant times from, the exchange rates used in the preparation of our financial information.

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Placement Document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Placement Document shall have the meaning as defined hereunder unless specified otherwise in the context thereof. Further, any references to any statute, rules, guidelines, regulations or policies shall include amendments thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act, or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in "*Taxation*", "*Industry Overview*", "*Financial Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Legal Proceedings*", shall have the meaning given to such terms in such sections on pages 252, 153, 276, 111 and 261, respectively.

General terms

Term	Description
"Issuer", or "our Company" or "the Company"	Varun Beverages Limited, a public limited company incorporated under the Companies Act, 1956, and having its registered office at F-2/7, Okhla Industrial Area, Phase I, New Delhi – 110 020, Delhi, India and its corporate office at Plot No. 31, Institutional Area, Sector – 44, Gurgaon – 122 002, Haryana, India
"we", "Group", "our Group", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company together with our Subsidiaries, Associates and Joint Venture

Company related terms

Term	Description
Articles / Articles of Association / AoA	The articles of association of our Company, as amended from time to time
Associates	The associate company of our Company as on the date of this Placement Document, as described in "*Organisational Structure*" on page 200. For the purpose of financial information, the term 'Associates' shall mean our Associates as at and during the relevant Fiscal/ period
Audit, Risk Management and Ethics Committee	The audit, risk management and ethics committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 201
Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company as at and for the financial year ended December 31, 2023, December 31, 2022 and December 31, 2021, prepared in accordance with Ind AS notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act
BevCo	The Beverage Company (Proprietary) Limited, South Africa
Board of Directors / Board	The board of directors of our Company or any duly constituted committee thereof
Chairman	The chairman of our Board, Ravi Kant Jaipuria
Chief Financial Officer	The chief financial officer of our Company, Rajesh Chawla
Chief Risk Officer & Group Company Secretary	The chief risk officer & group company secretary of our Company, Ravi Batra
Corporate Office	The corporate office of our Company which is located at Plot No. 31, Institutional Area, Sector – 44, Gurgaon – 122 002, Haryana, India
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 201
Director(s)	The director(s) on the Board of our Company
Environment Social and Governance Committee	The environment social and governance committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 201
ESOS 2013	Erstwhile Varun Beverages Limited Employees Stock Option Scheme 2013
ESOS 2016	Varun Beverages Limited Employees Stock Option Scheme 2016
Equity Share(s)	The equity shares of our Company, having a face value of ₹2 each
Executive Director(s)	The executive directors of our Company, Varun Jaipuria, Raj Pal Gandhi and Rajinder Jeet Singh Bagga
Executive Vice-Chairman	The executive vice-chairman of our Company, Varun Jaipuria

Term	Description
Financial Information	Collectively, the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results
GlobalData	GlobalData Plc.
GlobalData Report	Report titled "*India Soft Drinks Market Insights 2023 and Global Market Data Insights*" dated October 2024 issued by GlobalData
Independent Director(s)	The independent director(s) of our Company, Sita Khosla, Ravi Gupta, Rashmi Dhariwal, Abhiram Seth and Anil Kumar Sondhi
Investment And Borrowing Committee	The investment and borrowing committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 201
Joint Statutory Auditors	The current joint statutory auditors of our Company, J. C. Bhalla & Co., Chartered Accountants and O. P. Bagla & Co. LLP., Chartered Accountants
Joint Venture(s)	The joint venture company of our Company as on the date of this Placement Document, as described in "*Organisational Structure*" on page 200. For the purpose of financial information, the term 'Joint Venture' shall mean our Joint Venture as at and during the relevant Fiscal/ period
KMP / Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 and as further described in "*Board of Directors and Senior Management*" on page 201
Management Committee	The Management Committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 201
MoA / Memorandum / Memorandum of Association	The memorandum of association of our Company, as amended from time to time
Nomination and Remuneration Committee	The nomination and remuneration committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 201
Non – Executive Director(s)	The non-executive directors of our Company, include Chairman, Independent Directors and Non-Executive Non-Independent Director
Non-Executive Non-Independent Director	The non-executive non-independent director, Naresh Trehan
PepsiCo	Refers to PepsiCo Inc., PepsiCo India, Stokely-Van Camp, Inc., and/ or their affiliates
PepsiCo India	PepsiCo India Holdings Private Limited
PepsiCo India BTA	Business transfer agreement dated February 18, 2019 entered into between our Company, PepsiCo India and RJ Corp Limited
PepsiCo India Agreements	Refers collectively, to the three bottling appointment and trademark license agreements: (i) dated May 1, 2019 executed with PepsiCo India; (ii) dated May 1, 2019 executed with PepsiCo Inc.; and (iii) dated May 1, 2019 executed with SVC, specifically for Gatorade
PepsiCo International Agreements	Refers collectively, to 13 country specific bottling agreements in relation to our international operations and specifically, the (i) exclusive bottling appointment agreement dated November 7, 2013 between PepsiCo Inc. and VBL Lanka; (ii) exclusive bottling appointment agreement dated August 1, 2011 between PepsiCo Inc. and VBL Lanka; (iii) exclusive bottling appointment agreement dated August 1, 2011 between Portfolio Concentrate Solutions Unlimited Company and VBL Lanka; (iv) bottling appointment and trademark license agreement dated October 30, 2013 between PepsiCo Inc. (formerly Tropicana Products, Inc.) and VBL Lanka; (v) exclusive bottling appointment agreement dated December 1, 2011 between PepsiCo Inc. and VBNPL, (vi) exclusive bottling appointment agreement dated December 1, 2011 between Portfolio Concentrate Solutions Unlimited Company and VBNPL; (vii) exclusive bottling appointment agreement dated September 1, 2010 between Portfolio Concentrate Solutions Unlimited Company and VBZPL; (viii) exclusive bottling appointment agreement dated September 1, 2010 between PepsiCo Inc. and VBZPL; (ix) exclusive bottling appointment agreement dated February 1, 2011 between PepsiCo Inc. and VBM; (x) exclusive bottling appointment agreement dated February 1, 2011 between Portfolio Concentrate Solutions Unlimited Company and VBM; (xi) exclusive bottling appointment agreement dated June 14, 2024 between PepsiCo Inc. and VBZPL; (xii) exclusive bottling appointment agreement effective from March 1, 2024 between PepsiCo Inc. and VBRDC; (xiii) exclusive bottling appointment agreement effective from April 1, 2024 between PepsiCo Inc. and BevCo; and a temporary sales and distribution authorisation dated April 1, 2024 for temporary sales and distribution rights of PepsiCo beverages in the territories of Mozambique and Madagascar.
PepsiCo International Entities	Refers to PepsiCo Inc., Portfolio Concentrate Solutions Unlimited Company, and/ or their affiliates, as applicable, with whom our Company through its Subsidiaries has entered into the PepsiCo International Agreements

Term	Description
Promoters	The promoters of our Company in terms of the SEBI ICDR Regulations and the Companies Act, Ravi Kant Jaipuria, Varun Jaipuria and RJ Corp Limited
Promoter Group	The persons and entities constituting the promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations
Registered Office	The registered office of our Company, located at F-2/7, Okhla Industrial Area, Phase I, New Delhi – 110 020, Delhi, India
Risk Management Committee	The risk management committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 201
RoC / Registrar of Companies	The Registrar of Companies, Delhi and Haryana at New Delhi
Sales Volume(s)	Represents sales volume (in million unit cases) of our PepsiCo products to our customers but does not include any sales to PepsiCo and/or any other franchisees of PepsiCo. Further, the Sales Volume is calculated and presented on the basis that each unit case consists of 24 units of beverages of approximately 236.58 ml each, aggregating to 5.678 litres of beverage per unit case
Senior Management	Senior management of our Company as determined in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations and as disclosed in "*Board of Directors and Senior Management*" on page 201
Share Allotment Committee	The share allotment committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 201
Shareholder(s)	The holder(s) of the Equity Shares of our Company, unless otherwise specified in the context thereof
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 201
Subsidiaries	The subsidiaries of our Company as on the date of this Placement Document, as described in "*Organisational Structure*" on page 200
SVC	Stokely-Van Camp, Inc.
Tropicana India Agreement	Refers to the bottling appointment and trademark license agreement dated June 25, 2019 executed with PepsiCo Inc. (formerly Tropicana Products, Inc.), as amended from time to time.
Unaudited Consolidated June Financial Results	The unaudited consolidated financial results of our Company as at and for the six months ended June 30, 2024 and June 30, 2023, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards 34 "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act read with the relevant rules thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the SEBI Listing Regulations
Unaudited Consolidated September Financial Results	The unaudited consolidated financial results of our Company for the nine months ended September 30, 2024 and September 30, 2023, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards 34 "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act read with the relevant rules thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the SEBI Listing Regulations
Unaudited Consolidated Financial Results	Collectivley, the Unaudited Consolidated June Financial Results and the Unaudited Consolidated September Financial Results
VBL Lanka	Varun Beverages Lanka (Private) Limited
VBM	Varun Beverages Morocco SA
VBNPL	Varun Beverages (Nepal) Private Limited
VBRDC	Varun Beverages RDC SAS
VBZPL	Varun Beverages (Zimbabwe) (Private) Limited
Whole-time Director(s)	The whole-time directors of our Company, Varun Jaipuria, Raj Pal Gandhi and Rajinder Jeet Singh Bagga

Issue related terms

Term	Description
Allocated / Allocation	The allocation of Equity Shares by our Company, in consultation with the Lead Managers, following the determination of the Issue Price to Eligible QIBs on the basis of the Application Forms submitted by them, in consultation with the Lead Managers and in compliance with Chapter VI of the SEBI ICDR Regulations
Allot / Allotment / Allotted	Unless the context otherwise requires, the allotment of Equity Shares to be issued pursuant to this Issue
Allottees	Eligible QIBs to whom Equity Shares are to be Allotted pursuant to this Issue
Application Form	The form (including any revisions thereof) pursuant to which a Bidder indicates its interest to subscribe for the Equity Shares of our Company pursuant to the Issue during the Bid/ Issue Period

Term	Description
Bid(s)	An indication of interest by an Eligible QIB, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares to be issued pursuant to this Issue. The term “Bidding” shall be construed accordingly
Bidder(s)	An investor, being an Eligible QIB who made a Bid pursuant to the terms of the Preliminary Placement Document
Bid Amount	The amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by Eligible QIBs and payable by the Eligible QIBs in the Issue on submission of the Application Form
Bid / Issue Closing Date	The date after which our Company (or Lead Managers on behalf of our Company) shall cease acceptance of Application Forms and the Bid Amount, being November 19, 2024
Bid / Issue Opening Date	The date on which our Company (or the Lead Managers on behalf of our Company) had commenced acceptance of the Application Forms and the Bid Amount, being November 13, 2024
Bid / Issue Period	Period between the Bid / Issue Opening Date and the Bid / Issue Closing Date, inclusive of both days during which Eligible QIBs submitted their Bids along with the Bid Amount
CAN / Confirmation of Allocation Note	Note or advice or intimation to Successful Bidders confirming the Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e. on or about November 20, 2024
Designated Date	The date of credit of Equity Shares to the Allottees’ demat accounts pursuant to the Issue, as applicable to the relevant Allottees
Eligible FPI(s)	Foreign portfolio investor, as defined under the SEBI FPI Regulations (other than individuals, corporate bodies and family offices), and including persons who have been registered under the SEBI FPI Regulations, that are eligible to participate in this Issue
Eligible QIB(s)	A qualified institutional buyer, as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations which (i) is not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, or (b) restricted from participating in the Issue under the applicable laws, and (ii) is a resident in India or is an Eligible FPI participating through Schedule II of the FEMA Rules. However, FVCIs are not permitted to participate in the Issue. In the United States, persons reasonably believed to be “qualified institutional buyers” as defined in Rule 144A under the U.S. Securities Act may participate in the Issue
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, opened with the Escrow Agent, subject to the terms of the Escrow Agreement, into which the Bid Amount shall be deposited by Eligible QIBs and from which refunds, if any, shall be remitted, as set out in the Application Form
Escrow Agent	Axis Bank Limited
Escrow Agreement	The escrow agreement dated November 11, 2024 entered into by and amongst our Company, the Escrow Agent and the Lead Managers for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders.
Floor Price	The floor price of ₹594.56 per Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company has offered a discount of ₹29.56 per Equity Share, equivalent to 4.97% of the Floor Price in accordance with the approval of the shareholders of our Company accorded by way of a special resolution through postal ballot passed on November 8, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations
Fraudulent Borrower	An entity or person categorised as a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018, as amended
Gross Proceeds	The gross proceeds of the Issue that will be available to our Company
Issue	The offer, issue and Allotment of 132,743,362 Equity Shares to Eligible QIBs pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act and the rules made thereunder
Issue Price	₹565.00 per Equity Share
Issue Size	The issue of up to 132,743,362 Equity Shares aggregating up to ₹75,000 million
Lead Managers / LMs	Kotak Mahindra Capital Company Limited, CLSA India Private Limited, IIFL Capital Services Limited (*formerly known as IIFL Securities Limited*), Jefferies India Private Limited and Motilal Oswal Investment Advisors Limited
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Monitoring Agency	CARE Ratings Limited

Term	Description
Monitoring Agency Agreement	Agreement dated November 9, 2024, entered into by and amongst our Company and the Monitoring Agency in relation to the responsibilities and obligations of the Monitoring Agency for monitoring the utilisation of the Gross Proceeds
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue
Placement Agreement	The placement agreement dated November 13, 2024, entered into by and amongst our Company and the LMs
Placement Document	This placement document dated November 19, 2024 issued by our Company in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder
Preliminary Placement Document	The preliminary placement document along with the Application Form dated November 13, 2024, issued in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder
QIBs or Qualified Institutional Buyers	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Bid Amount submitted by such Bidder pursuant to the Issue
Relevant Date	November 13, 2024, which is the date of the meeting wherein the Management Committee duly authorised by the Board of Directors, decided to open the Issue
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Bid Amount along with the Application Form and who have been Allocated Equity Shares pursuant to the Issue
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Technical, industry and other terms

Term	Description
CSD	Carbonated Soft Drinks
CPI	Consumer Price Index
EDA	Eating, drinking and accommodation
GPRS	General Packet Radio Services
NCB	Non-Carbonated Beverages
PET	Polyethylene terephthalate
PCC	Per capita consumption
QSR	Quick-service restaurant
RGB	Returnable Glass Bottles
RTD	Ready-to-drink
SAMNA	Sales Automation Management for the New Age
SKU	Stock Keeping Unit
SPEED	Sales Planning Execution Engagement and Delivery
TDR	Temporary sales and distribution rights
Unit Case	Refers to a unit case consisting of 24 units of beverages of approximately 236.58 ml each, aggregating to 5.678 litres of beverage per unit case

Conventional and General Terms / Abbreviations

Term	Description
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
Arbitration Act	Arbitration and Conciliation Act, 1996, as amended
AS	Accounting Standards issued by ICAI, as required under the Companies Act
AY	Assessment year
BSE	BSE Limited
Calendar Year / CY	Period of 12 months commencing from January 1 & ending on December 31
CDSL	Central Depository Services (India) Limited

Term	Description
CIN	Corporate Identity Number
CSR	Corporate social responsibility
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
Companies Act / Companies Act, 2013 / Act	Companies Act, 2013, as amended and the rules, regulations, circulars, modifications and clarifications thereunder, to the extent notified
Competition Act	The Competition Act, 2002, as amended
CrPC	Code of Criminal Procedure, 1973
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018, as amended
Depository Participant	A depository participant as defined under the Depositories Act
DDT	Dividend distribution tax
DIN	Director identification number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India *(formerly known as Department of Industrial Policy and Promotion)*
EGM	Extraordinary general meeting
FDI	Foreign direct investment
FDI Policy	Consolidated FDI Policy issued by the DPIIT bearing file number 5(2)/2020-FDI Policy dated and with effect from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999, as amended and the regulations issued thereunder
FEMA Norms	The Government issued a notification and imposed certain restrictions or conditionality on such investments pursuant to Press Notes, circulars and regulations (including FEMA Rules) issued by the DPIIT or the RBI or the Ministry of Finance, Government of India, from time to time, as the case may be.
FEMA Rules	The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended and any notifications, circulars or clarifications issued thereunder
Finance Act	The Finance Act, 2024
Financial Year / Fiscal Year / FY / Fiscal	A period of twelve months ending December 31 of that particular year unless otherwise stated
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
FPI Operational Guidelines	SEBI circular dated November 5, 2019 which issued the operational guidelines for FPIs
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GAAP	Generally accepted accounting principles
GAAR	General Anti-Avoidance Rules
GDP	Gross domestic product
GDR	Global Depository Receipt
GoI / Government	Government of India, unless otherwise specified
GST	Goods and services tax
HUF	Hindu undivided family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
Ind AS	Indian accounting standards converged with IFRS as specified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended
IPC	Indian Penal Code, 1860
IT	Information technology
JV	Joint venture(s)
MCA	Ministry of Corporate Affairs, GoI
MNC	Multinational companies
NCLT	National Company Law Tribunal, GoI
NRI / Non-Resident Indian	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955, as amended
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited

Term	Description
PAS Rules	Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
PSU	Public sector undertaking
R&D	Research and development
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
Regulation S	Regulation S under the U.S. Securities Act
Rs. / Rupees / INR / ₹	Indian Rupees, the legal currency of the Republic of India
ROE	Return on equity
ROCE	Return on capital employed
Rule 144A	Rule 144A under the U.S. Securities Act
SCR (SECC) Regulations	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, as amended
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI FVCI Regulations	The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SRE 2410	Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by ICAI
Stock Exchanges / Indian Stock Exchanges	Collectively, BSE and NSE
STT	Securities transaction tax
U.S.$ / U.S. dollar / USD	United States Dollar, the legal currency of the United States
USA / U.S. / United States	United States of America
U. S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	The United States Securities Act of 1933, as amended
U.S. QIBs	Qualified institutional buyers as defined in Rule 144A
VCF	Venture capital fund

SUMMARY OF BUSINESS

Overview

We are one of the largest franchisees in the world (outside USA) of carbonated soft drinks ("**CSDs**") and non-carbonated beverages ("**NCBs**") sold under trademarks owned by PepsiCo Inc., PepsiCo India, Stokely-Van Camp Inc. ("**SVC**"), and/ or their affiliates (collectively, "**PepsiCo**"). We manufacture, sell and distribute a wide range of CSDs, as well as a large selection of NCBs, including packaged drinking water. PepsiCo CSD brands produced and sold by us include Pepsi, Pepsi Zero, Mountain Dew, Sting, Seven-Up, Seven-Up Zero, Mirinda, Seven-Up Nimbooz Masala Soda, Evervess and Rockstar (with Rockstar present only in South Africa). PepsiCo NCB brands produced and sold by us include Slice, Tropicana, Tropicana Frutz, Tropicana Juices (100% and Delight), Nimbooz, Gatorade, Lipton Ice Tea, as well as packaged drinking water under the brand Aquafina and Aquavess. In addition, we sell and distribute PepsiCo snacks brands such as Lay's, Cheetos and Doritos in Morocco, as well as Simba in Zambia and Zimbabwe. We have also acquired certain brands of CSDs that include Refreshhh, Reboost, Coo-ee and Jive in South Africa and NCBs that include Refreshhh in South Africa. We manufacture, distribute and sell Aquaclear Packaged Water in Zambia and Zimbabwe. We have also obtained a license from Devyani Food Industries Limited to manufacture, sell and distribute Cream Bell value-added dairy-based beverages in India.

As of September 30, 2024, we have been granted franchises for various PepsiCo products across 26 States and six Union Territories in India. India is our largest market and contributed 79.87%, 81.34%, 80.77%, 82.46% and 77.28% of our total Sales Volume (in million Unit Cases) in Fiscal 2021, 2022 and 2023, and in the nine months ended September 30, 2023 and 2024, respectively. We have also been granted the franchise for various PepsiCo products for the territories of Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa (including Lesotho and Eswatini) and Democratic Republic of Congo, distribution rights for Namibia and Botswana, and TDRs effective April 1, 2024 for Mozambique and Madagascar. On April 1, 2024, we completed the acquisition of The Beverage Company (Proprietary) Limited, South Africa ("**BevCo**") in South Africa, pursuant to which we have been able to establish our presence in franchised territories in South Africa, Lesotho and Eswatini, as well as territories with distribution rights in Namibia and Botswana, and TDRs effective April 1, 2024 in Mozambique and Madagascar. We have been associated with PepsiCo for over 32 years since the 1990s and have consolidated our business association with PepsiCo over these three decades, increasing the number of licensed territories and sub-territories covered by us, producing and distributing a wider range of PepsiCo beverages and soft drinks, introducing various SKUs in our portfolio, and expanding our distribution network. Our demonstrated ability to grow PepsiCo product sales in our territories and sub-territories has led to PepsiCo and/ or the PepsiCo International Entities licensing additional franchises to us, including sub-territories in India that were earlier directly operated by PepsiCo or by third-party bottlers. For further information on our franchise arrangements with PepsiCo India/ PepsiCo Inc./ SVC and/ or the PepsiCo International Entities, see "*Our Business – Relationship with PepsiCo*" on page 182.

According to the GlobalData Report, the soft drinks industry in India is expected to grow at a CAGR of 13.4% (in ₹ terms) and 9.9% (in volume terms) from 2024 to 2029. Further, the market share for soft drinks in India was 24.6% among all commercial beverages in 2023. (*Source: GlobalData Report*) PepsiCo was the third largest company in the soft drinks industry in India with a volume share (in terms of million litres) of 9.6% in 2023. (*Source: GlobalData Report*) Further, PepsiCo was the second-largest company in the CSD category in India, with a volume share (in million litres) of 25.5% in 2023. (*Source: GlobalData Report*) In Fiscal 2023, our Company accounted for more than 90% of PepsiCo's beverage sales volume in India. Our Sales Volumes in our sub-territories in India have increased at a CAGR of 27.26% from 455.05 million Unit Cases in Fiscal 2021 to 736.94 million Unit Cases in Fiscal 2023 and was 702.47 million Unit Cases in the nine months ended September 30, 2024. As of September 30, 2024, our licensed sub-territories in India included Arunachal Pradesh, Assam, Chandigarh Union Territories ("**UT**"), Bihar, Chhattisgarh, Delhi UT, Goa, Haryana, Himachal Pradesh, Jharkhand, Madhya Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Punjab, Rajasthan, Uttarakhand, Uttar Pradesh, Tripura, West Bengal as well as certain designated parts of the following sub-territories: Maharashtra and Karnataka. We have also been granted franchises for the following sub-territories in India: Andaman and Nicobar Islands UT, Dadra and Nagar Haveli and Daman and Diu UT, Gujarat, Kerala, Lakshadweep UT, Tamil Nadu, Telangana (except district of Khammam), Puducherry UT (except Yanam), as well as the remaining parts of Maharashtra and Karnataka, and certain designated parts of Andhra Pradesh. According to us, our operational experience, widespread integrated distribution network and market knowledge adds significant value to the distribution and sale of PepsiCo products in India, and we continue to leverage our long association with PepsiCo to evaluate new beverages, packaging, SKUs and markets as consumer preferences evolve. We stand to benefit from our association with PepsiCo in terms of development of brands and marketing, product innovation and potentially entering into licensing agreements with PepsiCo in international markets.

As of September 30, 2024, we operated 36 beverage production facilities across India and 12 beverage production facilities in our international licensed territories. The peak month production capacity in the month of May 2024 of our production facilities in India and international territories was 154.54 million Unit Cases and 62.91 million Unit Cases, respectively. In addition, our production facilities in Pathankot, Hardoi, Guwahati, Sricity, Kota, Begusarai, Supa, Gorakhpur and Khurdha in India, and our production facilities in Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe manufacture preforms while three of our production facilities dedicated to backward integration located at Jammu, Jaipur and Alwar manufacture preforms, crowns, shrink-wrap films, plastic shells and corrugated boxes and pads. We have over the years developed a wide-spread, integrated distribution network across our licensed territories and sub-territories. As of September 30, 2024, our distribution network included over 2,840 owned delivery vehicles. Our distribution network covers urban, semi-urban and rural markets, targeting a wide range of consumers. As of September 30, 2024, we had 2,275 primary distributors (*i.e.*, parties to whom sales in excess of 10,000 unit cases of our PepsiCo beverages in month of May 2024 (our peak month) were recorded) in India and 559 distributors in our international territories. The primary distributors in India accounted for 106.53 million Unit Cases, which represented 90.30% of our aggregate Sales Volumes in India in the month of May 2024.

In Fiscal 2021, 2022 and 2023, and in the nine months ended September 30, 2023 and 2024, our CSD Sales Volumes were 399.95 million Unit Cases, 561.25 million Unit Cases, 654.45 million Unit Cases, 548.67 million Unit Cases and 675.03 million Unit Cases, respectively, our NCB Sales Volumes (excluding packaged drinking water) were 37.22 million Unit Cases, 57.62 million Unit Cases, 58.93 million Unit Cases, 50.56 million Unit Cases and 62.02 million Unit Cases, respectively, while our packaged drinking water Sales Volumes were 132.56 million Unit Cases, 183.73 million Unit Cases, 199.01 million Unit Cases, 157.11 million Unit Cases and 171.92 million Unit Cases, respectively.

We are part of the RJ Corp Limited group, a diversified business conglomerate with interests in beverages, quick-service restaurants, dairy and healthcare. Ravi Kant Jaipuria is the Chairman and Non-Executive Director of our Company. He is the promoter of our Company and has over three decades of experience in developing and expanding food, beverages and dairy business in South Asia and Africa. He is an entrepreneur and business leader. He was awarded the ‘PepsiCo International Bottler of the Year’ in 1997 and 2022, and PepsiCo’s Best Bottler in the AMESA Region in 2020, 2021 and 2022. He was also awarded the ‘Distinguished Entrepreneurship Award’ at the PHD Chamber Annual Awards for Excellence 2018.

Our revenue from operations have increased at a CAGR of 34.98% from ₹89,582.91 million in Fiscal 2021 to ₹163,210.63 million in Fiscal 2023 and was ₹135,900.81 million and ₹166,637.13 million in the nine months ended September 30, 2023 and 2024, respectively. In Fiscal 2021, 2022 and 2023, and in the nine months ended September 30, 2023 and 2024, EBITDA was ₹16,546.45 million, ₹27,881.05 million, ₹36,094.85 million, ₹31,911.98 million and ₹41,311.00 million, respectively. We recorded a net profit after tax of ₹7,460.52 million, ₹15,501.14 million, ₹21,018.13 million, ₹19,580.51 million and ₹24,386.41 million, in Fiscal 2021, 2022 and 2023 and in the nine months ended September 30, 2023 and 2024, respectively.

Recent Developments

As part of our efforts to expand our geographic footprint in Africa, we have recently entered into a share purchase agreement with Tanzania Bottling Company SA to acquire 100% of the share capital of SBC Tanzania Limited (“**SBCT**”, and such agreement, “**SBCT Agreement**”), which is expected to be completed on or before March 31, 2025. We have also entered into a share purchase agreement with Ghana Bottling Company Limited to acquire 100% of the share capital of SBC Beverages Ghana Limited (“**SBCG**” and such agreement, “**SBCG Agreement**”), which is expected to be completed on or before February 28, 2025. In addition, we have also entered into a share purchase agreement to acquire the balance 39.93% of the equity share capital of our Subsidiary, Lunarmech Technologies Private Limited, post which it will become a wholly-owned Subsidiary of our Company.

Our Strengths

Demonstrated ability to achieve scale and volume growth

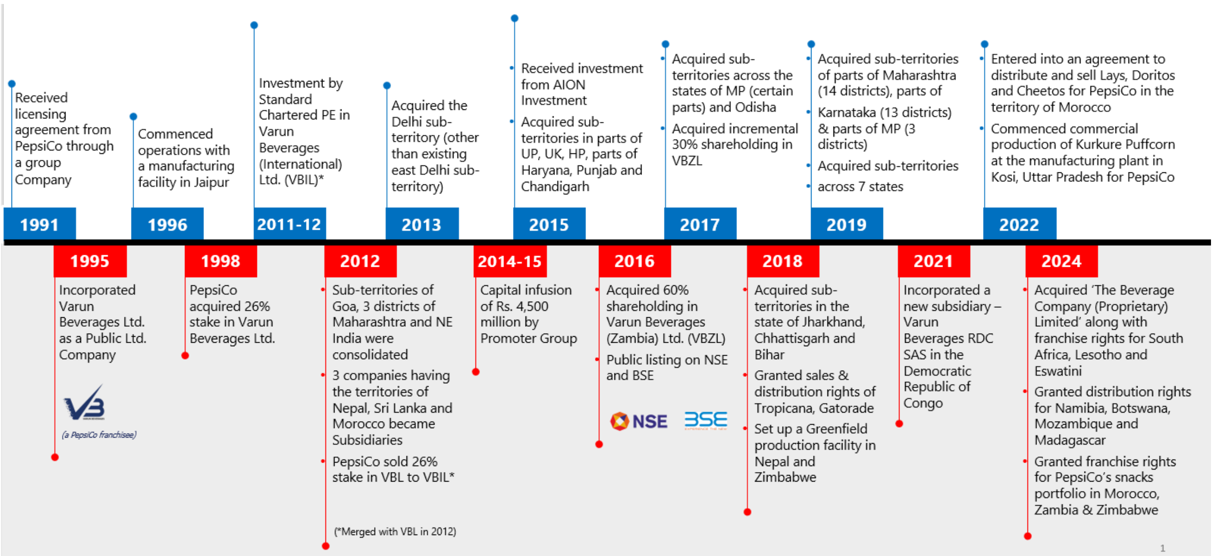
We have been associated with PepsiCo since the 1990s and have over three decades consolidated our business association with PepsiCo, increasing the number of licensed territories and sub-territories covered by us, producing and distributing a wider range of PepsiCo beverages, introducing various SKUs in our portfolio, and expanding our distribution network. As of September 30, 2024, we have been granted franchises for various PepsiCo products across 26 States and six Union Territories. We have also successfully leveraged our association with PepsiCo to expand our operations internationally and have been granted franchises for PepsiCo products in the following nine countries, namely, Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa (including Lesotho and Eswatini) and Democratic Republic of Congo and have distribution rights for Namibia and Botswana, and TDRs effective April 1, 2024 for Mozambique and Madagascar. Our total Sales Volumes in India and in international territories have grown at a CAGR of 26.55% from 569.73 million Unit Cases in Fiscal 2021 to 912.39 million Unit Cases in Fiscal 2023 and was 756.34 million Unit Cases and 908.96 million Unit Cases in the nine months ended September 30, 2023 and 2024, respectively.

We work closely with PepsiCo to implement operational best practices, garner supply chain efficiencies from our large production capacities and distribution network, and implement dynamic "push" marketing strategies taking PepsiCo products directly to customers through retailers and point-of-sale displays, and "pull" marketing initiatives through advertisement and promotional offers. According to the GlobalData Report, the soft drinks industry in India is expected to grow at a CAGR of over 13.4% (in ₹ terms) and 9.9% (in volume terms) from 2024 to 2029. Our demonstrated ability to grow PepsiCo product sales has led to PepsiCo and/ or the PepsiCo International Entities licensing additional territories to us, including those that were earlier directly operated by PepsiCo or by third-party bottlers. In particular, as part of PepsiCo strategy of consolidating certain PepsiCo-operated sub-territories in India under long-term bottling partners, we entered into the PepsiCo India BTA pursuant to which we were granted the franchise for certain additional territories in India. As these territories were geographically contiguous with existing sub-territories, we have been able to benefit from cost and operational efficiencies as well as benefits of economies of scale. We are able to optimize the freight, transportation and distribution costs over a larger territory base which helps increase our margins. The increase in scale of our operations provides us with better bargaining power with our suppliers and ensures better working capital management. As an added advantage, we are able to get benefits of operating leverage through improved asset-utilization and are able to amortize head office expenses on a wider base.

Creating value through strategic alignment with PepsiCo

PepsiCo was the third largest company in the soft drinks industry in India with a volume share (in terms of million litres) of 9.6% in 2023. (*Source: GlobalData Report*) PepsiCo has presence in several categories, including carbonated beverages, packaged water and bulk home and office delivery water, energy drinks, juice, nectars, still drinks, and sports drinks categories. (*Source: GlobalData Report*) PepsiCo CSD brands produced and sold by us include Pepsi, Pepsi Zero, Mountain Dew, Sting, Seven-Up, Seven-Up Zero, Mirinda, Seven-Up Nimbooz Masala Soda, Evervess and Rockstar (with Rockstar present only in South Africa). PepsiCo NCB brands produced and sold by us include Slice, Tropicana, Tropicana Frutz, Tropicana Juices (100% and Delight), Nimbooz, Gatorade, Lipton Ice Tea, as well as packaged drinking water under the brand Aquafina and Aquavess. In addition, we are one of the co-manufacturers of Kurkure Puffcorn in India, while we sell and distribute Lay's, Cheetos and Doritos in Morocco. We have also entered into an agreement with PepsiCo for the franchise rights to manufacture, sell and distribute Simba in Zambia and Zimbabwe.

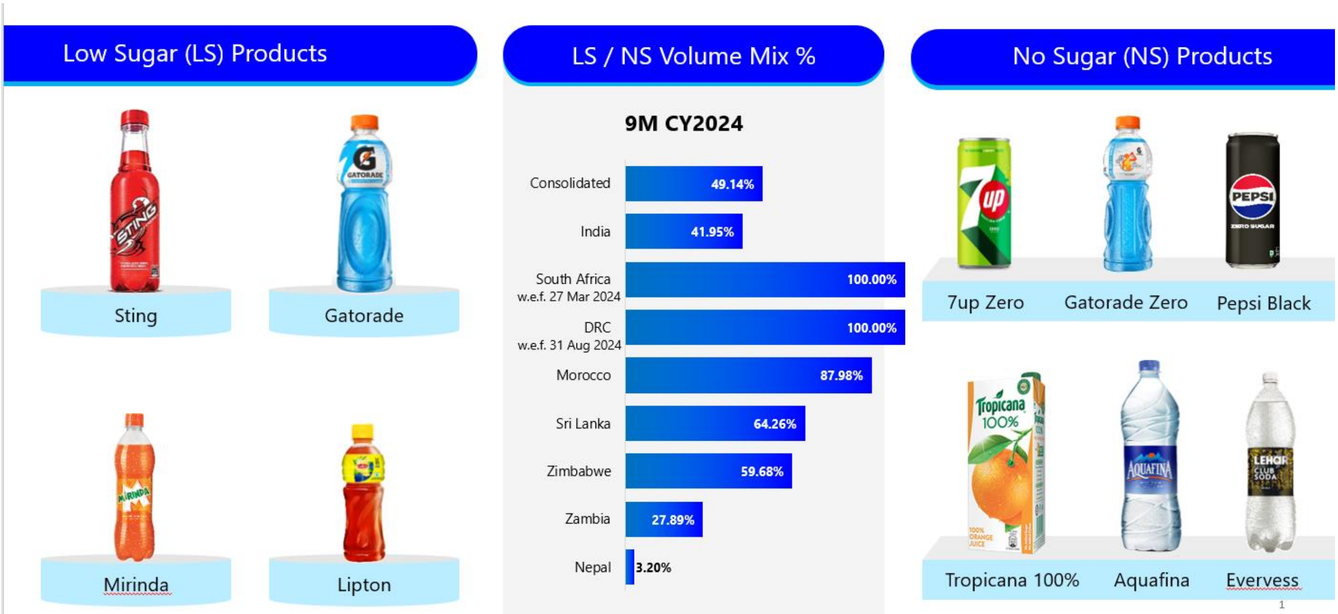
We have been associated with PepsiCo since the 1990s and believe that our strong relationship with PepsiCo is one of our key strengths.



MP refers to Madhya Pradesh; HP refers to Himachal Pradesh; NE refers to North East; UP refers to Uttar Pradesh; and UK refers to Uttarakhand.

Our operations benefit from our long association with PepsiCo, including access to modern technology, marketing leverage, operational know-how, industry best practices, access to key raw materials and equipment at competitive prices as well as access to experienced personnel. We have developed a strategic and operational alignment with PepsiCo across all our functions and organization levels. PepsiCo was the second largest company in the carbonated beverages category in India, with a volume share (in million litres) of 25.5% in 2023. (*Source: GlobalData Report*) In 2023, PepsiCo's total soft drinks volume was 4,923.42 million litres in India. (*Source: GlobalData Report*) In Fiscal 2023, our Sales Volume for CSDs, NCBs and packaged drinking water in our sub-territories in India were 544.08 million Unit Cases, 55.07 million Unit Cases and 137.79 million Unit Cases, respectively, while, in the nine months ended September 30, 2023 and 2024, the Sales Volumes were 623.64 million Unit Cases and 702.47 million Unit Cases, respectively.

We have developed sales teams that work closely with PepsiCo to develop and implement local advertising and marketing strategies and special sales schemes. PepsiCo also has an active product development team that we work with to strategize new product launches in India. For instance, to align with consumer preferences and health choices, we have introduced a number of low sugar and no sugar products.



DRC: Democratic Republic of Congo

According to us, our wide consumer base and strong distribution chain relationships enable us to contribute effectively to PepsiCo's marketing strategy and implement these initiatives at the local distribution and consumer level. In addition, we work closely with PepsiCo on production techniques, quality control, environmental matters as well as new packaging and product development initiatives. We source high quality raw materials such as concentrate, sweeteners, purified water and carbon dioxide from reputed suppliers that are pre-approved from quality perspective by PepsiCo India/ PepsiCo Inc./ SVC and/ or PepsiCo International Entities. Our key employees also attend management and staff development programs organized by PepsiCo. For further information relating to our relationship with PepsiCo, see "*Our Business – Relationship with PepsiCo*" on page 182.

Established track record of successful acquisition and integration

We have established a track record of acquiring and successfully integrating new territories, additional franchisee rights as well as additional businesses through strategic acquisitions to supplement our business verticals, grow and further strengthen our product portfolio, increase our Sales Volume and increase our market share. We believe that using our experience we were able to improve the performance of majority of these new territories as well as grow our scale of business and operations, achieve economies of scale, increase Sales Volume and increase our operating efficiency, thereby further improving our market position.

We have concluded the following acquisitions as on the date of this Placement Document:

S. No.	Acquisition	Territory/ Production Facility	Completion Date
1.	The Beverage Company (Proprietary) Limited, South Africa	South Africa, Lesotho, and Eswatini, as well as territories with distribution rights in Namibia and Botswana and TDRs effective April 1, 2024 in Mozambique and Madagascar	April 1, 2024

We have also successfully leveraged our association with PepsiCo India and PepsiCo Inc. to expand our operations internationally and have been granted franchisees for PepsiCo beverages in Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa (including Lesotho and Eswatini) and Democratic Republic of Congo. With our proposed acquisition of SBC Tanzania Limited ("**SBCT**") and SBC Beverages Ghana Limited ("**SBCG**"), we intend to expand our operations in Tanzania and Ghana, respectively. SBCT is engaged in the manufacturing and distribution of PepsiCo-owned non-alcoholic beverages in Tanzania such as Pepsi, Pepsi Max, Seven-Up, Seven-Up FREE, Mirinda, Mountain Dew and Everess. It also manufactures and sells an energy drink under its own brand 'Supa Komando'. On the other hand, SBCG is engaged in the manufacturing and distribution of PepsiCo-owned non-alcoholic beverages in Ghana such as Pepsi, Pepsi Max, Seven-Up, Seven-Up FREE, Mirinda, Mountain Dew and Everess. It also manufactures and sells an energy drink under its own brand 'Cheetah'.

We believe that, using our execution expertise, we were able to successfully integrate these acquired businesses in our portfolio by bringing in industry best practices to these acquired businesses including standard operating procedures, in a phased manner, resulting in efficiency and distribution enhancement.

Significant market opportunity with high growth potential

India remains one of the fastest growing economies worldwide, and is set to become the third largest consumer market worldwide in the future due to factors such as increasing incomes, rising consumer spending, rapid urbanization, and growing rural consumption along with growth in related industries including retail and e-commerce, which means further growth in consumer spending is likely, which would in turn result in an increase in demand for soft drinks (*Source: GlobalData Report*). As per the World Bank, India's GDP growth is expected to be approximately between 7.3% and 7.5% during the next three fiscals, which means further growth in consumer spending is likely, which would in turn result in an increase in demand for soft drinks (*Source: GlobalData Report*). Further, the Indian soft drinks market volume was 51,257.6 million litres in 2023 and is expected to record the highest volume growth among all commercial beverages with a CAGR of 9.90% during 2024 and 2029 as well as an incremental volume of 36,579.5 million litres during 2024 and 2029 (*Source: GlobalData Report*). The availability of a wide range of products online, coupled with a rising preference for convenient home deliveries, enabled the ecommerce sub-channel to record robust growth of 33.1% annually (*Source: GlobalData Report*). PepsiCo has also started labelling Pepsi packages in popular colloquial words in multiple regional languages in order to attract consumers across India and compete with the local and regional brands (*Source: GlobalData Report*). Accordingly, there is significant growth potential for PepsiCo's beverages in India.

With rising health awareness levels prompting consumers to seek healthier variants of beverages, various leading producers, including PepsiCo, are focusing on offering low sugar beverages (*Source: GlobalData Report*). The juice category is expected to grow at a CAGR of 14.3% in terms of volume share during 2024 and 2028 (*Source: GlobalData Report*). PepsiCo under the Tropicana banner is among the leaders in this category in India with a share of 11.2% (in terms of million litres) in 2023. Packaged water category is expected to record a CAGR of 8.4% in terms of volume share during 2024 and 2028 in India, as consumers are expected to prefer packaged water to tap water (*Source: GlobalData Report*). Further, the energy drinks and enhanced water categories were among the leading categories of beverages in terms of volume growth (in million litres) in 2023 (*Source: GlobalData Report*). We expect this trend of seeking healthier variants of beverages to continue as consumer disposable income increases further and we are well positioned to capitalize on the market growth in such categories owing to PepsiCo's presence in several categories of such beverages.

In addition, we are also well positioned to address the market opportunity with our portfolio of CSD brands that include Refreshhh, Reboost, Coo-ee and Jive, NCB brands that include Refreshhh and Aquaclear Packaged Water and Cream Bell value-added dairy based beverages.

Strategically located large and technologically advanced production capabilities

As of September 30, 2024, we operated 36 beverage production facilities across India and 12 beverage production facilities in our international licensed territories. The peak month production capacity in the month of May 2024 of our manufacturing facilities in India and international territories was 154.54 million Unit Cases and 62.91 million Unit Cases, respectively. We use advanced machinery and production techniques in our manufacturing process for, amongst others, water treatment and packing, in certain of our production facilities. We have implemented smart factory initiatives at our Sandila and Paithan facilities, focusing on enhancing utility efficiency, increasing production line efficiencies, and reducing downtime through predictive maintenance. Our digital supply chain initiatives include real-time demand forecasting, order management, and logistics optimization, ensuring timely product availability and delivery. We have also developed a digital control tower for complete visibility across our supply chain operations, and have implemented our own learning management solution through the HURIX platform as part of our human resource infrastructure. Additionally, our Sales Planning Execution Engagement and Delivery ("SPEED") platform integrates geocoding, geofencing, and algorithm-based continuous replenishment systems to enhance sales productivity and market execution. Our analytics engine combines data from various functions to enable data-driven decisions. Our analytics engine is key to our digital transformation strategy, enabling us to harness the power of data for sustained growth and operational excellence. In Fiscal 2021, 2022 and 2023, we incurred capital expenditure (purchase of property, plant and equipment, right of use assets and intangible assets, including adjustment on account of capital work-in-progress, capital advances and capital creditors) of ₹8,348.00 million, ₹18,009.92 million and ₹32,640.49 million, respectively, primarily in connection with acquisition of new territories and sub-territories, in order to increase production capacities and modernise our production facilities, as well as on visi-coolers and other chilling equipment placed with retailers and other points of sale.

Our production facilities across India are strategically located in geographical proximity to various target markets, which results in lower transportation and distribution expenses and enable us to leverage economies of scale. In addition, our production facilities in Pathankot, Hardoi, Guwahati, Sricity, Kota, Begusarai, Supa, Gorakhpur, Khurdha in India, and our production facilities in Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe manufacture preforms. Additionally, three of our production facilities located in Jammu, Jaipur, and Alwar, are completely dedicated to backward integration and manufacture preforms, closures or crowns, shrink films, plastic shells and crates, and corrugated boxes and pads. In Fiscal 2023, we commissioned two greenfield production facilities in India at Bundi, Rajasthan and Jabalpur, Madhya Pradesh and carried out brownfield expansion at six production facilities. In Fiscal 2024, we have commissioned three greenfield production facilities in India at Supa, Maharashtra, Gorakhpur, Uttar Pradesh and Khordha, Odisha. Further, we have set-up / expanded backward integration facilities at various plants including at all the three greenfield plants at Supa, Maharashtra, Gorakhpur, Uttar Pradesh, and Khordha, Odisha. In addition, we have entered into a joint venture with the Indorama Group, Thailand to establish several greenfield PET recycling facilities in India. The joint venture has already begun construction of two PET recycling facilities in Jammu and Odisha, which are expected to be completed in 2025. We have also commenced commercial production of CSD and packaged drinking water at our production facility in Kinshasa, Democratic Republic of Congo on July 22, 2024. The plant has two CSD/Water PET lines with an installed capacity of 550 Bottles Per Minute each. Our large and technologically advanced production capabilities provide cost and operational efficiencies, and we comply with quality standards consistent with PepsiCo's global production standards and regulatory compliance policies. Our large scale of operations offers significant synergies including market knowledge operational best practices, economies of scale, optimal investment planning and capital expenditure.

Widespread and integrated sales and distribution network that ensures effective market penetration

Our widespread and integrated sales and distribution network enables us to reach a wide range of consumers and ensure effective market penetration. Points of sale for our products include traditional retail points, such as grocery stores, as well as modern retail outlets including e-commerce, supermarkets, hypermarkets, convenience stores, bars and restaurants. As of September 30, 2024, our distribution network included over 2,840 owned delivery vehicles. As of September 30, 2024, we had 2,275 primary distributors (*i.e.*, parties to whom sales in excess of 10,000 unit cases of our PepsiCo beverages in month of May 2024 (our peak month) were recorded) in India and

559 distributors in our international territories. The primary distributors in India accounted for 106.53 million Unit Cases, which represented 90.30% of our aggregate Sales Volumes in India in the month of May 2024. Our distribution network covers urban, semi-urban and rural markets, targeting a wide range of consumers. Our distribution network is strategically located to maximize market penetration across our licensed sub-territories in India, with an increased focus on higher growth markets such as semi-urban and rural sub-territories. Over the years, we have successfully managed our large distribution network and developed strong supply and distribution chain relationships across our licensed sub-territories in India.

Our production capabilities and distribution network enables us to effectively respond to competitive pressures, market demand and evolving consumer preferences in our territories. Our supply chain management systems enable us to efficiently and cost effectively manage our distribution network and allows us to introduce additional products in our markets and implement marketing campaigns initiated by PepsiCo. We believe that our large production capacities and distribution infrastructure will enable us to address volume growth at a relatively low incremental capital cost.

Commitment towards Environmental, Social, and Governance ("ESG") excellence

We are dedicated to embedding ESG principles into each aspect of our operations Our ESG initiatives are designed to create a positive impact on the environment and society while ensuring robust governance practices.

Environmental Stewardship. We prioritize water conservation, energy efficiency, and waste management. As part of our water conservation efforts, in Fiscal 2023, we have dedicated resources to maintain 124 water bodies in India (namely ponds and check dams) and have endeavored to use only half of the recharged water procured by us in our manufacturing operations. We have reduced our water usage per liter of beverage produced from 1.89 liters in 2021 to 1.54 liters in 2023 through over 150 process improvements. Our smart factory initiatives include the use of renewable energy sources and advanced water recycling technologies, significantly reducing our environmental footprint. Additionally, till Fiscal 2023, we have planted over 249,000 trees and deployed more than 1,200 electric vehicles in trade. We increased the contribution of renewable energy from 7.40% in Fiscal 2020 to 13.12% in Fiscal 2023 across our operations. Our efforts to reduce plastic usage include increasing the recycling rate and using recycled PET in our packaging. We recycled 150,982 MT of PET bottles in our packaging in Fiscal 2023. From 2010 until date, we have reduced the use of plastic in the manufacturing of bottle closures for CSD, NCB and packaged water beverages by 20% to 25%, as well as in preforms by 10% to 20%.

Social Responsibility. We are committed to diversity, equality, and inclusion, with a goal to increase diversity hiring. We have engaged a third-party to enhance workplace safety by implementing safety best practices, providing 200,000 man-hours of training. Our health initiatives include the VISIT Health App, which offers free doctor consultations, full body checkups, discounted medicines and health seminars, benefiting our employees. Our community outreach programs such as AARU Clinics, Shiksha Kendra, and Pravah Skill Development Centre have significantly impacted local communities, providing free education to over 32,500 underprivileged students and upskilling over 17,000 youth till Fiscal 2023. The AARU Clinics have treated over 110,000 patients through 11 clinics, demonstrating our commitment to social responsibility and community well-being.

Governance Excellence. Our governance framework ensures transparency, accountability, and ethical business practices, which is evidenced by our diverse Board of Directors, multiple governance committees, robust corporate policies, comprehensive risk management and compliance frameworks and strong relationships with stakeholders. We have established an ESG Committee at the Board level to oversee our ESG strategy and its implementation. This committee is responsible for identifying risks and opportunities, setting strategic priorities, and ensuring compliance with regulatory requirements. We have received #2 in MSCI rating in beverages and Best Corporate Governance Practices Award under Business Brand Awards 2023 which reflect our strong focus on corporate governance.

Through these efforts, we strive to build a sustainable future for our stakeholders. We have also received certain awards and accolades for our commitment to our ESG initiatives, which include PepsiCo's AMESA 'Better' Category Award in 2023 and PepsiCo's AMESA 'Faster' Category Award in 2024, other than that Best Corporate Governance Practices Award under the Business Brand Awards 2023.

Experienced management team

We have a qualified and professional management team with significant experience in all operational aspects of our business. The industry experience of our management team and their ability to deliver consistent sales growth are our significant strengths. Our senior management team has extensive experience in the food and beverage industry in India. Our Promoter, Chairman and Non-Executive Director, Ravi Kant Jaipuria has over three decades of experience in developing and expanding food, beverages and dairy business in South Asia and Africa. He is an entrepreneur and business leader. He was awarded the 'PepsiCo International Bottler of the Year' in 1997 and 2022, and PepsiCo's Best Bottler in the AMESA Region in 2020, 2021 and 2022. He was also awarded the 'Distinguished Entrepreneurship Award' at the PHD Chamber Annual Awards for Excellence 2018. Ravi Kant Jaipuria provides strategic leadership to our Company and is also closely involved in our operations. Our Executive Vice-Chairman and Whole-time Director, Varun Jaipuria was recognized as one of the young business leaders by the Economic Times in their ET 40 Under Forty Awards in 2024. According to us, our management team's in-depth understanding of target markets and consumer demand and preferences has enabled us to continue to grow our business and expand our operations internationally. This experience has also enabled us to develop a business model that incorporates aspects of both multinational as well as local beverage company operating structures.

Our Strategy

Grow our business by capitalizing on established brand strength and further diversifying our product portfolio

In 2023, PepsiCo was among the largest companies in the soft drinks industry, including in specific categories such as carbonated beverages, packaged drinking water, energy drinks, juices, nectars, still drinks, and sports drinks categories, in India (*Source: GlobalData Report*). We intend to continue to leverage PepsiCo's brand portfolio to increase market penetration in our licensed territories. Mountain Dew and Aquafina were among the leading brands in carbonated beverages and packaged drinking water in India, respectively, and accounted for a volume share (in million litres) of 2.5% and 2.4%, respectively, in 2023 (*Source: GlobalData Report*). In Fiscal 2021, 2022 and 2023 and in the nine months ended September 30, 2023 and 2024, Mountain Dew was our largest selling CSD beverage brand by volume and value. We believe that the relative under-penetration of some of our brands in certain markets and distribution channels presents significant growth opportunities. For instance, we aim to further increase penetration of Mountain Dew. In addition, we also aim to continue to focus on growing Aquafina and Aquavess sales as the packaged drinking water segment in India is highly fragmented and provides significant growth opportunities. We have been growing our Sales Volumes across our NCD and packaged drinking water segments and our Sales Volume have increased from 37.22 million Unit Cases and 132.56 million Unit Cases, respectively, in Fiscal 2021 to 58.93 million Unit Cases and 199.01 million Unit Cases, respectively in Fiscal 2023 and was 62.02 million Unit Cases and 171.92 million Unit Cases, respectively, in the nine months ended September 30, 2024.

Further, with rising health and weight consciousness along with obesity-related diseases prevailing among consumers, the demand for low-calorie, non-alcoholic beverages and sugar-free beverages is increasing in India (*Source: GlobalData Report*). Manufacturers are constantly formulating non-alcoholic beverages with 'sugar free' and 'zero calorie' variants in order to gain consumer attention towards their brand (*Source: GlobalData Report*). Accordingly, we intend to capitalize on this changing market sentiment by focusing on improving the market share of Pepsi Zero, Sting, Seven-Up Zero and Seven-Up Nimbooz Masala Soda, and our relatively newer NCB brands, such as Tropicana Juices, Nimbooz and Gatorade by expanding our distribution network and increasing production volumes. In this regard, we have recently commenced production in our backward integrated production facility at Pathankot particularly for manufacturing Tropicana juices as well as manufacturing of preforms and CSD products in aluminium cans. As consumer preferences evolve, we intend to continue to leverage our ability to implement new brand and product launches as well as new flavours, packages and SKUs for PepsiCo, particularly in the fast-growing NCB space, to further grow our business. We also manufacture, sell and distribute Tropicana Juices and Gatorade. In addition, we intend to diversify our product portfolio to include value-added dairy beverages.

In addition, we have recently forayed into the snacks segment. As part of our focus on the snacks segment, we have entered into franchise agreements with PepsiCo to exclusively sell and distribute PepsiCo snacks brands such as Lay's, Cheetos and Doritos in Morocco until December 31, 2027 and Simba in Zimbabwe and Zambia until January 31, 2028. We have entered into a non-exclusive agreement with PepsiCo India to co-manufacture Kurkure Puffcorn in India with effect from October 25, 2022 for a period of five years on a contract manufacturing basis, subject to the terms and conditions of the agreement. We have also entered into snacks franchise agreements with Premier Nutrition Trading LLC, a subsidiary of PepsiCo, to exclusively manufacture, package and sell Cheetos in Morocco until April 30, 2029, Simba in Zimbabwe until September 30, 2029 and Simba in Zambia until March 31, 2030.

We continue to, by expanding our product portfolio and distribution reach, focus on increasing consumption volumes, particularly in markets and demographic segments with relatively low per capita consumption, as well as address changing consumer preferences. We continue to leverage our in-depth understanding of local markets and produce and distribute beverages that address clearly identified market opportunities. In addition, we intend to launch certain of our products and brands in smaller packages to target the semi-urban and rural markets in India. We believe that our increased focus on semi-urban and rural markets, and ability to understand consumer preferences in such markets, will enable us to further increase market penetration in these markets and segments, resulting in organic growth.

Focus on integrating additional franchise rights and businesses along with expansion through strategic inorganic and organic opportunities

In recent years, as part of PepsiCo strategy of consolidating certain PepsiCo-operated territories in India under long-term bottling partners, we have expanded our operations in India through the acquisition of additional territories, with PepsiCo granting license for additional territories to us, including territories operated directly by PepsiCo as well as third-party bottlers. We believe we have successfully integrated such territories and sub-territories into our existing operations. We have completed the acquisition of The Beverage Company (Proprietary) Limited, South Africa. This acquisition has allowed us to consolidate our presence in franchised territories in South Africa, Lesotho, and Eswatini, as well as territories with distribution rights in Namibia and Botswana and TDRs effective April 1, 2024 in Mozambique and Madagascar. We intend to continue to focus on the successful integration of operations of any licensed territories or sub-territories we acquire in the future with our existing production and distribution operations to benefit from operational efficiencies and derive business synergies.

In addition, we intend to continue to play a significant role in the consolidation of PepsiCo's production and distribution operations in other parts of Africa. Our recent announcements in relation to the proposed acquisitions of SBCT and SBCG in Tanzania and Ghana, respectively, are indicative of our intent to expand our geographic footprint in Africa. In our experience, the fragmented nature of the industries we operate in will continue to offer consolidation opportunities, and we intend to continue our strategic expansion plans through inorganic and organic growth opportunities in underserved markets and geographies that complement our existing operations. We continue to work closely with PepsiCo to identify such strategic consolidation opportunities. We may also consider acquisition of other third-party bottlers of PepsiCo, which will require PepsiCo's prior consent. We strategically target territories that either have significant growth opportunities for PepsiCo products or are located contiguous or in close proximity to our existing licensed territories and sub-territories such that we can benefit from operating and freight, transportation and distribution cost efficiencies. We also continue to explore expansion opportunities into new geographical markets, licensed territories and jurisdictions, where we can leverage our operational experience or where low per capita consumption levels for beverages present opportunities for volume growth. Through such strategic expansion plans, we intend to increase our market share, enable access to new clients and enter high-growth geographies in a cost-effective manner. According to us, strategic acquisitions are effective catalysts for business growth, and take into account strategic considerations to make investments that are complementary to our existing operations, focused on expanding our reach in India and internationally in other parts of Africa.

Integrate and expand our distribution network as well as optimise distribution operations

We continue to focus on increasing Sales Volumes in our licensed territories and sub-territories by expanding and integrating our distribution network, optimizing our distribution operations and increasing product supply to under-penetrated markets, particularly to semi-urban and rural areas. We are currently in the process of integrating our existing distribution network with the territories we have acquired in South Africa, Lesotho, and Eswatini, as well as territories with distribution rights in Namibia and Botswana, and TDRs effective April 1, 2024 in Mozambique and Madagascar and believe that we will be able to ensure cost and operational efficiencies as well as economies of scale. We focus on optimal utilization of our existing distribution infrastructure by implementing effective brand and product promotion strategies through intensive interaction with distributors, effective involvement of our sales team at points of sale, and expanding the range of product offerings in certain markets and areas to specifically cater to regional and local consumer preferences. As of September 30, 2024, we had 2,275 primary distributors (*i.e.*, parties to whom sales in excess of 10,000 unit cases of our PepsiCo beverages in month of May 2024 (our peak month) were recorded) in India and 559 distributors in our international territories. The primary distributors accounted for 106.53 million Unit Cases, which represented 90.30% of our aggregate Sales Volumes in the month of May 2024. We intend to further expand our distribution network by setting up additional distribution centers, consolidating existing distributors and increasing the number of distributors in under-penetrated markets. We believe that these measures will enable us to increase the availability of our beverages across our licensed territories and sub-territories, which will in turn increase brand awareness and sales of PepsiCo beverages. We seek to develop long-term relationships with our distributors by supporting the growth of their businesses, focusing on exclusive distributor relationships and providing support services for their business such as visi-coolers, delivery vehicles and marketing material.

We continue to focus on increasing retail presence of our licensed PepsiCo products, through increased brand promotion activities, increased in-store product inventory as well as price competitiveness. We continue to evaluate strategic placement of vending machines and visi-coolers at high density consumer areas such as malls, super-markets and large stores, multiplexes and airports. The market for beverages sold from vending machines and visi-coolers for immediate consumption is a fast-growing segment, resulting from an emerging on-the-go lifestyle and consumer convenience. Single-serve SKU (which refer to SKUs that are less than 1,000 milliliters) sales typically involve higher margins compared to sales of multi-serve SKUs. Sales in this segment depend on strategic inventory management, rapid inventory deployment, and effective availability and placement of relevant chilling equipment such as vending machines, visi-coolers and fountain dispensers in close proximity to high-density consumer areas. We continuously focus on placement of chilling equipment, and make significant investment annually on chilling equipment to be placed in the market, and intend to continue to make significant investments on such equipment as we expand into new markets and consolidate our position in existing licensed territories and sub-territories.

Continue to focus on cost efficiencies and invest in technology to improve operational efficiency

As an integral part of our continuing efforts targeted at ensuring cost efficiencies, we have undertaken a number of initiatives aimed at reduction of cost of goods sold, effective management of operating expenses and improvement in cash flows. These initiatives include backward integration of production facilities and having a centralised procurement team. We continue to focus on consolidation of our production activities to ensure all components of our products are supplied internally. We have introduced lower weight plastic bottles and decreased size of bottle caps, which has enabled us to reduce polyethylene terephthalate ("**PET**") costs. We also target increased margins through a reduction in freight and distribution costs, for example, consolidation of production facilities and depots post implementation of GST in India. As part of our efforts, we have recently announced the proposed acquisition of the balance 39.93% of the equity share capital of our Subsidiary, Lunarmech Technologies Private Limited, which through its facility in Jaipur is engaged in the manufacturing of plastic closures for PET bottles, so as to make it a wholly-owned Subsidiary of our Company.

We continue to plan our capital expenditure carefully by focusing our investments on more profitable areas of our business, such as chilled equipment for use in immediate-consumption channels. Through strategic capital investments for efficient deployment of assets such as chilled equipment and distribution infrastructure, we intend to optimize the utilization of our capital. Our digital roadmap includes transitioning from GPRS-enabled handheld devices and systems, to 'SAMNA' or Sales Automation Management for the New Age to SPEED, a user-friendly, engaging, and new-age interface designed to boost PSR productivity. These initiatives underscore our commitment to leveraging technology for enhanced productivity and market responsiveness.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the sections entitled "*Risk Factors*", "*Use of Proceeds*", "*Placement and Lock-Up*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 55, 91, 230, 215 and 248, respectively.

Issuer	Varun Beverages Limited
Face Value	₹2 per Equity Share
Issue Price	₹565.00 per Equity Share (including a premium of ₹563.00 per Equity Share)
Floor Price	₹594.56 per Equity Share, calculated on the basis of Regulation 176 of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. Our Company has offered a discount of ₹29.56 per Equity Share, equivalent to 4.97% of the Floor Price, in accordance with the approval of the Shareholders accorded by way of a special resolution through postal ballot passed on November 8, 2024, and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Size	Issue of up to 132,743,362 Equity Shares, aggregating up to ₹75,000 million. A minimum of 10% of the Issue Size i.e., up to 13,274,337 Equity Shares, were made available for Allocation to Mutual Funds only, and the balance 119,469,025 Equity Shares were made available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription or no subscription in the portion available for Allocation to Mutual Funds, such portion or part thereof may be Allotted to other Eligible QIBs.
Date of Board resolution authorising the Issue	October 9, 2024
Date of Shareholders' resolution authorising the Issue	November 8, 2024
Eligible Investors	Eligible QIBs, to whom the Preliminary Placement Document and this Placement Document were delivered and who were not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations or restricted from participating in this Issue under the SEBI ICDR Regulations. FVCIs are not permitted to participate in this Issue. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form were delivered has been determined by our Company in consultation with the Lead Managers, at its discretion. For further details, see "*Issue Procedure – Eligible QIBs*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 220, 232 and 240, respectively.
Dividend	See "*Description of the Equity Shares*" and "*Dividend Policy*" on pages 248 and 110, respectively.
Taxation	See "*Taxation*" on page 252
Equity Shares issued and outstanding immediately prior to the Issue	3,248,725,405 Equity Shares of face value of ₹2 each, being fully paid-up
Equity Shares issued and outstanding immediately after the Issue	3,381,468,767 Equity Shares
Issue procedure	This Issue was made only to Eligible QIBs in reliance on Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act and Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" on page 215.
Listing and trading	Our Company has obtained in-principle approvals each dated November 13, 2024, from the Stock Exchanges in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing of the Equity Shares to be issued pursuant to the Issue. Our Company will make applications to each of the Stock Exchanges for the final listing and trading approvals for the Equity Shares pursuant to this Issue, after the Allotment and credit of Equity Shares to the beneficiary account with the Depository Participants. The trading of the Equity Shares would be in dematerialised form and only in the cash segment of each of the Stock Exchanges.
Lock-up	For details in relation to lock-up, see "*Placement and Lock-up*" on page 230.

Proposed Allottees	See "*Proposed Allottees in the Issue*" on page 277 for names of the proposed Allottees and the percentage of post-Issue capital that may be held by them in our Company	
Transferability restrictions	The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For details in relation to other transfer restrictions, see "*Purchaser Representations and Transfer Restrictions*" on page 240.	
Use of proceeds	The Gross Proceeds from the Issue, aggregating to approximately ₹75,000 million. Subject to compliance with applicable laws, the Net Proceeds from the Issue, after deducting fees, commissions and estimated expenses of the Issue, are approximately ₹74,390 million. For details, see "*Use of Proceeds*" on page 91 for additional information regarding the use of Net Proceeds.	
Risk factors	For details, see "*Risk Factors*" on page 55 for a discussion of risks you should consider before participating in the Issue.	
Closing Date	The Allotment is expected to be made on or about November 20, 2024.	
Ranking and dividend	The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of our Company, including in respect of voting rights and dividends. The holders of Equity Shares (as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Our Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act, 2013. For further details, please see "*Dividend Policy*" and "*Description of the Equity Shares*" on pages 110 and 248, respectively.	
Security codes for the Equity Shares	ISIN	INE200M01039
	BSE Code	540180
	NSE Symbol	VBL

SELECTED FINANCIAL INFORMATION

The following selected financial information of our Company is extracted from and should be read in conjunction with, the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results, in each case prepared in accordance with the applicable accounting standards and Companies Act, 2013 and included on page 276. You should refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 111, for further discussion and analysis of the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results.

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Audited Consolidated Financial Statements

Summary consolidated balance sheet

(₹ in million)

Particulars	As at December 31, 2023	December 31, 2022	December 31, 2021
Assets			
Non-current assets			
(a) Property, plant and equipment	68,031.32	54,415.78	51,551.72
(b) Capital work-in-progress	19,222.22	6,066.32	4,966.08
(c) Right of use assets	10,347.07	9,155.01	5,727.99
(d) Goodwill	242.30	242.30	242.30
(e) Other intangible assets	5,471.00	5,509.10	5,585.74
(f) Investment in associates and joint venture	179.32	0.04	-
(g) Financial assets			
(i) Investments	31.51	0.01	0.01
(ii) Other financial assets	622.67	486.80	420.63
(h) Deferred tax assets (Net)	-	-	24.07
(i) Other non-current assets	5,368.12	6,266.77	1,839.23
Total non-current assets (A)	**109,515.53**	**82,142.13**	**70,357.77**
Current assets			
(a) Inventories	21,505.33	19,938.85	14,480.87
(b) Financial assets			
(i) Trade receivables	3,593.85	2,993.38	2,212.49
(ii) Cash and cash equivalents	2,422.12	1,543.32	1,507.50
(iii) Bank balances other than (ii) above	2,176.50	1,309.35	1,858.72
(iv) Other financial assets	7,388.23	3,977.06	2,455.55
(c) Current tax assets (Net)	3.11	-	11.08
(d) Other current assets	5,267.16	4,278.34	2,934.92
Total current assets (B)	**42,356.30**	**34,040.30**	**25,461.13**
Total assets (A+B)	**151,871.83**	**116,182.43**	**95,818.90**
Equity and liabilities			
Equity			
(a) Equity share capital	6,496.07	6,495.50	4,330.33
(b) Other equity	62,868.91	44,528.30	36,468.75
Equity attributable to owners of the Parent Company	**69,364.98**	**51,023.80**	**40,799.08**
(c) Non-controlling interest	1,481.55	1,131.07	1,167.89
Total equity (C)	**70,846.53**	**52,154.87**	**41,966.97**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	31,889.38	17,270.22	18,133.27
(ia) Lease liabilities	1,978.85	1,654.25	312.63
(b) Provisions	2,126.44	2,041.13	2,085.43
(c) Deferred tax liabilities (Net)	3,430.11	3,368.48	3,111.41
(d) Other non-current liabilities	68.40	5.94	6.73
Total non-current liabilities (D)	**39,493.18**	**24,340.02**	**23,649.47**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20,054.49	19,677.90	15,285.68

(₹ in million)

Particulars	As at December 31, 2023	December 31, 2022	December 31, 2021
(ia) Lease liabilities	390.38	235.77	136.02
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	767.43	659.11	342.85
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	6,815.05	7,583.50	6,774.68
(iii) Other financial liabilities	7,638.39	5,593.90	3,929.66
(b) Other current liabilities	4,650.93	4,889.77	3,096.76
(c) Provisions	825.43	291.91	497.40
(d) Current tax liabilities (Net)	390.02	755.68	139.41
Total current liabilities (E)	**41,532.12**	**39,687.54**	**30,202.46**
Total liabilities (F=D+E)	**81,025.30**	**64,027.56**	**53,851.93**
Total equity and liabilities (C+F)	**151,871.83**	**116,182.43**	**95,818.90**

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Summary consolidated statement of profit and loss

(₹ in million)

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
1. Income			
(a) Revenue from operations	163,210.63	133,905.58	89,582.91
(b) Other income	793.59	388.49	679.25
Total income	**164,004.22**	**134,294.07**	**90,262.16**
2. Expenses			
(a) Cost of materials consumed	70,264.61	64,170.92	39,689.13
(b) Excise duty	2,784.82	2,174.16	1,350.61
(c) Purchases of stock-in-trade	4,626.96	1,885.71	1,654.69
(d) Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress	(842.69)	(3,445.07)	(997.22)
(e) Employee benefits expense	14,465.87	12,166.42	10,076.99
(f) Finance costs	2,680.99	1,861.22	1,847.00
(g) Depreciation and amortisation expense	6,809.06	6,171.89	5,312.62
(h) Other expenses	35,816.21	29,072.39	21,262.26
Total expenses	**136,605.83**	**114,057.64**	**80,196.08**
3. Profit before share of loss of associates and joint venture (1-2)	**27,398.39**	**20,236.43**	**10,066.08**
4. Share of loss of associates and joint venture	(4.79)	(0.06)	-
5. Profit before tax (3+4)	**27,393.60**	**20,236.37**	**10,066.08**
6. Tax expense:			
(a) Current tax	6,290.81	4,258.66	1,341.98
(b) Adjustment of tax relating to earlier periods/year	20.55	226.91	350.06
(c) Deferred tax charge	64.11	249.66	913.52
Total tax expense	**6,375.47**	**4,735.23**	**2,605.56**
7. Net profit after tax (5-6)	**21,018.13**	**15,501.14**	**7,460.52**
8. Other comprehensive income			
A. Items that will not be reclassified to profit or loss	(28.16)	107.87	85.99
B. Income tax relating to items that will not be reclassified to profit or loss	6.98	(27.02)	(18.93)
C. Items that will be reclassified to profit or loss	(58.83)	(3,799.27)	(365.92)
D. Income tax relating to items that will be reclassified to profit or loss	-	-	-
Total other comprehensive (loss)/income	**(80.01)**	**(3,718.42)**	**(298.86)**
9. Total comprehensive income for the periods/year (7+8)	**20,938.12**	**11,782.72**	**7,161.66**
10. Net profit attributable to:			
A. Owners of the Company	20,559.22	14,974.33	6,940.52
B. Non-controlling interest	458.91	526.81	520.00
11. Other comprehensive income/(loss) attributable to:			
A. Owners of the Company	(56.45)	(3,154.79)	(298.87)
B. Non-controlling interest	(23.56)	(563.63)	0.01
12. Total comprehensive income attributable to:			
A. Owners of the Company	20,502.77	11,819.54	6,641.65
B. Non-controlling interest	435.35	(36.82)	520.01
13. Paid-up equity share capital	6,496.07	6,495.50	4,330.33
14. Face value	5.00	10.00	10.00
15. Other equity	62,868.91	44,528.30	36,468.75

Summary consolidated statement of cash flows

(₹ in million)

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
A. Operating activities			
Profit before tax	27,398.39	20,236.43	10,066.08
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expense	6,409.04	5,830.99	5,037.54
Amortisation of intangible assets and right of use assets	400.02	340.90	275.08
Interest expense at amortised cost	2,680.99	1,854.49	1,850.37
Interest income at amortised cost	(238.00)	(228.29)	(145.16)
Dividend income from current investment			
Gain on derecognition of financial instruments	(0.81)	-	-
Gain on sale of current investments	(3.51)	(3.67)	(0.70)
Excess provisions/liabilities written back	(322.36)	(9.20)	(58.38)
Share based payments	78.61	29.06	-
Loss on disposal/written off of property, plant and equipment (Net)	843.64	623.26	258.71
Bad debts written off	3.24	25.71	-
Allowance for expected credit loss	69.47	73.51	58.92
Unrealised foreign exchange fluctuation	3.26	(1,287.68)	(1,098.50)
Operating profit before working capital changes	37,321.98	27,485.51	16,243.96
Working capital adjustments			
Increase in inventories	(1,601.73)	(5,568.33)	(5,192.83)
Increase/decerease in trade receivables	(730.18)	(1,233.80)	146.56
Increase in current and non-current financial assets and other current and non-current assets	(4,572.18)	(3,257.13)	(921.85)
Increase in current financial liabilities and other current and non-current liabilities and provisions	169.28	4,207.33	3,280.66
Total cash from operations	**30,587.17**	**21,633.58**	**13,556.50**
Income tax paid	(6,679.39)	(3,733.29)	(1,242.28)
Net cash flows from operating activities (A)	**23,907.78**	**17,900.29**	**12,314.22**
B. Investing activities			
Purchase of property, plant and equipment, right of use assets and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors)	(32,640.49)	(18,009.92)	(8,348.00)
Proceeds from disposal of property, plant and equipment	701.31	510.93	193.51
Change in advance received for capital assets	-	-	(1,074.43)
Investment made in joint venture, associates and others	(215.57)	(0.10)	-
Purchase of additional stake from minority of a subsidiary	(100.00)	-	-
Interest received	220.16	232.42	132.46
Net proceeds from sale of current investments	3.51	3.67	0.70
Change in other bank balances	(867.59)	217.02	(1,010.63)
Net cash used in investing activities (B)	**(32,898.67)**	**(17,045.98)**	**(10,106.39)**
C. Financing activities			
Proceeds from long term borrowings	24,016.61	14,777.20	8,548.06
Repayment of long term borrowings	(12,765.22)	(11,373.59)	(6,408.51)

(₹ in million)

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Repayment of lease liabilities	(295.07)	(234.40)	(188.65)
Proceeds from short term borrowings (Net)	3,812.66	(7.97)	(853.66)
Proceeds from issue of share capital (including share premium thereon)	44.41	-	-
Interest paid (inclusive of interest paid on lease liabilities) #	(2,694.42)	(1,716.79)	(1,791.48)
Proceeds from share application money pending allotment	3.51	-	-
Dividend paid	(2,273.48)	(1,623.87)	(1,082.58)
Net cash used in financing activities (C)	**9,849.00**	**(179.42)**	**(1,776.82)**
Net change in cash and cash equivalents (D=A+B+C)	**858.11**	**674.89**	**431.01**
Cash and cash equivalents at the beginning of period (E)	1,543.32	1,507.50	1,045.58
Unrealised exchange differences on translation of cash and cash equivalent in subsidiaries (F)	20.69	(639.07)	30.91
Cash and cash equivalents at the end of period (G= D+E+F)	**2,422.12**	**1,543.32**	**1,507.50**
# Interest paid on lease liabilities	**170.04**	**44.26**	**30.50**

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Unaudited Consolidated Financial Results

Unaudited Consolidated September Financial Results

Summary of statement of profit and loss

(₹ in million)

Particulars	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
1. Income		
(a) Revenue from operations	166,637.13	135,900.81
(b) Other income	766.29	702.43
Total income	**167,403.42**	**136,603.24**
2. Expenses		
(a) Cost of materials consumed	65,882.56	58,177.72
(b) Excise duty	3,448.55	2,151.89
(c) Purchases of stock-in-trade	5,415.51	3,605.06
(d) Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress	1,547.15	697.15
(e) Employee benefits expense	14,060.03	10,752.78
(f) Finance costs	3,413.81	1,944.40
(g) Depreciation and amortisation expense	6,866.04	5,149.34
(h) Other expenses	34,972.33	28,604.23
Total expenses	**135,605.98**	**111,082.57**
3. Profit before share of loss of associates and joint venture (1-2)	**31,797.44**	**25,520.67**
4. Share of loss of associates and joint venture	(7.92)	(6.87)
5. Profit before tax (3+4)	**31,789.52**	**25,513.80**
6. Tax expense:		
(a) Current tax	7,180.58	5,795.94
(b) Adjustment of tax relating to earlier periods/year	-	45.76
(c) Deferred tax charge	222.53	91.59
Total tax expense	**7,403.11**	**5,933.29**
7. Net profit after tax (5-6)	**24,386.41**	**19,580.51**
8. Other comprehensive income		
A Items that will not be reclassified to profit or loss	65.84	10.33
B Income tax relating to items that will not be reclassified to profit or loss	(16.60)	(2.75)
C Items that will be reclassified to profit or loss	(243.11)	128.58
D Income tax relating to items that will be reclassified to profit or loss	-	-
Total other comprehensive (loss)/income	**(193.87)**	**136.16**
9. Total comprehensive income for the periods/year (7+8)	**24,192.54**	**19,716.67**
10. Net profit attributable to:		
A Owners of the Company	24,094.87	19,239.50
B Non-controlling interest	291.54	341.01
11. Other comprehensive income/(loss) attributable to:		
A Owners of the Company	(174.03)	141.07
B Non-controlling interest	(19.84)	(4.91)
12. Total comprehensive income attributable to:		
A Owners of the Company	23,920.84	19,380.57
B Non-controlling interest	271.70	336.10

Summary consolidated balance sheet

(₹ in million)

Particulars	As at June 30, 2024	As at June 30, 2023
Assets		
Non-current assets		
(a) Property, plant and equipment	96,294.01	69,858.39
(b) Capital work-in-progress	9,420.85	5,312.38
(c) Right of use assets	12,837.87	10,147.90
(d) Investment property	-	20.08
(e) Goodwill	6,931.24	242.30
(f) Other intangible assets	6,638.98	5,488.33
(g) Investment in associates and joint venture	392.27	51.44
(h) Financial assets		
(i) Investments	50.71	31.51
(ii) Loans	220.64	-
(iii) Other financial assets	875.84	579.83
(i) Other non-current assets	3,436.06	3,883.57
Total non-current assets (A)	**1,37,098.47**	**95,615.73**
Current assets		
(a) Inventories	27,960.18	20,907.24
(b) Financial assets		
(i) Trade receivables	10,254.84	6,035.76
(ii) Cash and cash equivalents	2,121.61	2,065.62
(iii) Bank balances other than (ii) above	1,955.87	1,056.66
(iv) Loans	-	10.00
(v) Other financial assets	9,195.86	5,448.18
(c) Current tax assets (Net)	55.50	2.95
(d) Other current assets	5,159.24	3,044.07
Total current assets (B)	**56,703.10**	**38,570.48**
Total assets (A+B)	**1,93,801.57**	**1,34,186.21**
Equity and liabilities		
Equity		
(a) Equity share capital	6,497.20	6,495.68
(b) Other equity	79,280.46	58,389.81
Equity attributable to owners of the Parent Company	85,777.66	64,885.49
(c) Non-controlling interest	1,681.50	1,340.74
Total equity (C)	**87,459.16**	**66,226.23**
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	35,412.33	17,871.78
(ia) Lease liabilities	3,885.47	2,032.75
(b) Provisions	2,245.97	2,008.61
(c) Deferred tax liabilities (Net)	3,849.83	3,401.33
(d) Other non-current liabilities	65.92	5.55
Total non-current liabilities (D)	**45,459.52**	**25,320.02**
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	27,473.16	16,966.77
(ia) Lease liabilities	838.20	392.82
(ii) Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises	897.11	630.12
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	13,189.43	10,392.10
(iii) Other financial liabilities	6,729.20	4,416.62
(b) Other current liabilities	7,622.93	7,166.48
(c) Provisions	952.28	301.35
(d) Current tax liabilities (Net)	3,180.58	2,373.70
Total current liabilities (E)	**60,882.89**	**42,639.96**
Total liabilities (F=D+E)	**1,06,342.41**	**67,959.98**
Total equity and liabilities (C+F)	**1,93,801.57**	**1,34,186.21**

Unaudited Consolidated June Financial Results

Summary of statement of profit and loss

(₹ in million)

Particulars	Six months ended on June 30, 2024	Six months ended on June 30, 2023
1. Income		
(a) Revenue from operations	1,17,316.52	96,523.25
(b) Other income	523.79	517.37
Total income	**1,17,840.31**	**97,040.62**
2. Expenses		
(a) Cost of materials consumed	48,032.49	41,830.36
(b) Excise duty	2,174.77	1,479.48
(c) Purchases of stock-in-trade	3,952.31	2,506.96
(d) Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress	(503.52)	845.57
(e) Employee benefits expense	8,929.63	7,037.26
(f) Finance costs	2,228.46	1,319.40
(g) Depreciation and amortisation expense	4,299.93	3,441.26
(h) Other expenses	24,931.06	19,733.04
Total expenses	**94,045.13**	**78,193.33**
3. Profit before share of loss of associates and joint venture (1-2)	**23,795.18**	**18,847.29**
4. Share of loss of associates and joint venture	(6.97)	(2.66)
5. Profit before tax (3+4)	**23,788.21**	**18,844.63**
6. Tax expense:		
(a) Current tax	5,445.16	4,380.18
(c) Deferred tax charge	244.89	24.51
Total tax expense	**5,690.05**	**4,404.69**
7. Net profit after tax (5-6)	**18,098.16**	**14,439.94**
8. Other comprehensive income		
A Items that will not be reclassified to profit or loss	37.61	(4.27)
B Income tax relating to items that will not be reclassified to profit or loss	(9.38)	(0.01)
C Items that will be reclassified to profit or loss	(25.16)	236.33
Total other comprehensive (loss)/income	**3.07**	**232.05**
9. Total comprehensive income for the periods/year (7+8)	**18,101.23**	**14,671.99**
10. Net profit attributable to:		
A Owners of the Company	17,898.74	14,228.83
B Non-controlling interest	199.42	211.11
11. Other comprehensive income/(loss) attributable to:		
A Owners of the Company	3.38	233.49
B Non-controlling interest	(0.31)	(1.44)
12. Total comprehensive income attributable to:		
A Owners of the Company	17,902.12	14,462.32
B Non-controlling interest	199.11	209.67
13. Paid-up equity share capital (face value of ₹5 each)	6,497.20	6,495.68
14. Other equity	79,280.46	58,389.81
15. Earnings per share (of ₹5/- each) (not annualised for quarters and half years):		

Summary consolidated statement of cash flows

(₹ in million)

Particulars	Six months period ended on June 30, 2024	Six months period ended on June 30, 2023
A. Operating activities		
Profit before tax	23,795.18	18,847.29
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	4,299.93	3,441.26
Interest expense at amortised cost	2,228.46	1,319.40
Interest income at amortised cost	(117.74)	(94.72)
Gain on derecognition of financial instruments	(0.08)	-
Gain on sale of current investments	(1.94)	(2.57)
Excess provisions/liabilities written back	(261.87)	(302.24)
Share based payments	43.89	37.69
Loss on disposal/written off of property, plant and equipment (Net)	764.93	657.42
Bad debts written off	20.65	2.54
Allowance for expected credit loss	28.24	38.12
Unrealised foreign exchange fluctuation	(330.41)	(141.51)
Operating profit before working capital changes	30,469.24	23,802.68
Working capital adjustments		
Increase in inventories	(4,905.91)	(849.53)
Increase in trade receivables	(3,080.61)	(3,020.61)
Increase in current and non-current financial assets and other current and non-current assets	(2,077.72)	(326.98)
Increase in current financial liabilities and other current and non-current liabilities and provisions	6,054.36	5,286.62
Total cash from operations	**26,459.36**	**24,892.18**
Income tax paid	(2,692.81)	(2,761.55)
Net cash flows from operating activities (A)	**23,766.55**	**22,130.63**
B. Investing activities		
Purchase of property, plant and equipment, right of use assets and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors)	(20,129.51)	(17,871.23)
Proceeds from disposal of property, plant and equipment	267.37	227.96
Consideration paid for acquisition under business combination (Net)	(4,018.84)	-
Loan given to joint venture	-	(10.00)
Investment made in joint venture, associates and others	(239.13)	(85.56)
Interest received	105.18	88.33
Net proceeds from sale of current investments	1.94	2.57
Decrease in other bank balances	226.19	252.57
Net cash used in investing activities (B)	**(23,786.80)**	**(17,395.36)**
C. Financing activities		
Proceeds from long term borrowings	15,758.60	8,105.88
Repayment of long term borrowings	(15,894.52)	(12,103.99)
Repayment of lease liabilities	(305.32)	(113.64)
Proceeds from short term borrowings (Net)	3,866.91	1,865.92
Proceeds from issue of share capital (including share premium thereon)	87.82	11.26
Interest paid (inclusive of interest paid on lease liabilities ₹149.97 (30 June 2023: 63.27))	(2,179.09)	(1,365.87)
Proceeds from share application money pending allotment	3.05	-
Dividend paid	(1,624.25)	(649.56)
Net cash used in financing activities (C)	**(286.80)**	**(4,250.00)**
Net change in cash and cash equivalents (D=A+B+C)	**(307.05)**	**485.27**
Cash and cash equivalents at the beginning of period (E)	2,422.12	1,543.32
Unrealised exchange differences on translation of cash and cash equivalent in subsidiaries (F)	6.54	37.03
Cash and cash equivalents at the end of period (G= D+E+F)	**2,121.61**	**2,065.62**
Note:		
(a) Non-cash changes in liabilities arising from financing activities pertains to impact of fair value changes and foreign exchange fluctuations which are considered to be insignificant.		

RELATED PARTY TRANSACTIONS

For details of the related party transactions during (i) Fiscal 2023; (ii) Fiscal 2022; and (iii) Fiscal 2021, as per the requirements under Ind AS 24 'Related party disclosures' notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standard) Rules 2015, as amended and as reported, please see the section titled *"Financial Information"* on page 276.

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Investors should carefully consider each of the following risk factors and all the information disclosed in this Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are those that we consider to be most significant to our business, results of operations and financial conditions as of the date of this Placement Document. However, they are not the only risks relevant to us or the Equity Shares or the industry in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business prospects, results of operations, cash flows and financial condition. In order to obtain a complete understanding about us, investors should read this section in conjunction with "Our Business", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 172, 153 and 111, respectively, as well as the other financial information included in this Placement Document. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, results of operations, cash flows and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. Any potential investor in the Equity Shares should pay particular attention to the fact that we are subject to a regulatory environment in India which may differ significantly from that in other jurisdictions. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. In making an investment decision, prospective investors must read the risk factors described below carefully and rely on their own examination of our Company on a consolidated basis and the terms of the Issue, including the merits and risks involved. Investors should consult their respective tax, financial and legal advisors about the particular consequences of an investment in this Issue.

This Placement Document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Placement Document. For further information, see "Forward-Looking Statements" on page 21.

Our fiscal year ends on December 31 of each year, and references to a particular Fiscal are to the twelve-month period ended December 31 of that year. In this section, unless otherwise indicated or the context otherwise requires, a reference to "our Company" is a reference to Varun Beverages Limited on a standalone basis, while any reference to "we", "us", "our" or "Group" is a reference to Varun Beverages Limited, its Subsidiaries, its Associates and Joint Venture on a consolidated basis.

Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on our Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results. For further information, see "Financial Information" on page 276.

*The Sales Volume information presented in this section represents sales to our customers in our licensed territories but does not include any sales to PepsiCo or any other franchisees of PepsiCo. Sales to PepsiCo and/ or other PepsiCo franchisees are reflected in our revenues from operations. However, such sales have not been significant in the last three Fiscals and in the nine months ended September 30, 2024. We do not make any such sales other than in India. Sales Volume information in any Fiscal period included in this section cannot be directly correlated to our revenues from operations in the respective Fiscal. Further, the Sales Volume is calculated and presented on the basis that each unit case consists of 24 units of beverages of approximately 236.58 ml each, aggregating to 5.678 litres of beverage per unit case ("**Unit Case**").*

*Unless otherwise indicated, industry and market data used in this section has been derived from the report "India Soft Drinks Market Insights 2023 and Global Market Data Insights" dated October 2024 (the "**GlobalData Report**") prepared and released by GlobalData Plc and commissioned by us. Unless otherwise indicated, all financial, operational, industry and other related information derived from the GlobalData Report and included herein with respect to any particular year refers to such information for the relevant calendar year.*

RISKS RELATED TO OUR COMPANY AND BUSINESS

1. ***Termination or non-renewal of the PepsiCo India Agreements or the PepsiCo International Agreements or the Tropicana India Agreement by PepsiCo India/ PepsiCo Inc./ SVC/ PepsiCo International Entities***

or any material modification to the existing terms under such agreements adverse to our interest will materially and adversely affect our ability to continue our business and operations and our future financial performance.

Pursuant to our franchise arrangements with PepsiCo under the PepsiCo India Agreements, Tropicana India Agreement (as defined hereunder) and the PepsiCo International Agreements, we have been granted the franchise for various PepsiCo in India, and in certain international jurisdictions. As of September 30, 2024, we have been granted franchise for various PepsiCo products across 26 States and six Union Territories in India. The PepsiCo India Agreements are valid for a period of 20 years commencing from May 1, 2019, and PepsiCo India, PepsiCo Inc. and SVC may renew their respective agreements for successive terms of five years each. Further, the Tropicana India Agreement is valid for a period of approximately 20 years commencing from June 25, 2019 and PepsiCo Inc. (formerly Tropicana Products, Inc.) may renew the agreement for five years. In case, PepsiCo India, PepsiCo Inc., or SVC intend to not renew these agreements, they are required to provide a written notice of at least one year prior to expiration of such agreements. Similarly, pursuant to the PepsiCo International Agreements, we have been granted franchise for certain PepsiCo products in Morocco until January 31, 2026, in Nepal until November 30, 2026, in Zambia until May 31, 2027, in Zimbabwe until April 30, 2029, in South Africa until March 31, 2034 and in the Democratic Republic of Congo until February 28, 2039. In Sri Lanka, we have been granted the franchise for Aquafina and Tropicana products until July 31, 2026, and certain other PepsiCo products until July 31, 2026. The PepsiCo International Agreements, apart from the exclusive bottling appointment agreement dated June 14, 2024 between PepsiCo Inc. and VBZPL and the exclusive bottling appointment agreement dated March 1, 2024 between PepsiCo Inc and VBRDC, are automatically renewed for successive five year terms if neither party provides notice of termination.

Further, we have entered into franchise agreements with PepsiCo to exclusively distribute PepsiCo snacks brands such as Lay’s, Cheetos and Doritos in Morocco until December 31, 2027 and Simba in Zimbabwe and Zambia until January 31, 2028 (“**PepsiCo Snacks Distribution Agreements**”). We have entered into a non-exclusive agreement with PepsiCo India to co-manufacture Kurkure Puffcorn in India with effect from October 25, 2022 for a period of five years on a contract manufacturing basis, subject to the terms and conditions of the agreement. We have also entered into snacks franchise agreements with Premier Nutrition Trading LLC, a subsidiary of PepsiCo, to exclusively manufacture, package and sell Cheetos in Morocco until April 30, 2029, Simba in Zimbabwe until September 30, 2029 and Simba in Zambia until March 31, 2030 (collectively, “**PepsiCo Snacks Manufacturing Agreements**”).

Under the PepsiCo India Agreements and Tropicana India Agreement, PepsiCo India, PepsiCo Inc., and SVC are entitled to unilaterally terminate their respective agreements by providing written notice of 12 months. However, in the event of such termination, the price of exercising the assets call option rights or shares call option rights by PepsiCo India and/ or PepsiCo Inc. will be based on the agreed price (as defined in the PepsiCo India Agreements) plus a premium of 30%. Further, in the event the PepsiCo India Agreements are terminated due to any competitor of PepsiCo acquiring shares in our Company beyond the thresholds provided in the PepsiCo India Agreements or due to the discontinuation of production of PepsiCo beverages due to force majeure event, as specified in the PepsiCo India Agreements, the price of exercising the assets call option rights or shares call option rights by PepsiCo India and/ or PepsiCo Inc. will be based on the agreed price (as defined in the PepsiCo India Agreements). In addition, in the event the PepsiCo India Agreements are terminated due to a breach of the PepsiCo India Agreements for any other reason apart from the reasons mentioned above, the price of exercising the assets call option rights or shares call option rights will be based on the agreed price (as defined in the PepsiCo India Agreements) less discount of 30%.

Further, under certain PepsiCo International Agreements, PepsiCo Snacks Distribution Agreements and PepsiCo Snacks Manufacturing Agreements, certain of the PepsiCo International Entities also have the right to unilaterally terminate such PepsiCo International Agreements. In addition, PepsiCo India/ PepsiCo Inc./ SVC are also entitled to terminate by written notice, with immediate effect, the PepsiCo India Agreements, in the event of, among others, any one and/or more of the following circumstances:

- if we fail to perform or comply with certain terms and conditions including performance parameters ;
- if Ravi Kant Jaipuria, Varun Jaipuria, Dhara Jaipuria, Devyani Jaipuria and RJ Corp Limited (“**Shareholding Entities**”) including spouses and lineal descendants of Ravi Kant Jaipuria, Varun Jaipuria, Dhara Jaipuria, Devyani Jaipuria and companies and entities controlled by the Shareholding Entities and their affiliates (as defined in the PepsiCo India Agreements) (collectively, the “**Promoter Group**”) cease to be in control of our Company or if a third party acquires control or joint control of our Company;

- if any competitor of PepsiCo or its affiliates (i) acquires, directly or indirectly, shareholding or voting rights in any unlisted entity of the Promoter Group (as defined in the PepsiCo India Agreements) which holds, directly or indirectly, any share or voting rights of our Company; (ii) acquires shareholding or voting rights in any listed entity comprising the Promoter Group (as defined in the PepsiCo India Agreements) which gives the acquirer indirect ownership or voting rights equal to or in excess of 15% of the total outstanding shares of our Company; or (iii) acquires, directly or indirectly, any shareholding or voting rights in our Company equal or in excess of 15% of the total outstanding shares of our Company;

- if we discontinue the production of the PepsiCo beverages which results in our failure to serve all or any part of the territory as measured by the planned volumes for the impacted part of the territory to the extent of 50% or more of the planned volumes for a period of 30 days in other than on account of force majeure which shall be rectified within six months;

- if we are unable to manufacture or distribute PepsiCo snacks products for a continuous period of 60 days, except due to force majeure or due to reasons attributable to PepsiCo;

- if any of the Promoter Group (as defined in the PepsiCo India Agreements) transfers shares or voting rights of our Company to any competitor of PepsiCo; or if the Promoter Group (as defined in the PepsiCo India Agreements) enters into a separate arrangement with PepsiCo's competitors to appoint a director on the board of our Company or any entity which holds shares or voting rights our Company; or if the Promoter Group (as defined in the PepsiCo India Agreements) gives any control right to any competitor of PepsiCo;

- if our Company or the Promoter Group (as defined in the PepsiCo India Agreements), during the term of the PepsiCo India Agreements, whether directly or indirectly, enters into or becomes interested or concerned, in any capacity, in any arrangement or transaction with PepsiCo's competitors;

- if the aggregate shareholding, directly or indirectly, of the Promoter Group (as defined in the PepsiCo India Agreements) and/ or any of the Shareholding Entities in our Company falls below 51% or if Ravi Kant Jaipuria or his descendants or spouses or any entity which controls our Company, including RJ Corp Limited, cease to be in control our Company, for any reason;

- in the event of insolvency, assignment for the benefit of creditors or bankruptcy or other such events affecting our Company or Promoter Group (as defined in the PepsiCo India Agreements);

- in the event of the debt to equity ratio for our Company exceeds 2:1 or such other ratio as agreed with PepsiCo India/ PepsiCo Inc. and/ or SVC, subject to a cure period of six months;

- if our Company fails to comply with the anti-bribery policy and laws (as defined in the PepsiCo India Agreements) and further, our Company is required to indemnify PepsiCo India/ PepsiCo Inc./ SVC against any losses suffered by such entities on account of such failure;

- if similar agreements with PepsiCo are terminated;

- in the event, a default is not remedied within the default cure period specified under the relevant bottling agreement; and

- in the event of any sale, transfer or other disposition, without the prior written consent of PepsiCo India, PepsiCo Inc. and/ or SVC, (i) of all or substantial part of our bottling business or all or a substantial part of our assets (other than for creating encumbrance in the ordinary course of business); or (ii) which results, at any time, whether by itself or taken together with any previous transaction which has not been approved by PepsiCo India, PepsiCo Inc. and/ or SVC, directly or indirectly, in the change of more than 10% of voting rights or ownership of our Company or of any entity which directly or indirectly, owns or controls our Company.

  In addition, under the PepsiCo International Agreements and Tropicana India Agreement, if there is discontinuation of our production process of the bottling of the beverages for a period of 30 consecutive days other than on account of annual maintenance or any other reason subject to the approval of the PepsiCo International Entities, as applicable, the PepsiCo International Entities may exercise their right to terminate their respective agreements. Further, in accordance with the PepsiCo India Agreements, PepsiCo India and/ or PepsiCo

Inc. has the first right (not obligation) to purchase any sale of above 10% paid-up share capital of our Company by any Shareholding Entities. PepsiCo India and/ or PepsiCo Inc. also has the right (not obligation), at its sole discretion, to purchase our Company's business, on a slump basis, or all or a substantial part of our Company's assets, if our Company is proposing to sell all or substantial part of its business/ assets. In addition, PepsiCo India and PepsiCo Inc., upon termination, shall have the right, at its sole discretion, to call upon our Company to sell to PepsiCo India, PepsiCo Inc., and/or purchaser identified by PepsiCo India and/ or PepsiCo Inc., the entire business of our Company on a slump sale basis or the Shareholding Entities to sell all of their shareholding in our Company to PepsiCo and/or purchaser identified by PepsiCo India at a price agreed in terms of the PepsiCo India Agreement.

We are required to share this Placement Document for PepsiCo India's review and are required to incorporate any reasonable inputs provided by PepsiCo India. We have also received consent from PepsiCo India for this Issue and PepsiCo India has done a limited review in relation to the information strictly pertaining to PepsiCo's entities and further, PepsiCo India has not reviewed any information, including financial and factual, relating to the industry report and our Company along with our Subsidiaries, Associates and Joint Venture. Further, we require prior consent from PepsiCo for various activities, including, manufacturing/ dealing in any beverage other than PepsiCo's beverage, any advertising and sales promotion which includes PepsiCo's trademarks, change in our name and assigning/ transferring/ selling/ pledging any of our rights and obligations under the PepsiCo India Agreements and Tropicana India Agreement. In addition, in the event of termination or expiration of any agreement, license or arrangement, our Company is no more authorised to bottle, sell or distribute any products under any trademark from PepsiCo in any territory.

Further, in the event the PepsiCo India Agreements are terminated and call option has been exercised by PepsiCo India and/ or PepsiCo Inc., for a period of two years from termination, our Company and any of our Promoter Group (as defined in the PepsiCo India Agreements) will not manufacture, distribute or sell, directly or indirectly, any beverage which is an imitation of PepsiCo's beverage and/ or licensed trademarks or likely to be confused as a substitute of PepsiCo products and/ or licensed trademarks and not, directly or indirectly, enter into or become interested or concerned, in any capacity, in any arrangement or transaction with PepsiCo's competitors. In the event that PepsiCo India/ PepsiCo Inc./ SVC and/ or the PepsiCo International Entities exercise their right to terminate these agreements on the occurrence of any aforesaid events, or, on expiry of the term of such agreements, or in the event PepsiCo India/ PepsiCo Inc./ SVC and/ or the PepsiCo International Entities are unwilling to renew such agreements or imposes terms less favourable to us than existing terms, it may materially and adversely affect our ability to carry on our business operations and our future financial performance.

In addition, our franchises are on a non-exclusive basis and PepsiCo has retained the right to undertake the production, distribution or sale of the PepsiCo products and brands either themselves or appoint other third-party franchisees for these territories and sub-territories licensed to us. Further, based on our long-standing relationship with PepsiCo, we produce, sell and distribute Tropicana Juices. We have entered into a bottling appointment and trademark license agreement dated June 25, 2019 with PepsiCo Inc. (formerly Tropicana Products, Inc.) ("**Tropicana India Agreement**"), which is valid for a period of 20 years until April 30, 2039 and can be automatically renewed for a period of five years if not previously terminated by PepsiCo Inc.. Under the Tropicana India Agreement, PepsiCo Inc. has the right to terminate the appointment in the event of a failure by us to abide by the performance parameters set out in the Tropicana India Agreement for a continuous period of six months, subject to such non-compliance not having been rectified during the cure period under the agreement. Although PepsiCo has in the past renewed such franchise agreements in our favour, granted franchises for additional territories and sub-territories to us, not terminated our agreements entered into with them and not issued any notice of default of the terms of such agreements, there can be no assurance that in the future PepsiCo will not terminate or discontinue our franchise arrangements for cause, including any failure by us to meet performance parameters or any breach by us of applicable terms and conditions under such agreements, or without cause, and undertake production and distribution activities directly or through other franchisees in our licensed territories and sub-territories.

For further information, see "*Our Business – Relationship with PepsiCo*" on page 182.

2. ***We are subject to various obligations under the PepsiCo India Agreements, Tropicana India Agreement and the PepsiCo International Agreements, including the obligation to purchase PepsiCo beverage concentrate exclusively from PepsiCo or PepsiCo approved manufacturers, on terms and conditions set by PepsiCo India/ PepsiCo Inc./ SVC and the PepsiCo International Entities. In the event any such terms and conditions are set in a manner adverse to our business interest, our business prospects and future financial performance will be materially and adversely affected.***

The cost of concentrate purchased from PepsiCo India or other relevant PepsiCo entities or their authorized suppliers constitutes our most significant raw material expense. Our franchisee arrangements with PepsiCo India/ PepsiCo Inc./ SVC and/ or the PepsiCo International Entities stipulate that we are required to purchase the relevant concentrate for all PepsiCo products produced by us exclusively either from PepsiCo or PepsiCo approved manufacturers. Further, PepsiCo India/ PepsiCo Inc./ SVC and/ or the PepsiCo International Entities will be entitled to set terms and conditions related to our purchase of concentrates from PepsiCo India or the relevant PepsiCo International Entities or their authorised suppliers including the price of such concentrates. Historically, in practice, the concentrate price is determined by PepsiCo India and/ or the PepsiCo International Entities in discussions with us, after taking into account the selling price, input price and other relevant market conditions. However, there can be no assurance that such practice will continue in the future or that we will be able to pass on any increase in concentrate costs to our customers or end customers. Further, in relation to the recently announced acquisitions of SBC Tanzania Limited and SBC Beverages Ghana Limited, the cost of concentrate to be purchased from PepsiCo for the beverages currently manufactured and distributed by these entities is yet to be finalized or accounted for in our financial statements.

Further, PepsiCo India shall not be obligated to grant any license for any other trademark or product of PepsiCo to us and specifically reserves such right to itself and its authorised third parties. In addition, for the license to use the trademarks “DUKES”, “AQUAFINA”, “AQUAVESS” and “EVERVESS SODA”, PepsiCo India is entitled to charge royalty. The table below sets forth details of the royalty paid by our Company to PepsiCo India in relation to the trademarks, “DUKES”, “AQUAFINA”, “AQUAVESS” and “EVERVESS SODA”, as a percentage of our revenue from operations for the periods indicated below:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Royalty paid by our Company to PepsiCo India (₹ in million)	123.29	159.68	165.93	137.66	142.11
Royalty paid by our Company to PepsiCo India as a percentage of our revenue from operations (in %)	0.14%	0.12%	0.10%	0.10%	0.09%

PepsiCo India is entitled to charge royalty at its sole discretion; however, the royalty rates have been mutually decided between our Company and PepsiCo India. Although we are not currently required to pay any royalty for the use of any PepsiCo trademarks or brands other than for “DUKES”, “AQUAFINA”, “AQUAVESS” and “EVERVESS SODA” as the licenses for the other products are governed under the separate terms of the respective PepsiCo International Agreements, Tropicana India Agreement and PepsiCo India Agreements and for which the concentrate is supplied by PepsiCo India and/ or the PepsiCo International Entities for the other products, there can be no assurance that PepsiCo India/ PepsiCo Inc./ SVC and/ or the PepsiCo International Entities will not in the future amend current terms and require us to pay royalty also for other PepsiCo trademarks and brands. There can also be no assurance that such royalty payments will not be materially increased or we will be required to pass on any such increase in royalty expenses to our customers or ultimate consumers.

Further, the maximum retail price for the relevant PepsiCo products are fixed in consultation with PepsiCo. The maximum retail price is influenced by market dynamics and various factors including the pricing pattern followed by PepsiCo competitors. We are also required to manufacture PepsiCo beverages only in production facilities, which have been approved by PepsiCo India in writing, and we have to seek written approval from PepsiCo India to authorize a third party to undertake such production. In addition, our Company and any entity of the Promoter Group (as defined in the PepsiCo India Agreements) is prohibited, during the term of our PepsiCo India Agreements, from bottling, distributing or selling, directly or indirectly, any beverage which is an imitation of any PepsiCo products and/ or licensed trademarks or is likely to be confused as a substitute of PepsiCo products and/ or licensed trademarks or which competes or is likely to compete with the PepsiCo products, unless approved in writing by PepsiCo. We are also solely responsible for all product liability and damage claims, howsoever caused, and are required to indemnify and hold PepsiCo India harmless from all such liability or claims. These agreements also contemplate other rights that may be exercised by PepsiCo in a manner that may adversely affect our business prospects and financial performance. For further information, see "*Our Business – Relationship with PepsiCo*" on page 182.

3. An inability to integrate the operations of, or leverage potential operating and cost efficiencies from our recent acquisitions may adversely affect our business, prospects and future financial performance.

We have established a track record of acquiring and successfully integrating new territories, additional franchisee rights as well as additional businesses through strategic acquisitions to supplement our business verticals, grow and further strengthen our product portfolio, increase our Sales Volume and increase our market share. As part of our efforts to expand our geographic footprint in Africa, we have recently entered into a share purchase agreement with Tanzania Bottling Company SA to acquire 100% of the share capital of SBC Tanzania Limited ("**SBCT**", and such agreement, "**SBCT Agreement**"), which is expected to be completed on or before March 31, 2025. We have also entered into a share purchase agreement with Ghana Bottling Company Limited to acquire 100% of the share capital of SBC Beverages Ghana Limited ("**SBCG**" and such agreement, "**SBCG Agreement**"), which is expected to be completed on or before February 28, 2025. For details, see *"Our Business – Our Strengths - Established track record of successful acquisition and integration"* on page 176. The costs of the acquisitions pursuant to the SBCT Agreement and the SBCG Agreement are ₹13,040 million and ₹1,271 million, respectively, and our Company will also be taking on certain liabilities of SBCT and SBCG through these acquisitions. The completion of these acquisitions is subject to the fulfilment of certain closing conditions, including obtaining prior approval from regulatory authorities and third parties. For instance, completion of the acquisition of SBCT is subject to receipt of prior approval from PepsiCo Inc., Fair Competition Commission and tax clearance from the Tanzania Revenue Authority, while completion of the acquisition of SBCG is subject to receipt of prior approval from PepsiCo Inc. and tax clearance from the Ghana Revenue Authority. We cannot assure you that such closing conditions will be fulfilled or that the requisite regulatory approvals in connection with these transactions will be obtained in a timely manner, or at all.

Similarly, on April 1, 2024, we completed the acquisition of The Beverage Company (Proprietary) Limited, South Africa ("**BevCo**") for a total consideration of ₹4,037.26 million, pursuant to which BevCo, along with its subsidiaries, became a subsidiary of our Company with effect from March 26, 2024. Through this acquisition, we have been able to establish our presence in franchised territories in South Africa, Lesotho and Eswatini, as well as territories with distribution rights in Namibia and Botswana, and TDRs effective April 1, 2024 in Mozambique and Madagascar. This acquisition has resulted in, and any future acquisitions will result in, significant growth in our operations, in terms of geographic spread as well as the penetration of our distribution network. See "*Our Business - Our Strategy - Focus on integrating additional franchise rights and businesses along with expansion through strategic inorganic and organic opportunities*" on page 180. As our acquisitions in the future will lead to an expansion of our geographic footprint, our business may be exposed to additional unforeseen challenges in the new markets we start to operate in, including obtaining additional governmental or regulatory approvals, identifying and collaborating with local business partners with whom we may have no existing relationship, successfully marketing our products in markets in which we have no familiarity, attracting customers in a market in which we do not have significant experience or visibility, adapting our marketing strategy and operations to new markets in India and international territories in which different languages are spoken, ensuring customer satisfaction, recruiting, training and retaining skilled personnel and failure to manage third-party service providers in relation to any outsourced services.

We will continue to invest significant management time and financial resources to integrate and manage such acquired operations, overcome local market challenges that we may be unfamiliar with, including potential cultural and language barriers, and assimilate business practices in the future. Although, our business operations in each market is similar, each territory and sub-territory presents specific operational challenges, which can vary depending on whether the relevant market is urban, semi-urban or rural, the degree of penetration of CSD and NCB beverages and packaged drinking water in such markets, the competition, access to uninterrupted electricity supply and refrigeration and cooling equipment, logistics infrastructure as well as the demographic profile and general socio-economic conditions in the relevant market. Our ability to successfully extend our existing operational, technological or distribution logistics infrastructure to these territories and sub-territories will be affected by these factors.

Although, we continue to evaluate strategic acquisition opportunities, either production facilities or additional licensed territories and sub-territories that are with other operators, such potential acquisition may raise a number of challenges beyond our control including unforeseen expenses, complications or delays in connection with the expansion of our operations through these acquisitions. In addition, we may be required to incur additional debt or issue equity to pay for future acquisitions. We may also face challenges from PepsiCo competitors or other

PepsiCo franchisees in completing such acquisitions and implementing our business strategy, developing relationships with distributors and dealers in these new markets, and integrating these territories and sub-territories in our existing operations. If we are unable to successfully acquire, manage or integrate such acquisitions as planned, or at all, or if we are unable to achieve operating and financial synergies or economies of scale that we expect from such acquisitions, as a result of any of the foregoing or other risks or challenges, or for any other reason, it may have a material and adverse effect on our business, prospects, results of operations and financial condition.

4. ***Our growth plans and expansion strategies are subject to prior approval of PepsiCo, and an inability to secure such approval may adversely affect our business prospects and future financial performance.***

In addition to increasing our Sales Volumes, we continue to evaluate acquisition of additional production facilities as well as franchises for additional licensed territories and sub-territories. We also intend to obtain franchises for other existing or newly introduced beverage products of PepsiCo. Under the PepsiCo India Agreements and the PepsiCo International Agreements, any such acquisition will require prior approval from PepsiCo India/ PepsiCo Inc./ SVC and the PepsiCo International Entities. While historically, PepsiCo has granted franchises for additional licensed territories and sub-territories to us from time to time, including territories that were earlier operated directly by PepsiCo or by other franchisees, there can be no assurance that PepsiCo will continue to grant us franchises for additional territories or sub-territories or provide approval for the acquisition of additional production facilities in the future. In addition, if PepsiCo were to grant other franchisees, the franchise rights to territories and sub-territories currently licensed to us, it may materially and adversely affect our business operations and future financial performance. Our growth plans and expansion strategies are therefore subject to the approval of PepsiCo and if PepsiCo were to deny such approval for any reason, it could adversely affect our business, prospects, results of operations and financial condition. For details of the risks associated with the existing terms of our agreements with PepsiCo, see *"- Termination or non-renewal of the PepsiCo India Agreements or the PepsiCo International Agreements or the Tropicana India Agreement by PepsiCo India/ PepsiCo Inc./ SVC/ PepsiCo International Entities or any material modification to the existing terms under such agreements adverse to our interest will materially and adversely affect our ability to continue our business and operations and our future financial performance"* on page 56.

5. ***A significant majority of our production and sales is seasonal, with a majority of our CSD and NCB sales take place during the summer months, and any adverse weather conditions during such peak sales seasons may materially and adversely affect our sales, results of operations and financial condition.***

A significant majority of our production and sales is seasonal. Sales of our PepsiCo beverages are generally significantly higher in the summer months of April through June, due to the heat and warm weather, and considerably lower during the winter months of December through February. Our Sales Volume in India during the nine months period from January 2023 to September 2023 was 623.64 million Unit Cases, while our total Sales Volume in India was 736.94 million Unit Cases in Fiscal 2023. Accordingly, in Fiscal 2023, our Sales Volume in India during the nine months period from January 2023 to September 2023 accounted for 84.62% of our total Sales Volume in India. Our Sales Volume in India during the nine months period from January 2024 to September 2024 was 702.47 million Unit Cases. Bad weather conditions, including disturbed summers or untimely rains during the peak sales season of summer, may adversely affect our Sales Volumes, results of operations and financial condition, and could therefore have a disproportionate impact on our results of operations in the relevant year.

In addition, the seasonality of our results of operations may be affected by unforeseen circumstances that affect production during such peak periods, such as any downtime to production due to breakdown of equipment, shortage of raw materials, inadequate inventory planning and other interruptions to timely production and delivery of our products to the market. While there have been no instances in the nine months ended September 30, 2024 and the last three Fiscals where production has been affected by such circumstances, we cannot assure you that such events will not arise in the future. Because of the significant fluctuations in demand for these products during various seasons of the year, any comparison of the sales recorded and our results of operations between different periods within a year is not meaningful and should not be relied on as an indicator of our future business prospects or financial performance.

6. ***If we are unable to service our debt obligations in a timely manner or to comply with various financial and other covenants and other terms and conditions of our financing agreements, it may adversely affect our business, prospects, results of operations and financial condition.***

As of June 30, 2024, our net debt was ₹58,808.01 million which represented a debt to equity ratio of 0.67. For further information, see "*Financial Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Indebtedness and Other Arrangements*" and "*Capitalization Statement*" on pages 276, 148 and 104, respectively.

Under the PepsiCo India Agreements, we are required to maintain the financial capacity reasonably necessary to ensure the performance of our obligations to PepsiCo India/ PepsiCo Inc./ SVC. Further, we are also required to ensure that the debt to equity ratio for our Company does not exceed 2:1 or such other ratio as agreed with PepsiCo India/ PepsiCo Inc./ SVC, and any failure to maintain such a ratio, subject to a cure period of six months, would entitle PepsiCo India/ PepsiCo Inc./ SVC to terminate the agreement by a written notice to our Company. For more details, see *"- Termination or non-renewal of the PepsiCo India Agreements or the PepsiCo International Agreements or the Tropicana India Agreement by PepsiCo India/ PepsiCo Inc./ SVC/ PepsiCo International Entities or any material modification to the existing terms under such agreements adverse to our interest will materially and adversely affect our ability to continue our business and operations and our future financial performance"* on page 56. Our business has witnessed significant growth during the last decade, requiring capital infusion which has been met by raising of funds through loans and our borrowings may have significant consequences to our shareholders and future financial results and business prospects, including increasing our vulnerability to a downturn in business; limiting our ability to pursue our growth plans; requiring us to dedicate a substantial portion of our cash flow from operations to service debt; and limiting our ability to raise additional funds or refinance existing indebtedness. While we have been able to generate sufficient cash flow from operations to service our debt obligations on a timely basis in the last three Fiscals and the nine months ended September 30, 2024, in the event that we are unable to do so in the future our business operations and financial performance may be adversely affected.

Many of our financing agreements include conditions and restrictive covenants that require us to obtain consent from the respective lenders prior to carrying out certain activities and entering into certain transactions. We are required to inform and obtain consent and no-objection from our lenders for, among other matters: (i) change in control of our Company; (ii) dilution of the current shareholding of our Promoter and members of our Promoter Group (as defined in the PepsiCo India Agreements) provided, however, that such shareholding shall not fall below 51% of the share capital of our Company; (iii) amendment of the articles of association and memorandum of association of our Company; (iv) change in the capital structure and shareholding pattern of our Company; (v) utilisation of the Issue proceeds by our Company at its sole discretion, to repay/pre-pay in part or full the existing borrowings of our Company and/or our Subsidiaries, including from other lenders; and (vi) undertaking any other activities as may be required in relation to the Issue. Additional restrictive covenants require us, among other things, to ensure that the loan availed from our lenders is utilized for the respective purpose they have been sanctioned as specified in such financing agreements and to maintain security cover and/or receivable cover as the lender may stipulate from time to time. Further, any prepayment of our loans may require us to receive consents from our lenders, and may be subject to prepayment charges and other conditions, as applicable. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Indebtedness and Other Arrangements*" on page 148. In addition, certain of our financing arrangements contain cross default provisions which could automatically be triggered by defaults under other financing arrangements.

It is possible that we may not be able to obtain additional financing at terms favorable to us, or at all. Our future borrowings may also contain similar or additional restrictive provisions. In the event of a breach of relevant terms of our financing arrangements, we may be required to seek waivers of such breaches, including cross defaults arising from the breach of relevant covenants. We cannot assure you that we will be able to obtain such amendments or waivers on satisfactory terms, or at all, and the relevant lenders could, *inter-alia*, impose penal and default interests, accelerate the maturity of our obligations and declare all amounts payable in respect of the facility to be due and payable immediately or otherwise on demand. In the event of any such acceleration, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes, or if required, sale of our assets. Further, during any period in which we are in default, we may be unable to obtain further financing or any refinancing of our debt could be at higher rates with more onerous covenants. In addition, in case of a default under the financing agreements, lenders may be able to sell our assets charged under such financing arrangements to enforce their claims, become entitled to appoint a nominee director on our Board, convert their outstanding loans into equity or other securities of our Company or require us to restructure the management of our Company, thereby adversely affecting our financial condition and the price of our Equity Shares.

7. ***Our business is working capital intensive. If we experience insufficient cash flows from our operations or are unable to borrow funds to meet our working capital requirements, it may materially and adversely affect our business and results and operations.***

Our operations involve a significant amount of working capital, principally to fund our raw material procurement. While we typically do not extend credit beyond three to 15 days to our distributors, depending on the track record of certain distributors servicing the modern trade channels we selectively extend credit up to 60 days. In addition, our obligations to PepsiCo India/ PepsiCo Inc./ SVC and/ or the PepsiCo International Entities arise on receipt of the beverage concentrates at our production facilities. We fund a significant part of our working capital requirements through borrowings. In the event we are unable to generate sufficient cash from our sales, suffer decreasing sales as a result of inability to extend competitive credit terms or otherwise, experience a reduction in credit terms from PepsiCo India/ PepsiCo Inc. and/ or the PepsiCo International Entities, or experience difficulties in collecting our accounts receivables, we may not have sufficient cash flows to service our indebtedness or adequately fund our working capital requirements. In such event, our business operations could be adversely affected. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Indebtedness and Other Arrangements*" on page 148.

Any of these circumstances or other consequences could adversely affect our business, credit rating, prospects, financial condition and results of operations. Moreover, any such action initiated by our lenders could adversely affect the price of the Equity Shares.

8. ***An inability to manage our growth effectively could adversely affect our business and future financial performance.***

We have experienced significant growth over the last few years as we have expanded our operations in India and internationally. Our revenue from operations have increased at a CAGR of 34.98% from ₹89,582.91 million in Fiscal 2021 to ₹163,210.63 million in Fiscal 2023 and was ₹135,900.81 million and ₹166,637.13 million in the nine months ended September 30, 2023 and 2024, respectively. We continue to evaluate organic and inorganic expansion plans to pursue growth opportunities. For information on our proposed strategies, see *"**Our Business – Our Strategy**"* on page 180. In order to expand our business operations, we must acquire franchises for additional territories and sub-territories, and license to a broader range of PepsiCo products, increase our production capacity, strengthen our distribution network and increase market penetration in our licensed territories and sub-territories.

Our ability to further grow our business will depend on various factors, many of which are beyond our control. These factors include, but are not limited to: continued customer loyalty to PepsiCo's existing and future beverage products; building customer loyalty to our own brands and products portfolio; evolving consumer preferences and our ability to adapt our business and operations; recruiting and training qualified personnel; further strengthening PepsiCo brands in new markets; competition in our markets; availability of financing at suitable terms and conditions; and sourcing and managing the cost of our expansion and identifying suitable supply and delivery resources. PepsiCo's new beverage products in existing or new categories may not meet the desired success, and there can be no assurance that these new beverage products or our own beverage products will gain market acceptance or meet the particular tastes or requirements of consumers. We may also not be able to leverage our ability to implement new brand and product launches, including dairy beverages, as well as new flavours, packages and SKUs, particularly in the fast-growing NCB space. To the extent we are unable to execute our strategy of continuously introducing new products, improving our portfolio of products and meeting consumers' changing preferences, our market share and financial performance would be adversely affected. In addition, further expansion of our operations and growth into additional territories and sub-territories and franchises for new products will result in increase in demand on management resources, financial controls as well as operating and information systems. In order to effectively manage our growth, we will need to further strengthen our operating systems, procedures and internal controls systems, and a failure to do so on a timely basis, or any weakness in our internal controls, may result in inconsistent or flawed operating procedures. The development of future business may also be affected by external factors, including general political and economic conditions in India and our international markets, government policies or strategies, particularly with respect to goods and services tax applicable to our products and operations, as well as prevailing interest rates and currency exchange rates. Moreover, our ability to sustain our growth depends on our ability to attract and retain key management personnel, maintain effective risk management policies and address adverse market or business developments.

If we are unable to achieve our business strategy of organic and inorganic growth and if our existing and future management resources, operational and financial systems, and operating procedures and control measures are not adequate to support the growth in our future operations, it may adversely affect our business prospects and future financial performance.

9. We are dependent on the continuing operation of our production facilities. Any significant interruption in production at our facilities could have a material adverse effect on our business, results of operations and financial condition.

We manufacture substantially all of the products that we sell at our production facilities in India and international production facilities. These plants are subject to the normal risks of industrial production, including equipment breakdowns, labour stoppages, natural disasters, directives from government agencies, water shortages and power interruptions. Under the PepsiCo India Agreements, if we discontinue the production of the PepsiCo beverages which results in our failure to serve all or any part of the territory as measured by the planned volumes for the impacted part of the territory to the extent of 50% or more of the planned volumes for a period of 30 days in other than on account of force majeure which shall be rectified within six months, PepsiCo India/ PepsiCo Inc. and/ or SVC may exercise their right to terminate the said agreements. In addition, under the PepsiCo International Agreements, if there is discontinuation of our production process of the bottling of the beverages for a period of 30 consecutive days other than on account of annual maintenance or any other reason subject to the approval of the PepsiCo International Entities, the PepsiCo International Entities may exercise their right to terminate the said agreements. Further, under the PepsiCo Snacks Manufacturing Agreements, if we are unable to manufacture products for a continuous period of 60 days, other than due to force majeure or due to reasons attributable to PepsiCo, PepsiCo India or Premier Nutrition LLC may exercise its right to terminate the agreements. Particularly, all of these production facilities require a significant amount and continuous supply of electricity and water and any shortage or non-availability of electricity and water may adversely affect our operations. The production process of our products, as well as the storage of products at particular temperatures requires significant electricity. We are also required to store our raw materials in a temperature-controlled environment. We currently source our water requirements from bore wells and also depend on the municipal supply of water. We also depend on state electricity supply for our energy requirements. Although we have adequate diesel generators to meet exigencies at our facilities, our operations at our facilities may be adversely affected during power failures. Any failure on our part to obtain alternate sources of electricity or water, in a timely fashion and at an acceptable cost, or an inability to ensure continuous supply of raw materials for production on commercially favourable terms, may have an adverse effect on our business, results of operations and financial condition.

In the event of any disruption of operations at our production facilities due to any reason, whether natural or manmade disasters, or resulting from workforce disruptions, regulatory approval delays, fire, failure of machinery, or any significant social, political or economic disturbances, our ability to manufacture our products may be adversely affected. Disruptions in our manufacturing activities could delay production or require us to shut down our production facilities. While we have not had such instances of disruption of operations in the last three Fiscals and the nine months ended September 30, 2024, we cannot assure you that such events will not take place in the future. Any contravention of or non-compliance with the terms of various regulatory approvals applicable to our production facilities may result in us requiring to cease, or limit, production until such non-compliance is remedied to the satisfaction of relevant regulatory authorities.

10. An interruption in the supply or significant increase in the price of raw materials or packaging materials may adversely affect our business, prospects, results of operations and financial condition.

Our inability to maintain efficient inventory management and stock of raw materials at optimum levels may affect our operations. The availability and price of raw materials, particularly beverage concentrate we purchase from PepsiCo India or other relevant PepsiCo entities or their authorized suppliers, sugar, mango pulp and carbon dioxide, as well as the availability and price of packaging materials, in particular PET resin, including preform, aluminium, glass, tetrapaks cartons, plastic closures, crowns and labels, may also impact our operations. The price of such raw materials and packaging materials may be affected by changes in global supply and demand, weather conditions, governmental policies, exchange rates and other macroeconomic factors. A prolonged interruption in the supply of raw materials or packaging materials may require us to identify alternative suppliers that are acceptable to PepsiCo India/ PepsiCo Inc./ SVC and/ or the PepsiCo International Entities, which could require us to pay significantly higher prices for such raw materials and packaging materials. In the event of a significant increase in the price of such raw materials and packaging materials, it will increase our cost of production and other operating costs and decrease our profitability in the event we are unable to pass on such price increases to the dealers, and ultimately the consumers, by increasing the price of our beverages.

In addition to the beverage concentrates that we purchase from PepsiCo India or other relevant PepsiCo entities or their authorized suppliers, our largest raw materials expenditure relates to purchase of sugar and PET chips. We also purchase packaging materials such as labels from various local and regional label producers and procure fuel for our delivery trucks. We typically do not enter into long term supply contracts with any of the raw material and packaging material suppliers, but typically place orders in advance of our anticipated requirements at agreed prices. In the absence of long term supply contracts, we are susceptible to a sudden and significant increase in prices of raw materials and packaging materials. In addition, we are susceptible to the risk that one or more of our existing raw material or packaging materials suppliers may discontinue supplies to us, and unless we are able to enter into alternative arrangements in a timely manner on terms favourable to us, our business operations and financial performance may be materially and adversely affected. Certain of our critical raw materials such as sugar, mango pulp may also be subject to seasonal fluctuations in price.

In relation to the PepsiCo products produced and sold by us, we are required to procure raw materials and packaging materials supplies only from suppliers that meet the standards specified by PepsiCo India/ PepsiCo Inc./ SVC and/ or the PepsiCo International Entities. From time to time, we recommend additional suppliers, and in case they meet applicable quality standards for PepsiCo India/ PepsiCo Inc./ SVC and/ or the PepsiCo International Entities', such additional suppliers may be approved by them. While historically such recommendations have generally been approved by PepsiCo, there can be no assurance that in the future PepsiCo will approve such recommendations. We may not be in a position to select or obtain supply of raw material and packaging materials from the most cost effective suppliers unless they are pre-approved from quality perspective by PepsiCo. We do not currently obtain any hedge protection against changes in raw material prices. While we have not experienced a shortfall or limited availability of raw materials or packaging materials that has affected our operations in the last three Fiscals and the nine months ended September 30, 2024, there can be no assurance that there will not be any seasonal factors, or a significant and prolonged interruption or a shortage in the supply of our critical raw materials and packaging materials. Such interruptions or shortages in supply of requisite standard raw materials and packaging materials may prevent us from operating our production facilities at optimal capacity, and if such shortage is severe, may lead to the suspension of production. In particular, a significant majority of our production activities takes place during the pre-summer and summer months when sales of our PepsiCo products and our own products are maximum, and any shortage of raw materials or packaging materials during such periods may materially and adversely affect our production, sales and results of operations in such year.

11. Any contamination or deterioration of beverages and products could result in legal liability, damage our reputation and adversely affect our business prospects and financial performance.

We are exposed to various contamination related risks with respect to our PepsiCo products and our own products. The actual or alleged contamination or deterioration of these products could result in legal liability, damage our reputation and adversely affect our business prospects and consequently our financial performance. The risk of contamination or deterioration for the beverages exists at each stage of their production cycle, including during the production and delivery of raw materials, the bottling, storage and delivery to our customers and the storage and shelving of our products by our distributor and customers until final consumption by consumers. With respect to the snack products, we are subject to risks typical to the FMCG industry, such as product tampering, relatively shorter shelf lives of the products, inferior quality of ingredients, packaging errors and non-compliance with food safety standards. While we follow stringent quality control processes and quality standards, including those specified by PepsiCo, and our production facilities and operations are also regularly monitored by PepsiCo, there can be no assurance that our products will not be contaminated or suffer deterioration. If any of our products is found to have been contaminated or to have deteriorated, we could be required to recall large quantities of our beverages and snacks, and we could incur criminal or civil liability for any adverse medical condition or other damage resulting from consumption of such products. In addition, any actual or alleged contamination or deterioration of our products or products manufactured by other PepsiCo bottlers may damage the reputation of PepsiCo brands, which may materially and adversely affect our business operations, prospects, and financial performance. Although we have not experienced any significant product liability claims or similar allegations against us or our products in the last three Fiscals and the nine months ended September 30, 2024, there can be no assurance that there will not be any such claims or allegations in the future, which could materially and adversely affect our business and financial performance or lead to significant civil and criminal liability or other penalties. In addition, while we have obtained product liability insurance cover, there can be no assurance that in the case of any such claim or allegation, such insurance will be adequate to cover any losses. In addition, if PepsiCo determines that our products do not meet their standards, they may require us to suspend production at the relevant production facilities until appropriate remedial action is undertaken or it may even terminate our franchise arrangements.

12. ***Demand for our products may be adversely affected by changes in consumer preferences and any significant reduction in demand could adversely affect our business, prospects, results of operations and financial condition.***

We operate in the highly competitive CSD, NCB, packaged drinking water and savoury snacks segments and rely on the continued demand for PepsiCo beverages and snacks in our licensed territories and sub-territories in India and internationally. In order to maintain and increase revenues and profitability, we are required to continuously address market trends and consumer preferences and manufacture and sell beverages and snacks that appeal to our customers and ultimate consumers. In the event of a significant change in consumer preferences or in the event of an inability on our part to anticipate or react to such changes, it could result in reduced demand for our products and erosion of our competitive position and goodwill and could adversely affect our business, prospects, results of operations and financial condition.

Our success depends on our ability to anticipate and effectively respond to shifts in consumer trends, including convenience, availability and affordability of the products consumed, the quality of our products, tastes and dietary habits of our consumers, ability to improve production and packaging of our products, and our ability to respond to competitive pricing pressures. Consumer preferences may evolve due to a variety of factors, including consumer concerns or perceptions relating to the nutrition profile of our products, including their calorie content or perceptions (whether or not valid) regarding the health effects of ingredients or substances present in our products; the packaging materials we use, or changes in packaging or consumption size; any change in consumption patterns, or social trends that impact travel, vacation or leisure activity patterns; any changes in weather patterns or seasonal consumption cycles; any negative publicity resulting from regulatory action, litigation against us or other companies in our industry or negative or inaccurate posts or comments in the media, including social media, about us, our products or advertising campaigns and marketing programs; consumer perception of social media posts or other information disseminated by us or our employees, agents, customers, suppliers, bottlers, distributors, or other third parties; any downturn in macroeconomic conditions; unemployment; reduction in disposable income; and taxes or other restrictions imposed on our products. We intend to capitalize on the changing market sentiment by focusing on improving the market share of Pepsi Zero, Sting, Seven-Up Zero and Seven-Up Nimbooz Masala Soda, and our relatively newer NCB brands, such as Tropicana Juices, Nimbooz, Lipton Iced Tea and Gatorade by expanding our distribution network and increasing production volumes. Changes in consumer preferences may reduce consumers' willingness to purchase certain of our products and adversely affect our business, prospects, results of operations and financial condition.

Further, there is a growing concern among consumers, public health professionals and government agencies about the health problems associated with obesity. In addition, some researchers, health advocates and dietary guidelines are suggesting that consumption of sugar-sweetened beverages and packaged snacks is a primary cause of increased obesity rates and are encouraging consumers to reduce or eliminate consumption of such products. Increasing public concern about obesity; additional governmental regulations concerning the marketing, labelling, packaging or sale of our sugar-sweetened beverages and packaged snacks; and negative publicity resulting from actual or threatened legal actions against us or other companies in our industry relating to the marketing, labelling or sale of sugar-sweetened beverages or packaged snacks may reduce demand for our products, which could adversely affect our profitability.

13. ***We have recently acquired certain brands as part of our own brand portfolio. A failure to develop and successfully commercialize these products may affect our results of operations and cash flows.***

We have acquired certain brands of CSDs that include Refreshhh, Reboost, Coo-ee and Jive in South Africa and NCBs that include Refreshhh in South Africa. We manufacture, distribute and sell Aquaclear Packaged Water in Zambia and Zimbabwe. We have also obtained a license from Devyani Food Industries Limited to manufacture, sell and distribute Cream Bell value-added dairy-based beverages in India. We are focused on maintaining and improving the quality of our products and expanding our new product offerings through such acquired brands, which we believe will be essential for our growth. The success of our new products is dependent on our ability to correctly anticipate the tastes and dietary habits of our consumers and to offer products that appeal to their preferences. These products may fail to appeal to our consumers in terms of taste as well as price, which can affect our sales and lead to a loss in the investment made by us in the creation and promotion of the products. We cannot assure you that these products will achieve commercial success. In addition, we cannot assure you that our existing or potential competitors will not develop products which are similar or superior to these products.

14. An inability to maintain our competitive position in India and in our other markets where we operate may adversely affect our business, prospects and future financial performance.

The carbonated and non-carbonated beverage markets are highly competitive in India and the international markets we operate in. We compete with, among others, manufacturers and bottlers of other global, regional and local brands of carbonated and non-carbonated beverages. If the number of competitors or level of marketing or investments undertaken by such competitors were to increase, it may result in a reduction in the consumption of our products and may reduce our market share, or we may be required to incur increased marketing and distribution related expenses in order to remain competitive.

In addition, the success of our business significantly depends on consumer behaviour and preferences and their affinity and loyalty to PepsiCo brands, and there can be no assurance of market acceptance and consumer preference for new PepsiCo brands or that there will be an increase in market share of PepsiCo products.

In addition, we compete with aggressive marketing and promotional activities by other global, regional or local beverage producers as well as packaged drinking water producers and packaged snack producers on price and promotional discounts announced from time to time. Other global and regional producers in our markets typically match the pricing of our products. However, if the competition alters their pricing model, and we are unable to change our product prices in response to such competitive measures, our results of operations and profitability may be materially and adversely affected.

15. We are dependent on PepsiCo for brand promotion and the protection of the PepsiCo trademarks and brands in India and in international jurisdictions. An inability by PepsiCo to adequately promote its brands and/ or adequately protect its trademarks and brands may result in loss of goodwill and business and adversely affect our business prospects, results of operations and financial condition.

As a franchisee, we have been granted licenses by PepsiCo to use certain trademarks and brands owned by PepsiCo for certain PepsiCo products that we produce, sell and distribute in India and international jurisdictions. Under the PepsiCo India Agreements, Tropicana India Agreement, we are entitled to use the trademarks only on, in relation to PepsiCo and/ or its group company's beverage products, only within the licensed territories, and in accordance with PepsiCo India's instructions. Further, all decisions made by PepsiCo in relation to trademarks shall be final, conclusive and not subject to any question by us and PepsiCo shall not be liable for loss or damage suffered by us from the use of such trademarks. We are also required to undertake all necessary steps to promote and enhance the visibility and goodwill of PepsiCo's trademarks. See "*Our Business – Relationship with PepsiCo*" on page 182. PepsiCo is primarily responsible for the protection of its trademarks and brands. All trademarks and brands owned by PepsiCo and used by us are either registered with the respective trademark offices of the relevant countries, or are the subject of a pending application in the name of PepsiCo. See "*Our Business – Intellectual Property*" on page 197. While PepsiCo undertakes appropriate measures to protect its trademarks and brands against infringement or counterfeiting, in the event of a failure on part of PepsiCo to effectively do so in the future, it could adversely affect the competitive position of the PepsiCo brands which could result in a decrease in the volume of products we sell, which in turn may materially and adversely affect our business, prospects, results of operations and financial condition.

In addition, PepsiCo India has the primary responsibility for consumer marketing and brand promotion. The continued growth of the PepsiCo beverages which we are licensed to sell will depend on the consumer marketing activities of PepsiCo India. The PepsiCo India Agreements and Tropicana India Agreements stipulates that all advertising, marketing and promotion of PepsiCo's trademarks and beverages in India shall be directed by PepsiCo India, and we are entitled to use only the advertisement and promotion strategies and materials approved by PepsiCo India. We along with PepsiCo India are required to incur the advertising and marketing expenditures as mutually agreed between us, however, currently we do not make significant contribution to the brand marketing costs in India and there can be no assurance that we would not be asked in the future by PepsiCo India to contribute a larger share of such expenses. PepsiCo India is under no obligation to continue to make such contribution or maintain historical levels of such expenses in the future, and our ability to expand our product range would depend on PepsiCo's product expansion strategy and its ability to respond to competitive pressure from competition. A decrease in marketing efforts and expenditure by PepsiCo India, in its contribution to our marketing plan or in its commitment to the development and introduction of new products could lead to decreased consumption of PepsiCo beverages and we may not be able to compete with PepsiCo's competitors in the markets in which we operate, which could have a material adverse effect on our business, results of operations and financial condition.

16. An inability to enhance and maintain our brand as well as protect our intellectual property from third parties may adversely affect our business, results of operations and cash flows.

We manufacture, sell and distribute our own brands of CSDs and NCBs. For details, see *"Our Business"* on page 172. The development of our brand is significantly dependent on public perception, consumer preferences and recognition of product quality by consumers. Any negative publicity may adversely impact our brand. Any concerns regarding ingredients used in our products or the healthfulness, safety or quality of our products or our supply chain or allegations of low-quality products or misbranding, even when false or unfounded, could tarnish our brand. This may also discourage prospective customers from buying our products, which can adversely affect our business, results of operations and cash flows.

In addition, we have secured registrations for trademarks for 'VARUN BEVERAGES', 'Varun Bev' and our logo . For details, see *"Our Business – Intellectual Property"* on page 197. The unauthorized use of our registered trademarks or logos or the infringement of our patents and designs by third parties could adversely affect our reputation, which could in turn adversely affect our business and results of operations. The measures we take to protect our intellectual property rights may not be adequate to prevent unauthorized use of the same by third parties. Further, the defence of intellectual property suits and related legal and administrative proceedings, including proceedings initiated against us by third parties alleging infringement of intellectual property, can be both costly and time-consuming and may significantly divert the efforts and resources of our technical and management personnel. For instance, African Distillers Limited, a company incorporated in Zimbabwe and engaged in the manufacturing of alcoholic beverages, has filed a claim against VBZPL before the High Court of Zimbabwe (Commercial Division), alleging ownership over the 'Sting' trademark, which is a PepsiCo Inc brand. The claim has been defended by our Company and the proceedings are currently pending before the High Court of Zimbabwe (Commercial Division). For details, see *"Legal Proceedings"* on page 261. We may not achieve a favourable outcome in such litigations.

17. Any loss of business or potential adverse publicity resulting from spurious or imitation products, including in our licensed territories or sub-territories, could result in loss of goodwill for PepsiCo products or our products, leading to loss of sales and adversely affect our business, prospects, results of operations and financial condition.

We are exposed to the risk that entities in India and elsewhere could pass off their products as PepsiCo products or our products, including spurious or imitation products. For example, products imitating the PepsiCo brands or our brands and packaging material selling spurious products may adversely affect sale of genuine products, resulting in a decrease in market share resulting from a decrease in demand for PepsiCo products and our products. Such imitation or spurious products may not only result in loss of sales but also adversely affect the reputation of PepsiCo products we manufacture and sell and consequently our future sales and results of operations. The proliferation of spurious and imitation products in our territories and sub-territories, and the time and resources in taking action against such spurious products, defending claims and complaints regarding these spurious products, and in assisting PepsiCo taking appropriate legal proceedings against offenders who infringe PepsiCo's intellectual property rights, could result in lower sales, and adversely affect our results of operations and may have a material and adverse effect on our reputation, business, prospects, results of operations and financial condition.

18. Information relating to the peak month production capacities of our production facilities included in this Placement Document is based on various assumptions and estimates. Actual production rate may vary from such peak month production capacity information and historical capacity utilization rates.

The information relating to the peak month production capacities of our production facilities included in this Placement Document are based on various assumptions and estimates of our management. In particular, the following assumption has been made in the calculation of the peak month production capacity of our production facilities included in this Placement Document: (a) a line efficiency of 90% is considered depending upon various factors including bottlenecks in the manufacturing process, and (b) a line is assumed to run for 20 hours in a day, 28 days in the peak month. Capacity additions to our production facilities have also been made on an incremental basis, including through expansion of our production facilities as well as de-bottlenecking exercises and improved material handling and other operational efficiencies in the production process. Actual production levels and future capacity utilization rates may vary significantly from the peak month production capacities of our production facilities and historical capacity utilization rates.

Due to the highly seasonal nature of our business, we have in this Placement Document included only the peak month production capacity of our production facilities. Investors are advised to note that the peak month identification for purposes of calculation of peak month production capacities (including that for production facilities located in international territories) may vary, depending on the geographical position of the relevant production facility/ sub-territories served by such production facility, as well as changes in climatic conditions and seasonality factors that could from vary from year to year. Such peak month production capacity of our production facilities has been included in this Placement Document for the limited purpose of providing information on peak month operations in our business. Such peak month capacity information is based on various assumptions and estimates, and does not purport to predict, and cannot be relied on as a substitute for, annual production capacity information for our production facilities. Undue reliance should not be placed on the peak month production capacity information for our production facilities included in this Placement Document. In addition, capacity utilization is calculated differently in different countries, industries and for the different kinds of products we manufacture. Given the highly seasonal nature of our business, and the complexities associated with peak month capacity information for our production facilities, capacity utilisation information has minimal relevance as a measure of our business operations and financial performance in any particular fiscal year or period. For further information, see "*Our Business – Production Process – Production Facilities*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations and Financial Condition – Production capacities, backward integration and operating efficiencies*" on pages 192 and 115, respectively.

19. Scarcity of water or non-availability of quality water could negatively impact our costs and production capacity.

Water is one of the primary raw materials used in the production of all our products, and our business operations are vastly dependent on our ability to procure sufficient amounts of quality water at commercially viable prices. Supply of water is an indispensable requirement for our manufacturing process as we require water to mix the base concentrates of our beverages with sugar. Moreover, it is also vital to the production of the agricultural ingredients on which our business relies. Water is a limited resource, facing unprecedented challenges from overexploitation, increasing demand for food and other consumer and industrial products whose manufacturing processes require water, increasing pollution and poor management. Further, supply of water can also be significantly influenced by changing environmental conditions leading to drying water resources and receding ground water levels. Water scarcity and deterioration in the quality of available water sources in our territories, or our supply chain, even if temporary, may result in increased production costs or capacity constraints, which could adversely affect our ability to produce, sell and distribute our products and increase our costs.

20. An increase in the cost of or shortage or disruption in supply of electricity and fuel may adversely affect our results of operations and profitability.

An increase in the price, disruption of supply or shortage of fuel and other energy sources in the countries in which we operate, that may be caused by increasing demand or by events such as natural disasters, power outages, or the like could increase our operating costs and negatively impact our profitability.

21. Our Company and some of our Subsidiaries, Directors and Promoters are involved in certain legal and regulatory proceedings in India which, if determined against us, may have a material adverse impact on our business, reputation and financial condition.

There are outstanding legal and regulatory proceedings involving our Company, our Subsidiaries, our Promoters, and Directors which are pending at different levels of adjudication before various courts, tribunals and other authorities. Such proceedings could divert the management's time and attention and consume financial resources in their defence or prosecution. The amounts claimed in these proceedings have been disclosed to the extent that such amounts are ascertainable and quantifiable and include amounts claimed jointly and severally, as applicable. Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could adversely affect our reputation, continuity of our management, business, cash flows, financial condition and results of operations.

The summary of such outstanding legal and regulatory proceedings is set out below:

Name of Entity	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material civil litigation#	Aggregate amount involved (₹ in million)*
Company						
By the Company	327	Nil	Nil	-	1	290.17
Against the Company	34	110	121	-	69	1,685.02
Subsidiaries						
By the Subsidiaries	Nil	Nil	Nil	-	Nil	Nil
Against the Subsidiaries	Nil	46	Nil	-	1	1,902.64
Directors						
By the Directors	Nil	Nil	Nil	-	Nil	Nil
Against the Directors	7	4	6	-	Nil	67.96
Promoters						
By Promoters	Nil	Nil	Nil	-	Nil	Nil
Against Promoters	3	2	1	Nil	Nil	Nil

Determined in accordance with the Materiality Policy.
* *To the extent ascertainable and quantifiable.*

These also include an application filed by Sushil Bhat against our Company and others before the National Green Tribunal, Principal Bench, New Delhi ("**NGT**"), alleging *inter alia* that our Company's unit in Greater Noida, Uttar Pradesh did not take a 'no objection certificate' from the Central Ground Water Authority for extraction of ground water, thereby violating Water Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981. The NGT allowed the application and imposed a penalty of ₹97.13 million for alleged illegal extraction of ground water. Our Company has filed an appeal challenging the order issued by the NGT before the Supreme Court of India, which subsequently stayed the operation of the order. The matter is currently pending for final disposal. For details, see "*Legal Proceedings*" on page 261.

We cannot assure you that any of these matters will be settled in favour of our Company, our Subsidiaries, Promoters, or Directors, respectively, or that no additional liability will arise out of these proceedings. An adverse outcome in any of these proceedings may have an adverse effect on our business, financial position, prospects, cash flows, results of operations and our reputation. For further information, see "*Legal Proceedings*" on page 261.

22. ***Our inability to expand or effectively manage our growing dealer and distribution network or any disruptions in our supply or distribution infrastructure may have an adverse effect on our business, results of operations and financial condition.***

As of September 30, 2024, we had 2,275 primary distributors (*i.e.*, parties to whom sales in excess of 10,000 unit cases of our PepsiCo beverages in month of May 2024 (our peak month) were recorded) in India and 559 distributors in our international territories. The primary distributors in India accounted for 106.53 million Unit Cases, which represented 90.30% of our aggregate Sales Volumes in India in the month of May 2024. In order to sell products to our end consumers, we use modern trade channels which include super-markets and hyper-markets and general trade channels that include smaller retail stores. Our ability to expand and grow our product reach significantly depends on the reach and effective management of our distribution network. We continuously seek to increase the penetration of our products by appointing new dealers and distributors targeted at different customer groups and regions. If we are unable to identify or appoint distributors, it may affect our distribution capabilities. If the terms offered to such distributors by our competitors are more favourable than those offered by us, distributors may decline to distribute our products and terminate their arrangements with us. We may be unable to appoint replacement distributors in a timely fashion, or at all, which may reduce our Sales Volumes and adversely affect our business, results of operations and financial condition. Further, our competitors may have exclusive arrangements with distributors who may be unable to stock and distribute our products, which may limit our ability to expand our distribution network. While we offer our distributors certain incentive schemes to distribute our products, we may not be able to effectively implement them across our distribution network. If our distributors fail to distribute our products in a timely manner, or adhere to the terms of the distribution agreement, or if our distribution agreements are terminated, our business and results of operations may be adversely affected.

We take delivery of many of our raw materials requirements at respective production facilities and typically the transportation and delivery of raw materials are undertaken by third party contractors. Interruptions in the transportation of raw materials or delivery of finished products, and poor handling of materials or products in transit could interrupt our business, cause us losses, damage our reputation, and adversely affect our results of operations and financial condition. We may also face disruptions in the delivery of our products for various reasons beyond our control, including poor handling by distributors of our products, transportation bottlenecks, natural disasters and labour issues, breakdown of equipment, accidents, fire, loss of water or power supply, terrorism, political instability, military conflict, pandemic, strikes, the financial and/or operational instability of key suppliers, distributors, warehouses and transportation providers or brokers, or other reasons, which could impair our ability to sell our products, and lead to delayed or lost deliveries. To the extent that we are unable to effectively manage such events if they occur, or cannot financially mitigate the likelihood or potential impact of such events, there could be a material adverse effect on our business and results of operations.

23. An inability to plan our infrastructure investments and arrange for adequate and timely funding of such investments may adversely affect our business, prospects and financial performance.

We have made significant investments in our production facilities as well as our sales and distribution infrastructure. Between Fiscal 2021 and in the six months ended June 30, 2024, our net investment in the aggregate has been ₹79,127.92 million in connection with the expansion and modernization of our production capacities and increase penetration of chilling equipment such as visi-coolers for our distribution infrastructure. Under the PepsiCo India Agreements, we are required to purchase adequate visi-coolers, which may be independently verified by PepsiCo India, to ensure that we have at least the same number of visi-coolers as PepsiCo’s competitors. As of September 30, 2024, we operated 36 production facilities at different locations across India and 12 production facilities in international territories. As of September 30, 2024, we had an estimated aggregate peak month production capacity of 154.54 million Unit Cases in India, and 62.91 million Unit Cases in our international production facilities. In Fiscal 2023, we commissioned two greenfield production facilities in India at Bundi, Rajasthan and Jabalpur, Madhya Pradesh and carried out brownfield expansion at six production facilities. In Fiscal 2024, we have commissioned three greenfield production facilities in India at Supa, Maharashtra, Gorakhpur; Uttar Pradesh, and Khordha, Odisha. Further, we have set-up / expanded backward integration facilities at various plants including at all the three greenfield plants at Supa, Maharashtra, Gorakhpur; Uttar Pradesh, and Khordha, Odisha. In addition, we have entered into a joint venture with Indorama Group, Thailand to establish several greenfield PET recycling facilities in India. The joint venture has already begun construction of two PET recycling facilities in Jammu and Odisha, which are expected to be completed in 2025. We have also commenced commercial production of CSD and packaged drinking water at our production facility in Kinshasa, Democratic Republic of Congo on July 22, 2024.

Our projected requirements for infrastructure investments may vary from actual levels if anticipated Sales Volume growth does not materialize or varies significantly from our projections. Such investments are generally long-term in nature and it is possible that investments may not generate the expected returns due to changes in the marketplace. Significant changes from our expected returns on production facility equipment, fleet of vehicles, technology support systems and supply chain infrastructure investments could adversely affect our results of operations and financial condition. Further, our joint venture project to establish PET recycling facilities in India may also be exposed to risks arising from integration challenges or disputes between joint venture partners, if any, and a failure to successfully generate returns from such investments can adversely affect our cash flows, profitability and financial condition.

24. We are subject to extensive government regulation and our inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals in a timely manner could materially and adversely affect our business, prospects, results of operations and financial condition.

The food and beverage segment is subject to extensive government regulation and in respect of our existing operations we are required to obtain and maintain various statutory and regulatory permits, certificates and approvals including approvals under the Food Safety and Standards Act, 2006, as amended and the rules and regulations made thereunder, the Legal Metrology Act, 2009, as amended, environmental approvals, factories licenses, labour related and tax related approvals. We are also subject to local regulatory requirements in the international jurisdictions in which we operate, and a failure to comply with such conditions can adversely affect our operations.

Further, approvals applicable to our Company include the registration of our suppliers and distributors under the Food Safety Standards Act, 2006 which is obtained by the respective suppliers and distributors, approvals for operating diesel generator sets and transformers, approvals from the utilities' companies/authorities for water and electricity connection, periodic inspection and periodic verification of the weights and measures, and packaging used by our Company, periodic inspection and certification of the engineering construction in our production facilities, and permission for self-sealing of export goods. Our Company has made applications for various approvals including approvals under environmental laws, Legal Metrology Act, 2009 and the Factories Act, 1948. We are also required to obtain permission from Ground Water Authority for abstraction of ground water for each production facility. While we believe we will be able to obtain, maintain and renew such approvals or license as required, there can be no assurance that we can do so in the timeframes anticipated or that the relevant authorities will issue or renew any expired permits or approvals in time or at all. Failure or delay in obtaining approvals or failure by us to obtain, maintain or renew the required permits or approvals within applicable time, may result in interruption of our operations. Furthermore, under such circumstances, the relevant authorities may initiate penal action against us, restrain our operations, impose fines/penalties or initiate legal proceedings for our inability to renew/obtain approvals in a timely manner or at all. In addition, the regulations governing our operations may be amended and impose more onerous obligations on us which may result in increased costs, be subject to penalties, or suffer disruption in our activities, any of which could adversely affect our business.

Our operations are subject to stringent health and safety laws as our products are for human consumption and are therefore subject to various industry specific regulations. These laws and regulations governing the food and beverage industry are increasingly becoming stringent and may in the future create substantial compliance or remediation liabilities and costs. While we believe that our production facilities are in compliance with applicable food safety, and other applicable laws and regulations, we may be subject to additional regulatory requirements due to changes in governmental policies. Further, we may also incur additional costs and liabilities related to compliance with these laws and regulations that are an inherent part of our business. We are subject to various central, state and local food safety, consumer goods, health and safety and other laws and regulations. These relate to various issues, including food safety, food ingredients, and food packaging requirements, and the investigation and remediation of contamination.

25. Failure to comply with environmental laws and regulations could lead to unforeseen environmental litigation which could impact our business and our future net earnings.

We are subject to various international, national, state, municipal and local laws and regulations concerning environmental protection in India and in our international licensed territories, including laws addressing the discharge of pollutants into the air and water, the management and disposal of any hazardous substances, and wastes and the clean-up of contaminated sites. Environmental laws and regulations and their enforcement in India and our international licensed territories are becoming more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be pre-empted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment and emissions management. Further, any violation of the environmental laws and regulations may result in fines, criminal sanctions, and revocation of operating permits or shutdown of our facilities. Although there has been no failure to comply with environment laws in the last three Fiscals and the nine months ended September 30, 2024 which has adversely affected our operations, we cannot assure you that such instances will not arise in the future or that we will not receive notices from regulatory authorities with respect to non-compliance with environmental laws in the future.

As a consequence of unanticipated regulatory or other developments, future environmental and regulatory related expenditures may vary substantially from those currently anticipated and may adversely affect our business, results of operations or financial condition. In the event our products are found to be non-compliant, our products could be restricted from entering certain markets, and we could face other sanctions, if we were to violate or become liable under environmental laws. In the event we are found to be non-compliant, the potential exposure could include fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs. Further, liability under some environmental laws relating to contamination of sites can be imposed retroactively. The amount and timing of costs under environmental laws are difficult to predict.

26. Our international operations subject us to risks associated with the legislative, judicial, regulatory, political and economic risks and conditions specific to the countries or regions in which we operate, which could adversely affect our business or financial performance.

We manufacture, sell and distribute various PepsiCo products in Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa (including Lesotho and Eswatini) and Democratic Republic of Congo. Further, we manufacture, sell and distribute our own beverage products such as Refreshhh, Coo-ee and Jive in South Africa, in addition to PepsiCo products. Our prospective financial performance in international markets may be adversely affected by various factors many of which are beyond our control. These factors include political instability, local and global economic conditions, legal and regulatory constraints, tax regulations, local labour laws, anti-money laundering laws and regulations, trade policies, currency regulations, and other matters in any of the countries or regions in which we operate, currently or in the future.

Moreover, the economy of Zimbabwe has been suffering from high rates of inflation and currency devaluations, which, if it continues to occur, could adversely affect our financial performance. If currency devaluations were to reoccur in the future, it may have an adverse effect on our business, financial condition, and results of operations or liquidity. Our business may be significantly affected by the general condition of Zimbabwean economy. Decrease in the growth rate of economy, periods of negative growth and/or increase in inflation or interest rates may result in lower demand for our products, lower real pricing of our products or a shift to lower margin products and consequently our profit margins may suffer.

Other factors which may impact our international operations include foreign trade, monetary and fiscal policies both of India and of other countries, laws, regulations and other activities of foreign governments, agencies and similar organizations, terrorists attacks and risks associated with having a number of production facilities located in countries which have historically experienced political turbulence. Additional risks inherent in our international operations generally include, among others, the costs and difficulties of managing international operations, adverse tax consequences. The various risks inherent in doing business generally also exist when doing business outside of India, and may be more onerous given the difficulty of doing business due to differences in language, culture, as well as local commercial practice and custom.

The United States, through sanctions overseen primarily by the U.S. Treasury Department's Office of Foreign Assets Control and the U.S. State Department, and the European Union and its Member States have laws that regulate, restrict or prohibit certain business activities in sanctioned countries or dealing with certain individuals or entities within such countries or with significant ties to such countries. The United States government has imposed limited economic sanctions against Zimbabwe. The sanctions are however, applicable only to certain specially designated nationals ("**SDNs**") of Zimbabwe and entities owned 50% or more by one or more SDNs and do not prohibit all trade or transactions with companies in Zimbabwe. Any failure to comply with these laws and regulations may expose our Company to risk of adverse and material financial, operational, or other impacts.

Further, the regulatory regime in some of our international licensed territories continue to evolve at a rapid pace and may be unclear or inconsistent or open to conflicting interpretation. In addition, the accounting standards, tax laws and other fiscal regulations in these jurisdictions are subject to differing interpretations. Differing interpretations of tax and other fiscal laws and regulations may exist within several governmental ministries, including tax administrations and appellate authorities, thus creating uncertainty and potentially unexpected results. The applicability of the different accounting and taxation standards are subject to complex interpretation and as a result we may be exposed to risks or face allegations of non-compliance with such standards. The degree of uncertainty in tax laws and regulations, combined with significant penalties for default and a risk of aggressive action by government or tax authorities, may result in our tax risks being significantly higher than expected. If we do not effectively manage our international operations, our profitability from such operations may be affected, which in turn may adversely affect our business, results of operations and financial condition.

27. Failure to realize anticipated benefits from various initiatives introduced to enhance productivity and improve operating efficiencies may adversely affect our business, results of operations and financial condition.

Our future success and profitability depend in part on our ability to reduce costs and improve efficiencies. Our productivity initiatives help fund our growth initiatives and contribute to our results of operations. We continue to implement strategic plans that we believe will position our business for future success and long-term growth by enabling us to achieve a lower cost structure and operate more efficiently in the highly competitive soft drink industry as well as the FMCG industry. In order to capitalize on our cost reduction efforts, it will be necessary to make certain investments in our business, which may be constrained by the amount of capital investments required. In addition, it is critical that we have the appropriate personnel in place to continue to lead and execute our growth strategy. If we are unable to successfully implement our productivity initiatives, fail to implement these initiatives on a timely basis, do not achieve expected savings as a result of these initiatives or incur higher than expected or unanticipated costs in implementing these initiatives, or fail to identify and implement additional productivity enhancement initiatives in the future, our business, results of operations and financial condition may be adversely impacted.

28. We may be unable to grow our business in semi-urban and rural markets, which may adversely affect our business prospects and results of operations.

We continue to target growth opportunities and believe that the relatively low level of penetration of soft drink beverages in semi urban and rural areas provide significant growth opportunities. We intend to expand our distribution network and appoint additional distributors to increase market penetration in Tier II and Tier III cities, smaller towns and rural areas in India and make available a wider range of our PepsiCo products in these markets. However, if our strategic plans do not deliver the desired results, then the expansion, distribution and penetration of our distribution network and products in these markets may be hampered. Further, retail consumers in these regions are typically price conscious and we may be unable to compete effectively with the products of certain competitors, particularly smaller, regional or local beverage companies. In addition, general disposable income levels of consumers in these markets may not continue to rise as anticipated by us, which may result in actual sales in such markets varying significantly from anticipated business projections from these markets and areas. If we are unable to grow our business in semi urban and rural markets effectively, our business prospects, results of operations and financial condition may be adversely affected.

29. We are dependent on a number of key personnel, including our senior management, and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.

We are highly dependent on our directors, senior management and other key personnel for setting our strategic business direction and managing our business. We currently do not have any non-compete agreements with our directors, senior management or other key personnel and have not obtained any key man insurance with respect to such individuals. Our ability to meet continued success and future business challenges depends on our ability to attract, recruit and retain experienced, talented and skilled professionals. Due to the current limited pool of skilled personnel, competition for senior management, commercial and finance professionals in our industry is intense. We may be required to invest long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting the qualified employees that our business requires. In the event of the loss of services of our directors, senior management or other key personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on the Company's financial results and business prospects.

30. A portion of the Net Proceeds are proposed to be utilized for repayment or pre-payment of certain borrowings availed by our Company from Kotak Mahindra Bank Limited, which is an affiliate of Kotak Mahindra Capital Company Limited, one of the Lead Managers.

We propose to utilize a portion of the Net Proceeds from this Issue towards repayment or pre-payment, in full or in part, of certain borrowings availed by our Company from Kotak Mahindra Bank Limited. For details, see *"Use of Proceeds – Details of Objects – Repayment / pre-payment, in part or in full, of certain outstanding borrowings availed by our Company and/or one of our Subsidiaries"* on page 92. Kotak Mahindra Bank Limited is an affiliate of one of the Lead Managers, Kotak Mahindra Capital Company Limited and is not an associate of our Company in terms of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992. The borrowings availed by our Company were done in the ordinary course of business and we do not believe that there is any conflict of interest under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, or any other applicable SEBI rules or regulations. The Board of Directors of our Company has chosen the borrowings to be repaid/prepaid based on certain considerations, as set forth in "*Use of Proceeds – Details of Objects – Repayment / pre-payment, in part or in full, of certain outstanding borrowings availed by our Company and/or one of our Subsidiaries"* on page 92. However, there can be no assurance that the repayment or pre-payment of these borrowings from the Net Proceeds to an affiliate of the Lead Managers will not be perceived as a current or potential conflict of interest.

31. A significant number of our offices, including our registered office, corporate office and certain of our production facilities, are located on leased premises. There can be no assurance that these lease agreements will be renewed upon termination or that we will be able to obtain other premises on lease on same or similar commercial terms.

A significant number of our offices, including our registered office and corporate office, are located on leased premises, and we do not own any of these premises. Further, some of the land for our production facilities are held by our Company and/ or Subsidiaries on leasehold basis. In the event such leases are not renewed or are terminated, it could adversely affect our operation unless we arrange for similar premises. If we are unable to continue or renew such leases on same or similar terms, or find alternate premises on lease on similar terms or at all, it may affect our business operations.

32. An inability to accurately manage inventory and forecast demand for particular products in specific markets and licensed territories and sub-territories may have an adverse effect on our business, results of operations and financial condition.

We estimate demand for our products based on projections, our understanding of anticipated customer spending and inventory levels with our distribution network. If we underestimate demand, we may produce lesser quantities of products than required, which could result in the loss of business. If we overestimate demand, we may purchase more raw materials and produce more products than required, which may also result in locking in of our working capital. In the event of such over-production, we may face difficulties with storage and other inventory management issues before the expiry of the shelf life of our products, which may adversely affect our results of operations and profitability. The shelf life of beverages sold in PET bottles are typically approximately three months while that of beverages sold in returnable glass bottles are typically approximately six months. In addition, even if we are able to arrange for sale of such stock, we cannot ensure that such products are not sold or consumed by consumers subsequent to the expiry of the shelf life, which may lead to health hazards. While we display the shelf life in the packaging of our products, we may face claims for damages or other litigation, in the event our products are sold and consumed subsequent to expiry of their shelf life. Any or all of these factors could adversely affect our reputation, and consequently our business, prospects and financial performance.

33. Some of our Subsidiaries have incurred losses in the past, and may continue to do so in the future, which will adversely affect our consolidated results of operations and financial condition.

Some of our Subsidiaries have incurred losses in the past. Any such losses that we may incur in the future will adversely affect our consolidated results of operations and financial condition.

The following table sets forth information on some of our Subsidiaries of our Company in the periods specified below:

Name of Subsidiary	Profit / (Loss)		
	Fiscal 2021	Fiscal 2022	Fiscal 2023
	(₹ in million)		
Varun Beverages (Nepal) Private Limited	(268.18)	294.66	701.72
Varun Beverages Lanka (Private) Limited	100.17	82.87	403.14
Varun Beverages Morocco SA	(2.25)	110.42	446.63
Varun Beverages (Zambia) Limited	586.83	128.42	(571.56)
Varun Beverages (Zimbabwe) (Private) Limited	2,245.26	1,991.16	2,119.24
Lunarmech Technologies Private Limited(1)	276.99	478.85	407.47
Varun Beverages RDC SAS	(0.00)	(2.40)	(2.26)
Varun Beverages International DMCC(2)	-	281.78	299.06
Varun Beverages South Africa (Pty) Limited(3)	-	-	(0.01)

Notes:

(1) On October 16, 2023, our Company acquired 50,000 equity shares of Lunarmech Technologies Private Limited for a purchase consideration of ₹100.00 million. Pursuant to this acquisition, our Company currently holds 60.07% of the equity share capital of Lunarmech Technologies Private Limited. Our Company has recently entered into a share purchase agreement to acquire the balance 39.93% of the equity share capital of Lunarmech Technologies Private Limited for a consideration of ₹2,000 million, which is expected to be completed on or before January 31, 2025.

(2) Became a Subsidiary of our Company with effect from January 31, 2022.

(3) Became a Subsidiary of our Company with effect from May 23, 2023.

34. Technology failures could disrupt our operations and adversely affect our business operations and financial performance.

IT systems are critical to our ability to manage our large production operations and distribution network and in turn, to maximize efficiencies and optimize costs. Our IT systems enable us to coordinate our operations, from planning, production scheduling and raw material ordering, vehicle loading and routing, customer delivery, invoicing, customer relationship management and decision support. Our main IT platform is SAP, an integrated system of software applications which are designed to provide advanced capabilities to address customer centric activities in the areas of customer relationship management, promotion management, equipment management, field sales execution, truck management and warehouse management.

If we do not allocate and effectively manage the resources necessary to build and sustain the proper IT infrastructure, we could be subject to transaction errors, processing inefficiencies, customer service disruptions and, in some instances, loss of customers. Challenges relating to the building of new IT structures can also subject us to certain errors, inefficiencies, disruptions and, in some instances, loss of customers. Our IT systems, and the systems of our third party IT service providers may also be vulnerable to a variety of interruptions due to events beyond our control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers and other security issues. Although we have security initiatives and disaster recovery plans in place to mitigate its risk to these vulnerabilities, such measures may not have been effectively implemented or may not be adequate to ensure that its operations are not disrupted. IT interruptions and system failures could have a material and adverse effect on our ability to realise the anticipated improvements in productivity and efficiency.

35. Our business does not involve long-term purchase arrangements and we rely on purchase orders from distributors that determine the terms of sales of our products. As a result, our sales may fluctuate significantly as a result of changes in our dealers' and distributors' preferences.

Our business does not involve long-term agreements and we rely on purchase orders from distributors that determine the terms of sales of our products. However, if purchase orders are amended or cancelled prior to finalization, and in such event, an amendment or cancellation may take place, and we may be unable to seek compensation for any surplus products that we produce. In addition, any failure to meet our dealers' and distributors' expectation could result in the cancellation or non-renewal of purchase orders. Further, in cases where we have entered into agreements with dealers and distributors, such contracts do not bind them to provide us with a specific volume of business and can be terminated by them for cause. Consequently, there is no firm commitment on part of our dealers or distributors to continue to pass on new purchase orders to us and as a result, our sales may fluctuate significantly as a result of changes in our dealers' and distributors' preferences.

36. The grant of options under the Employee Stock Option Scheme 2016 will result in a charge to our profit and loss account and may adversely impact our net income.

Our senior executives are rewarded with stock options. The quantum of stock options awarded is determined based on recommendations of the Board of Directors in consultation with the Nomination and Remuneration Committee. Employee stock compensation cost for stock options is recognised in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India, as well as the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended.

Our Company follows the intrinsic value method for the accounting of employee compensation cost on options granted, pursuant to which, if the exercise price of any options granted is lower than the market price at the time of grant, it will result in a charge to our profit and loss account equal to the product of the number of Equity Shares granted and the difference between the exercise price and the market price at the time of grant.

Our Company established the ESOS 2016 on April 27, 2016 pursuant to our Board and Shareholders' resolutions dated April 27, 2016. Pursuant to the ESOS 2016, all eligible employees of our Company (including directors), and our subsidiaries will be entitled to purchase Equity Share at a stipulated exercise price, subject to compliance with vesting condition. As a result of future grants of options under ESOS 2016, we will have to charge the difference between exercise price and the market price at the time of grant to our profit and our loss statement, which may have an adverse impact on our net income.

We may continue to introduce such employee stock option schemes in the future, where we issue options to our employees at substantial discount to the market price of the Equity Shares, which may result in a charge to our profit and loss account and may have an impact on our results of operations and financial condition. The holders of the Equity Shares may experience dilution of their shareholding to the extent that we issue any Equity Shares pursuant to any options issued under ESOS 2016.

37. We allow our dealers and distributors to purchase our products on pre-defined credit periods and if our advances are not set off against purchase of products, we may have to write-off such advances, which may have an adverse effect on our financial condition.

We allow our dealers and distributors to purchase our products on trade receivables from time to time for a pre-defined period. As at June 30, 2024, we had allowed trade receivables aggregating to ₹10,254.84 million to our dealers and distributors. While our dealers and distributors are required to maintain a security deposit with us, we do not have any other contractual arrangement for the credit advances that we have provided to our dealers and distributors and our credit advances can exceed the amount of the security deposit provided to us. We initiate recovery proceedings against our dealers in the normal course of business. As of June 30, 2024, an amount of ₹2,298.12 million has been received as security deposits from dealers and distributors. While these advances to our dealers and distributors were considered good as at June 30, 2024, if some of such credit advances become non-recoverable or if it cannot be set off against purchase of our products by such dealers or distributors or any failure to recover such advances, will have an adverse impact on our financial condition and results of operations.

38. Certain of our financing agreements involve variable interest rates and any increase in interest rates may adversely affect our results of operations and financial condition.

We are susceptible to changes in interest rates and the risks arising therefrom. Certain of our financing agreements provide for interest at variable rates with a provision for the periodic resetting of interest rates. Further, under certain of our financing agreements, the lenders are entitled to change the applicable rate of interest, which is a combination of a base rate that depends upon the policies of the RBI and a contractually agreed spread, and in the event of an adverse change in our Company's credit risk rating. Further, in recent years, the Government of India has taken measures to control inflation, which have included tightening the monetary policy by raising interest rates. As such, any increase in interest rates may have an adverse effect on our business, results of operations, cash flows and financial condition.

39. If we are unable to raise additional capital, our business prospects could be adversely affected.

We intend to fund our growth and expansion plans through our cash on hand, cash flow from operations and debt. We will continue to incur significant expenditure in maintaining and growing our existing infrastructure and production capacity. We cannot assure you that we will have sufficient capital resources for our current operations or any future expansion plans that we may have. While we expect our cash on hand and cash flow from operations to be adequate to fund our existing commitments, our ability to incur any future borrowings is dependent upon the success of our operations. Additionally, if we are unable to arrange adequate financing on timely basis, it could adversely affect our ability to complete expansion plans. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and regulatory framework that allows us to raise capital. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. Further, it may also increase the high debt levels leading to higher interest costs, which may have an impact on our credit ratings. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business, results of operations, cash flows and financial condition could be adversely affected.

40. Any withdrawal, or termination of, or unavailability of direct/ in-direct tax benefits and exemptions being currently availed by us may have an adverse effect on our business, results of operations, financial condition and cash flows.

We are currently entitled to certain direct/ in-direct tax deductions, benefits and incentives. We are eligible for a corporate income tax rate at 22% (plus applicable surcharge and cess), as we have opted for the new regime of taxation. We are also eligible for a deduction of an amount equivalent to 30% of the additional employee cost incurred under Section 115BAA of the Income Tax Act, as well as a total income deduction of an amount equivalent to dividend income received from any other domestic or foreign company, so long as such amount does not exceed dividend distributed by it on or before the due date under Section 80M of the Income Tax Act.

We also have in-direct tax benefits for certain production facilities for specific states under state industrial policies in the form of State GST incentives granted by way of refund/ interest free loans. Any withdrawal, termination or delay in such benefits may translate into reduce our cash flows thereby adversely affecting our financial results, results of operations and profitability. Furthermore, if we are unable to avail these tax benefits in the future, it may result in increased tax liabilities and reduced liquidity and have an adverse effect on our results of operations. For further information see, "*Taxation*" on page 252.

41. Our revenues are subject to a significant number of tax regimes and changes in legislation governing the rules implementing them could adversely affect our results of operations.

Consequent to the introduction of GST with effect from July 1, 2017, central excise tax, value added tax, excise duty and certain other indirect taxes were subsumed into GST. Currently, the prevailing GST rates in India for (i) CSD is 28% along with an additional cess of 12%; (ii) juice/ pulp based drinks is 12%; (iii) packaged drinking water is 18%; and (iv) caffeinated beverages is 28% with an additional cess of 12%. Further, in accordance with Ind AS - 18 on 'Revenue' and Schedule III of the Companies Act, 2013, unlike excise duties, levies, such as, GST are collected on behalf of the Government authorities and do not form part of revenue. Accordingly, revenue from operations for periods prior to the implementation of GST are not strictly comparable with our revenue from operations post the implementation of GST. In addition, our international operations are also significantly impacted by taxes, particularly, excise duty and value added tax. We are subject to excise duty per litre basis in Nepal and per gram of sugar in Sri Lanka. Further, we are also subject to value added tax in Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe. The revenues recorded and income earned in various jurisdictions are taxed on differing bases, including net income actually earned, net income deemed earned and revenue-based tax withholding. The final determination of our tax liabilities involves the interpretation of local tax laws, tax treaties and related authorities in each jurisdiction and the timing and nature of income earned and expenditures incurred. These tax liabilities and tax regimes also involve the assessment of transfer pricing arrangements between our Company and its subsidiaries in different tax jurisdictions, and although we enter into arms-length transactions with respect to the supply of products and raw materials between our Company and its subsidiaries, the regulatory and tax authorities in the various jurisdictions that we operate in may take a different view and disagree with our assessment of such transactions. Changes in the operating environment, including changes in tax law and currency/repatriation controls, including on a retroactive basis, could impact the determination of our tax liabilities for any given tax year.

Taxes levied are an important component of the cost of our products to our consumers and our consumers pay such taxes. Changes in taxes may affect our results of operations if we are unable to pass on such levies and taxes to our customers. Any significant increase in taxes will ultimately affect the price of our products. However, since any increase in tax would be an industry wide phenomenon, and similarly affect our competitors, historically, we have typically been able to pass on such increases in taxes to the consumer.

42. Our insurance coverage may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.

We believe we are adequately insured against all losses and risks involving property and third party liability. We have obtained insurance coverage for group personal accidental policy, group term insurance, comprehensive general liability on occurrence basis, group medi-claim insurance policies, and fleet insurance. We also maintain standard insurance policies for burglary insurance, money insurance as well as standard fire and special perils insurance and marine open insurance. We also maintain comprehensive general liability insurance. In addition, we have also obtained a directors and officers liability insurance. Notwithstanding the insurance coverage that we carry, we may not be fully insured against some business risks and the occurrence of an event that causes losses in excess of limits specified under the relevant policy, or losses arising from events not covered by insurance policies, could adversely affect our business, results of operations and financial condition. If we are subject to litigation or claims or our operations are interrupted for a sustained period, the insurance policies may not be found to be adequate to cover the losses that may be incurred as a result of such interruption. If we suffer large uninsured losses or if any insured losses suffered by us significantly exceed our insurance coverage or our insurance claim is rejected, it may adversely affect our business, results of operations and financial condition. See "*Our Business – Insurance*" on page 197.

43. ***We are subject to risks resulting from foreign exchange rate fluctuations, which could adversely affect our results of operations as our export sales and sales outside India and a portion of our expenditures are denominated in foreign currencies. Further, a decline in India's foreign exchange reserves and higher interest rates in the Indian economy could also adversely affect us.***

Changes in currency exchange rate influence our results of operations. Some of our expenses, particularly operating expenses in connection with our operations outside India, are denominated in currencies other than Indian Rupees. In addition, depreciation of the Indian Rupee against the U.S. Dollar and other foreign currencies may adversely affect our results of operations by increasing the cost of financing any debt denominated in foreign currency that we may enter into or proposed capital expenditure, if any, in foreign currencies. Furthermore, the financial reporting currency of our Company and our operations in India is in Indian Rupees, while the financial reporting currency of our international subsidiaries is in the relevant foreign currency. We incur currency transaction risks whenever one of our foreign subsidiaries enters into either a purchase or sale transaction using a currency other than its functional currency. In particular, the purchases of raw materials which are priced predominantly in Indian Rupees, while we currently sells our products in countries other than India, in local currencies. Our foreign currency exchange risks therefore arise from the mismatch between our financial reporting currencies, currency of a substantial majority of our revenue and the currency of a portion of our expenses and our indebtedness, as well as timing differences between receipts and payments which could result in an increase of any such mismatch. Although we may, in the future, enter into hedging transactions to minimize our currency exchange risks, there can be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the relevant foreign currencies.

A decline in India's foreign exchange reserves could impact the valuation of the Rupee and could result in reduced liquidity and higher interest rates which could adversely affect our financial condition. A future material decline in these reserves could result in reduced liquidity and higher interest rates in the Indian economy which in turn, could adversely affect our business and future financial performance.

44. ***Our operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.***

As of September 30, 2024, we employed 11,087 full time employees in India, and 5,247 full time employees in our international operations. Some of our employees are represented by labour or workers' unions in the various jurisdictions. Although our relations with our employees are good and we have not experienced any major work stoppages due to labour disputes or cessation of work in the last three Fiscals and the nine months ended September 30, 2024, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any labour unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. These actions are improbable for us to forecast or control and any such event could adversely affect our business, results of operations and financial condition.

45. ***We appoint contract labour for carrying out certain of our operations and we may be exposed to risk related to labour legislations governing the engagement of contract labour and related dispute resolution***

In order to maintain operational efficiencies, we appoint independent contractors who in turn engage on-site contract labour for performance of certain of our operations. Our relationship with such contract labourers, including in relation to their hiring and termination, work permits, minimum wages, and for the regulation of contract labour, are governed by stringent labour laws and regulations. Failure by us or our independent contractors, to comply with the relevant laws and requirements for labour related matters could adversely affect our business and operations. For instance, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, in the event that the independent contractor fails to pay wages to its employees, we as a principal employer, even though do not engage contract labour directly, may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractor. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees in specified situations. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations and financial condition.

In addition, certain other Indian labour laws also set forth detailed procedures for the establishment of unions, dispute resolution and certain other laws that impose certain financial obligations on employers upon retrenchment. As on the date of this Placement Document, our employees have organized themselves into unions in 14 of our plants / locations. When our employees unionize, it may become difficult for us to maintain flexible labour policies, and our business may be adversely affected. We cannot assure you that more of our employees will not unionize in the future.

46. Internal or external fraud or misconduct by our employees could adversely affect our reputation and our results of operations.

We may be subject to instances of fraud and misconduct by our employees which may go unnoticed for certain periods of time before corrective action is taken. Further, we employ third parties for certain operations and accordingly, we are exposed to the risk of theft and embezzlement. Our businesses is accordingly exposed to the risk of fraud, misappropriation or unauthorized acts by our representatives and employees responsible for dealing with our operations. In addition, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misconduct by our representatives and employees, which could adversely affect our goodwill. Any instances of such fraud or misconduct could adversely affect our reputation, business, results of operations and financial condition. Even when we identify instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, we cannot assure you that we will recover any amounts lost through such fraud or other misconduct.

47. Certain Directors, including our Promoters hold Equity Shares in our Company and are therefore interested in the Company's performance in addition to their remuneration and reimbursement of expenses.

Certain of our Directors (including our Promoters) are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company. Our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may not be able to affect the outcome of such voting. Our Promoters may take or block actions with respect to our business which may conflict with the best interests of the Company or that of minority shareholders.

48. Industry information included in this Placement Document has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete, reliable or accurate.

We have availed the services of an independent third party research agency, GlobalData Plc, to prepare an industry report titled "*India Soft Drinks Market Insights 2023 and Global Market Data Insights*" dated October 2024, for purposes of inclusion of such information in this Placement Document ("**GlobalData Report**"). Our Company, our Promoters, Directors and Key Managerial Personnel are not related to GlobalData Plc. The GlobalData Report has been commissioned by our Company exclusively in connection with the Issue for a fee. The GlobalData Report is subject to various limitations and based upon certain assumptions that are subjective in nature. Further the commissioned report is not a recommendation to invest or divest in our Company. Prospective investors are advised not to unduly rely on the commissioned report or extracts thereof as included in this Placement Document, when making their investment decisions.

49. We may not be able to utilise the proceeds from this Issue in the manner set out in this Placement Document in a timely manner or at all.

Our funding requirements and the deployment of the proceeds from this Issue are based on our current business plan and strategy. We intend to utilise a portion of the Net Proceeds for (i) repayment or prepayment, in part or in full, of certain outstanding borrowings availed by our Company and/or our Subsidiaries; and (ii) inorganic acquisitions and general corporate purposes. For details in relation to the objects of the Issue, see "*Use of Proceeds*" on page 91. The objects of the Issue have not been appraised by any bank or financial institution. While a monitoring agency will be appointed for monitoring the utilization of the Gross Proceeds, the proposed utilization of Net Proceeds is based on our current business plan, management estimates, prevailing market conditions and other commercial considerations, which are subject to change and may not be within the control of our management. Based on the competitive nature of our industry, we may have to revise our business plan and/ or management estimates from time to time and consequently, our funding requirements may also change.

Further, in order to implement our current business plan, we may be required to comply with and fulfil our obligations under contracts in connection with such proposed utilisation. We cannot assure that the current business plan will be implemented in its entirety or at all and accordingly, we may have to revise this from time to time as a result of variations including in the cost structure, changes in estimates and other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our board. Accordingly, we may not be able to utilise the proceeds from this Issue in the manner set out in this Placement Document in a timely manner or at all.

50. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.

We have in the past entered into transactions with certain of our Promoters, relatives of our Promoters, Directors, and enterprises over which our Directors have a significant influence. While we believe that all such transactions have been conducted on an arm's length basis, we cannot assure you that we might have obtained more favourable terms had such transactions been entered into with unrelated parties. Further, it is likely that we may enter into related party transactions in the future.

For details on our related party transactions, see "*Related Party Transactions*" on page 54. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, cash flows and financial condition.

51. We have certain contingent liabilities that may adversely affect our financial condition.

Our contingent liabilities as of September 30, 2024 on a consolidated basis were as follows:

Particulars	**Amount (₹ in million)**
Claims against the Group not acknowledged as debts (being contested):-	
- For goods and service tax	163.20
- For excise and service tax	59.85
- For customs	207.81
- For sales tax (VAT) / entry tax	883.27
- For income tax	641.48
- For mandi tax and others*	98.18

**Excludes pending matters where amount of liability is not ascertainable*

If a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations. For details, see "*Financial Information*" on page 276.

52. Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. Our Company may decide to retain all future earnings, if any, for use in the operations and expansion of the business. In such situation, our Company may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. For details of the dividends paid by our Company in the last three Fiscals and the nine months ended September 30, 2024, see *"Dividend Policy"* on page 110. We cannot state with any certainty whether we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders' investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

RISKS RELATING TO INDIA

53. A slowdown in economic growth in India could cause our business to suffer.

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. A slowdown in the Indian economy could adversely affect the policy of the GoI towards our industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy. The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market conditions in Asia. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations and the market price of the Equity Shares.

Further, other factors which may adversely affect the Indian economy are scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions; volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges; changes in India's tax, trade, fiscal or monetary policies, like political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries; occurrence of natural or man-made disasters; infectious disease outbreaks or other serious public health concerns; prevailing regional or global economic conditions, including in India's principal export markets; and other significant regulatory or economic developments in or affecting India.

54. Recent global economic conditions have been challenging and continue to affect the Indian market, which may adversely affect our business, financial condition, results of operations and prospects.

We are incorporated in, and majority of our operations are located in, India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India and could then adversely affect our business, financial performance and the price of the Equity Shares.

For instance, trade tensions between the U.S. and major trading partners, most notably China, continue to escalate following the introduction of a series of tariff measures in both countries. Although China is the primary target of U.S. trade measures, value chain linkages mean that other emerging markets, primarily in Asia, may also be impacted. China's policy response to these trade measures also presents a degree of uncertainty. There is some evidence of China's monetary policy easing and the potential for greater fiscal spending, which could worsen existing imbalances in its economy. This could undermine efforts to address already high debt levels and increase medium-term risks.

Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of the Equity Shares.

55. A third party could be prevented from acquiring control of us because of the anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the SEBI Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire whether by himself, or through, or with persons acting in concert with him, shares or voting rights or control over a company. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of the SEBI Takeover

Regulations.

56. It may not be possible for investors to enforce any judgment obtained outside India against us, the Lead Managers or any of their directors and executive officers in India respectively, except by way of a law suit in India.

The enforcement of civil liabilities by overseas investors in the Equity Shares, including the ability to effect service of process and to enforce judgments obtained in courts outside of India may be adversely affected by the fact that our Company is incorporated under the laws of the Republic of India and a majority of our executive officers and directors reside in India. As a result, it may be difficult to enforce the service of process upon our Company and any of these persons outside of India or to enforce outside of India, judgments obtained against our Company and these persons in courts outside of India. For details, see "*Enforcement of Civil Liabilities*" on page 23.

57. Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.

The annual rate of inflation, based on all India wholesale price index, was at 1.84% (provisional) for the month of September, 2024 (over September, 2023) as compared to 1.31% (provisional) for the previous month and (0.07)% during the corresponding month of 2023 (*Source: Index Numbers of Wholesale Price in India, Review for the month of September, 2024, published on October 14, 2024 by Government of India, Ministry of Commerce and Industry*). Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that we will be able to pass on any additional expenses to our payers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

58. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

59. Significant differences exist between Ind AS and other accounting principles, such as IFRS and U.S. GAAP, which may be material to investors' assessment of our financial condition.

Our financial statements are prepared in accordance with Ind AS. Ind AS differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should be limited accordingly.

60. Rights of shareholders under Indian laws may differ from the laws of other jurisdictions.

Our Articles of Association and Indian law govern our corporate affairs. Indian legal principles related to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a company in another jurisdiction.

61. Any downgrade of India's debt rating by an independent agency may adversely affect our ability to raise financing.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our capital expenditure plans, business, financial condition and the price of our Equity Shares.

62. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.

Our Equity Shares are quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

RISKS RELATING TO THE ISSUE AND THE EQUITY SHARES

63. The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.

The Issue Price of the Equity Shares will be determined by our Company in consultation with the Lead Managers, in accordance with the SEBI ICDR Regulations. This price will be determined on the basis of applicable law and may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

64. The trading price of our Equity Shares may be subject to volatility and you may not be able to sell the Equity Shares at or above the Issue Price.

The trading price of our Equity Shares may fluctuate after the Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, economic liberalisation, deregulation policies and procedures or programs applicable to our business, adverse media reports on our Company, volatility in the Indian and global securities market, performance of our competitors, the Indian real estate industry and the perception in the market about investments in the real estate industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding new projects, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares. If the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, may adversely affect the trading price of our Equity Shares.

65. Any future issuance of Equity Shares by our Company or sales of our Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of our Equity Shares.

Our Company may be required to finance its future growth and business requirements through additional securities offerings. Any future issuance of Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares, including sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge, or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

66. Your ability to acquire and sell Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Placement Document.

No actions have been taken to permit a public offering of the Equity Shares offered in the Issue in any jurisdiction. As such, your ability to acquire Equity Shares offered in the Issue is restricted by the distribution and solicitation restrictions set forth in this Placement Document. For further information, see "*Selling Restrictions*" on page 232. Furthermore, the Equity Shares offered in the Issue are subject to restrictions on transferability and resale. For further information, see "*Purchaser Representations and Transfer Restrictions*" on page 240. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares offered in the Issue made other than in compliance with applicable law.

67. Investors may be subject to Indian taxes arising out of income arising on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company is generally taxable in India. A securities transaction tax ("**STT**") is levied on equity shares sold on an Indian stock exchange. Any capital gains exceeding ₹125,000, realized on the sale of listed equity shares on a recognised stock exchange, held for more than 12 months preceding the date of transfer, may be subject to long-term capital gains tax in India at the rate of 12.5% (plus applicable surcharge and cess). This beneficial provision is, inter alia, subject to payment of STT.

Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less immediately preceding the date of transfer, will be subject to short-term capital gains tax in India at the rate of 20% (plus applicable surcharge and cess), subject to STT being paid at the time of sale of such shares. Otherwise, such gains will be taxed at the applicable rates.

Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident read with the Multilateral Instrument, if and to the extent applicable, and the seller is entitled to avail benefits thereunder. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain realised upon the sale of the Equity Shares. We may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends.

68. Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents and issuances of shares to non-residents by our Company are freely permitted (subject to certain exceptions), subject to compliance with certain applicable valuation and reporting requirements. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Further, this conversion is subject to the shares having been held on a repatriation basis and is subject to either the security having been sold in compliance with the pricing guidelines or the relevant regulatory approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilising the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

69. The Equity Shares are subject to transfer restrictions.

The Equity Shares that are being offered are not required to be registered under the U.S. Securities Act. Therefore, the Equity Shares may be transferred or resold only in a transaction registered under or exempted from the registration requirements of the U.S. Securities Act and in compliance with any other applicable securities laws. Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of Allotment of the Equity Shares in the Issue, Eligible QIBs subscribing to the Equity Shares in the Issue may only sell their Equity Shares on BSE or NSE and may not enter into any off-market trading in respect of these Equity Shares. There is no assurance that the restriction will not have an impact on the price and liquidity of the Equity Shares.

70. There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including, our financial results and the financial results of the companies in the businesses we operate in; the history of, and the prospects for, our business and the sectors in which we compete; the valuation of publicly traded companies that are engaged in business activities similar to us; and significant developments in India's economic liberalization and deregulation policies.

The Indian securities markets are smaller and more volatile than securities markets in more developed economies. In addition, the Indian equity share markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. The governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. The trading price of our equity shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our equity shares. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

71. Investors will be subject to market risks until the Equity Shares credited to the investor’s demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor’s demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor’s demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

72. We may be subject to pre-emptive surveillance measures like Additional Surveillance Measure (ASM) and Graded Surveillance Measures (GSM) by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors.

SEBI and Stock Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures. The main objective of these measures is to alert and advice investors to be extra cautious while dealing in these securities and advice market participants to carry out necessary due diligence while dealing in these securities. Accordingly, SEBI and Stock Exchanges have provided for (a) GSM on securities where such trading price of such securities does not commensurate with financial health and fundamentals such as earnings, book value, fixed assets, net-worth, price per equity multiple and market capitalization; and (b) ASM on securities with surveillance concerns based on objective parameters such as price and volume variation and volatility.

We may be subject to general market conditions which may include significant price and volume fluctuations. The price of our Equity Shares may also fluctuate after the Issue due to several factors such as volatility in the Indian and global securities market, our profitability and performance, performance of our competitors, changes in the estimates of our performance or any other political or economic factor. The occurrence of any of the abovementioned factors may trigger the parameters identified by SEBI and the Stock Exchanges for placing securities under the GSM or ASM framework such as net worth and net fixed assets of securities, high low variation in securities, client concentration and close to close price variation.

In the event our Equity Shares are covered under such pre-emptive surveillance measures implemented by SEBI and the Stock Exchanges, we may be subject to certain additional restrictions in relation to trading of our Equity Shares such as limiting trading frequency (for example, trading either allowed once in a week or a month) or freezing of price on upper side of trading which may have an adverse effect on the market price of our Equity Shares or may in general cause disruptions in the development of an active market for and trading of our Equity Shares.

73. Applicants to this Issue are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

In terms of Regulation 179 (1) of the SEBI ICDR Regulations, applicants to the Issue are not allowed to withdraw their Bids or revise their Bids downwards after the Bid/Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the investors' demat account with the depository participant could take approximately seven days and up to ten days from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operations or financial condition, or other events affecting the investor's decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also adversely impact the market price of the Equity Shares. The investors shall not have the right to withdraw their Bids or revise their Bids downwards in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the investor's ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

MARKET PRICE INFORMATION

The Equity Shares of our Company have been listed on BSE and NSE since November 8, 2016. As on the date of this Placement Document, 3,248,725,405 Equity Shares have been issued, subscribed and paid up.

As of November 18, 2024, the closing price of the Equity Shares on BSE and NSE was ₹610.35 and ₹609.85 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

(i) The following tables set forth the reported high, low and average of the closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded for the following periods:

(a) 12 months period commencing from January 1, 2023 and ending on December 31, 2023;
(b) 12 months period commencing from January 1, 2022 and ending on December 31, 2022; and
(c) 12 months period commencing from January 1, 2021 and ending on December 31, 2021.

BSE									
Calendar Year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on date of high**	**Total turnover of Equity Shares traded on date of high (₹ in million)**	**Low (₹)**	**Date of Low**	**Number of Equity Shares traded on date of low**	**Total turnover of Equity Shares traded on date of low (₹ in million)**	**Average price for the period (₹)**
2021 - January 1, 2021 to June 9, 2021(4)	1,147.65	June 9, 2021	65,842	74.65	863.40	January 28, 2021	5,919	5.20	973.90
2021 - June 10, 2021 to December 31, 2021(4)	1,006.20	November 8, 2021	152,463	148.73	713.50	July 5, 2021	42,821	30.90	847.68
2022 - January 1, 2022 to June 5, 2022(5)	1,141.65	June 2, 2022	70,174	79.00	841.20	January 6, 2022	60,915	51.42	977.13
2022 - June 6, 2022 to December 31, 2022(5)	1,413.40	December 19, 2022	39,026	54.73	734.60	June 6, 2022	34,989	25.67	1,040.65
2023 - January 1, 2023 to June 14, 2023(6)	1,705.55	June 5, 2023	59,790	101.67	1,134.80	January 13, 2023	1,67,436	192.64	1,395.26
2023 - June 15, 2023 to December 31, 2023(6)	1,291.10	December 21, 2023	3,65,138	457.67	766.20	June 23, 2023	3,91,280	302.41	934.38

(Source: www.bseindia.com)
Notes:
1. *High price, low price indicators and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, the average represents the average of the closing prices of all trading days of each period.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*
4. *Stock market data has been shown separately for the periods prior and post the ex-bonus date i.e., June 10, 2021 for the bonus issue undertaken pursuant to a board resolution dated May 3, 2021 and Shareholders' resolution dated June 3, 2021.*
5. *Stock market data has been shown separately for the periods prior and post the ex-bonus date i.e., June 6, 2022 for the bonus issue undertaken pursuant to a board resolution dated April 28, 2022 and Shareholders' resolution dated May 29, 2022.*
6. *Stock market data has been shown separately for the periods prior and post the sub division of equity shares record date i.e., June 15, 2023 for the sub division of equity shares undertaken pursuant to a board resolution dated May 2, 2023 and Shareholders' resolution dated June 2, 2023.*

NSE									
Calendar Year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on date of high**	**Total turnover of Equity Shares traded on date of high (₹ in million)**	**Low (₹)**	**Date of Low**	**Number of Equity Shares traded on date of low**	**Total turnover of Equity Shares traded on date of low (₹ in million)**	**Average price for the period (₹)**
2021 - January 1, 2021 to June 9, 2021[(4)]	1,150.55	June 9, 2021	638,771	726.04	862.30	January 28, 2021	180,834	158.07	974.01
2021 - June 10, 2021 to December 31, 2021[(4)]	1,004.95	November 8, 2021	1828,767	1,786.35	713.15	July 5, 2021	331,472	239.26	847.81
2022 - January 1, 2022 to June 5, 2022[(5)]	1,139.00	June 2, 2022	1280,243	1,444.50	841.35	January 6, 2022	508,794	429.64	977.11
2022 - June 6, 2022 to December 31, 2022[(5)]	1,413.90	December 19, 2022	1,043,293	1,465.07	733.05	June 6, 2022	1,145,386	839.11	1,040.81
2023 - January 1, 2023 to June 14, 2023[(6)]	1705.10	June 5, 2023	676,308	1,149.96	1135.75	January 13, 2013	3,638,036	4,189.41	1,394.98
2023 - June 15, 2023 to December 31, 2023[(6)]	1291.30	December 21, 2023	4,779,722	6,001.38	766.10	June 23, 2023	3,998,287	3,089.78	934.57

(Source: www.nseindia.com)

Notes:

1. *High price, low price indicators and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*
4. *Stock market data has been shown separately for the periods prior and post the ex-bonus date i.e., June 10, 2021 for the bonus issue undertaken pursuant to a board resolution dated May 3, 2021 and Shareholders' resolution dated June 3, 2021.*
5. *Stock market data has been shown separately for the periods prior and post the ex-bonus date i.e., June 6, 2022 for the bonus issue undertaken pursuant to a board resolution dated April 28, 2022 and Shareholders' resolution dated May 29, 2022.*
6. *Stock market data has been shown separately for the periods prior and post the sub division of equity shares record date i.e., June 15, 2023 for the sub division of equity shares undertaken pursuant to a board resolution dated May 2, 2023 and Shareholders' resolution dated June 2, 2023.*

(ii) The following tables set forth the reported high, low and average closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading turnover for the following periods during each of the last six months, as applicable:

BSE											
Month	**High (₹)**	**Date of High**	**Number of Equity Shares traded on date of high**	**Total turnover of Equity Shares traded on date of high (₹ in million)**	**Low (₹)**	**Date of Low**	**Number of Equity Shares traded on date of low**	**Total turnover of Equity Shares traded on date of low (₹ in million)**	**Average price for the month (₹)**	**Equity Shares traded in the month**	
										Volume	**Turnover (₹)**
October 2024	628.80	October 23, 2024	347,884	215.38	541.80	October 7, 2024	1,270,499	698.74	595.89	6,974,600	4,087.50
September 1, 2024 to September 11, 2024[(4)]	1,569.00	September 11, 2024	113,764	178.28	1,493.05	September 6, 2024	31,470	47.11	1,519.61	7,97,655	1,212.97
September 12, 2024 to September 30, 2024[(4)]	654.55	September 20, 2024	130,829	85.10	606.20	September 30, 2024	361,194	219.67	637.78	39,79,906	2,554.35
August, 2024	1,593.75	August 22, 2024	115,406	183.41	1,422.35	August 16, 2024	314,745	448.66	1,518.10	29,41,179	4,436.29
July 2024	1,683.80	July 29, 2024	73,035	123.39	1,548.90	July 23, 2024	156,852	241.83	1,603.61	25,13,738	4,037.27
June 2024	1,639.20	June 27, 2024	48,701	79.54	1,412.00	June 4, 2024	118,490	166.64	1,565.78	18,94,069	2,968.00

BSE											
Month	High (₹)	Date of High	Number of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	Number of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ in million)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹)
May 2024	1,515.80	May 2, 2024	41,563	62.92	1,425.55	May 31, 2024	238,214	336.36	1,484.12	23,89,294	3,523.31

(Source: www.bseindia.com)

Notes:

1. *High price, low price indicates and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each period.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*
4. *Stock market data has been shown separately for the periods prior and post the sub division of equity shares record date i.e., September 12, 2024 for the sub division of equity shares undertaken pursuant to a board resolution dated July 30, 2024 and Shareholders' resolution dated August 30, 2024.*

NSE											
Month	High (₹)	Date of High	Number of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	Number of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ in million)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹)
October 2024	628.75	October 23, 2024	14,909,803	9,249.64	542.05	October 7, 2024	16,517,348	905.08	595.96	151,683,542	89,515.24
September 1, 2024 to September 11, 2024[4]	1,569.15	September 11, 2024	4,324,732	6,775.58	1,493.25	September 6, 2024	1,816,221	2,716.64	1,519.69	17,748,549	27,070.71
September 12, 2024 to September 30, 2024[4]	654.45	September 20, 2024	7,292,526	4,750.12	606.30	September 30, 2024	6,713,774	4,081.72	637.86	75,060,446	47,935.11
August 2024	1,594.20	August 22, 2024	3,690,534	5,867.32	1,421.85	August 16, 2024	4,605,210	6,556.80	1,518.12	44,911,316	67,851.69
July 2024	1,685.30	July 29, 2024	1,880,560	3,174.25	1,548.80	July 23, 2024	1,447,732	2,230.76	1,603.90	49,051,994	78,813.85
June 2024	1,639.45	June 27, 2024	2,105,818	3,441.89	1,413.40	June 4, 2024	2,579,466	3,637.70	1,566.16	42,934,587	67,096.12
May, 2024	1,516.80	May 2, 2024	2,525,901	3,831.17	1,426.80	May 31, 2024	4,637,480	6,564.78	1,484.35	48,255,801	71,459.42

(Source: www.nseindia.com)

Notes:

1. *High price, low price indicates and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each period.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*
4. *Stock market data has been shown separately for the periods prior and post the sub division of equity shares record date i.e., September 12, 2024 for the sub division of equity shares undertaken pursuant to a board resolution dated July 30, 2024 and Shareholders' resolution dated August 30, 2024.*

(iii) The following tables set forth the market price on the Stock Exchanges on October 10, 2024. the first working day following the approval of the Board for the Issue:

BSE					
Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in million)
597.35	601.00	578.10	588.65	362,318	214.26

(Source: www.bseindia.com)

NSE					
Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in million)
598.95	601.90	578.00	588.65	51,67,165	3,055.96

(Source: www.nseindia.com)

USE OF PROCEEDS

The gross proceeds of the Issue will aggregate up to ₹75,000 million. Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue of approximately ₹610 million, are approximately ₹74,390 million ("**Net Proceeds**").

Purpose of the Issue

Subject to compliance with applicable laws and regulations, we intend to utilise the Net Proceeds towards the following objects:

1. Repayment / pre-payment, in part or in full, of certain outstanding borrowings availed by our Company and/or one of our Subsidiaries; and
2. Inorganic acquisitions and general corporate purposes,

(collectively, referred to hereinafter as the "**Objects**").

Our main objects and objects incidental or ancillary to the attainment of the main objects of our Memorandum of Association enable us to undertake the Objects contemplated by us in the Issue.

Utilisation of Net Proceeds

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

S. No.	Particulars	Amount (₹ in million)
1.	Repayment / pre-payment, in part or in full, of certain outstanding borrowings availed by our Company and/or one of our Subsidiaries	56,000
2.	Inorganic acquisitions and general corporate purposes*	18,390
Total Net Proceeds^		74,390

**The aggregate amount to be utilised for inorganic acquisitions and general corporate purposes and shall not exceed 35% of the Gross Proceeds. The amount to be utilised for general corporate purposes or towards acquisitions individually shall not exceed 25% of the Gross Proceeds.*

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(₹ in million)

S. No.	Particulars	Amount to be funded from Net Proceeds	Amount to be deployed from Net Proceeds in Fiscal 2025
1.	Repayment / pre-payment, in part or in full, of certain outstanding borrowings availed by our Company and/or one of our Subsidiaries	56,000	56,000
2.	Inorganic acquisitions and general corporate purposes*	18,390	18,390
Total Net Proceeds		74,390	74,390

**The amount to be utilised for inorganic acquisitions and general corporate purposes and shall not exceed 35% of the Gross Proceeds. The amount to be utilised for general corporate purposes or towards acquisitions individually shall not exceed 25% of the Gross Proceeds.*

The funding requirement, proposed deployment of funds and the intended use of the Net Proceeds set out above is based on our current business plan, internal management estimates, current circumstances of our business, prevailing market conditions and other commercial considerations. However, these fund requirements and proposed deployment of Net Proceeds have not been appraised by any bank or financial institution or independent agency or the Lead Managers, in connection with the Issue. We may have to revise our fund requirements and deployment on account of a variety of factors, such as our financial and market conditions, business and strategy, interest rates fluctuation, access to capital, competitive landscape and other external factors such as changes in the business environment or regulatory climate, which may not be within the control of our management. This may also entail rescheduling of the proposed deployment of the Net Proceeds at the discretion of our management, subject to compliance with applicable laws. For details, see "*Risk Factors –We may not be able to utilise the proceeds from this Issue in the manner set out in this Placement Document in a timely manner or at all*" on page 80.

Further, in the event, the Net Proceeds are not utilized (in full or in part) for the Object of the Issue during the period stated above due to any reason, including (i) the timing of completion of the Issue; (ii) market conditions outside the control of our Company; and (iii) any other economic, business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods in such manner as may be determined by our Company, in accordance with applicable laws. If the actual utilisation towards the Objects is lower than the proposed deployment, such balance will be used towards inorganic acquisitions and general corporate purposes such that the total amount to be utilised cumulatively towards inorganic acquisitions and general corporate purposes shall not exceed 35% of the Gross Proceeds, and towards general corporate purposes or towards inorganic acquisitions to the extent that the total amount to be utilised towards general corporate purposes or towards inorganic acquisitions individually will not exceed 25% of the Gross Proceeds. Our Company's management shall have flexibility in utilising surplus amounts, if any, as may be approved by our Board or a duly appointed committee from time to time, in accordance with applicable law.

In the event that the estimated utilization of the Net Proceeds and Issue related expenses in a scheduled Fiscal Year are not completely met, due to *inter alia* the reasons stated above, the same shall be utilised in the next Fiscal Year or if required, the amount scheduled for deployment in a specific Fiscal may be utilized in an earlier Fiscal, as may be determined by our Company, in accordance with applicable laws.

Subject to compliance with applicable laws, in case of any variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed from internal accruals, additional equity and/or debt arrangements.

The amounts and timing of any expenditure will depend on, among other factors, the amount of cash generated by our operations, competitive and market developments and the availability of acquisition or investment opportunities on terms acceptable to us. Our Company's management, in accordance with the policies of the Board and as per applicable laws, shall have flexibility in utilising surplus amounts, if any.

Details of Objects

I. Repayment / pre-payment, in part or in full, of certain outstanding borrowings availed by our Company and/or one of our Subsidiaries.

We avail fund-based and non-fund-based facilities in the ordinary course of business from various banks and financial institutions. The borrowing arrangements entered into by us include inter alia term loans and working capital facilities. We propose to utilise a portion of the Net Proceeds aggregating to ₹56,000 million for repayment or pre-payment, in full or in part, of such outstanding borrowings (including interest thereon) availed by our Company and/or one of our Subsidiaries, as listed in the table below, as well as any fresh or existing borrowings taken by our Company and/or our Subsidiaries. The selection of borrowings proposed to be repaid/pre-paid amongst our borrowing arrangements availed is based on various factors including (i) cost of borrowing, including applicable interest rates, (ii) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil or obtain waiver for such requirements, and (iii) other commercial considerations including, among others, the amount of the loans outstanding and the remaining tenor of the loan.

Further, the outstanding amounts under these borrowings as well as the sanctioned limits are dependent on several factors and may vary with our business cycle with multiple intermediate repayments, drawdowns and enhancement of sanctioned limits and accordingly may be different to the amounts indicated herein at the time of utilization of the Net Proceeds. However, the aggregate amount to be utilised from the Net Proceeds towards repayment or prepayment of borrowings in part or full, would not exceed ₹56,000 million.

Pursuant to the terms of the borrowing arrangements, pre-payment of certain indebtedness may attract pre-payment charges as prescribed by the respective lender. Such pre-payment charges, as applicable, will also be funded out of the Net Proceeds. We have and will account for such provisions while deciding on the repayment and/or pre-payment of loans from the Net Proceeds.

We believe that such repayment and/or pre-payment of certain loans by utilizing the Net Proceeds will help reduce our outstanding indebtedness. Further, it will reduce our debt-servicing costs and improve our debt equity ratio and enable utilization of our accruals for further investment in our business growth and expansion. Additionally, we believe that the since our debt-equity ratio will improve, it will enable us to raise further capital at competitive rates in the future to fund potential business development opportunities and plans to grow and expand our business in the future.

Details of utilisation

The details of certain borrowings availed by our Company and one of our Subsidiaries, proposed for repayment and pre-payment, in full or in part, from the Net Proceeds are set forth below:

A. Loans availed by our Company:

i. Term Loans

S. No.	Name of lender	Nature of borrowing	Details of sanction letter / loan agreement	Sanctioned amount (₹ in million)	Outstanding amount as on September 30, 2024 (₹ in million)	Tenor	Interest rate (% p.a.)	Purpose of raising the loan	Prepayment penalty, if any
1.	Axis Bank Ltd.	Term Loan-I	Sanction Letter Ref. No.AXISB/WBCG-LC/North/2020-21/1582 dated 02/11/2021	2,100.00	699.92	6 years including moratorium period of 1 year	8.00%	For Part financing project cost of ₹3,462.80 million being phase 1 of total project for setting up new bottling plant for manufacturing of fruit pulp/ juice based drinks. Carbonated soft drinks, packaged drinking water at Barauni, Begusarai, Bihar	Nil
2.	Axis Bank Ltd.	Term Loan-II	Sanction Letter Ref. No. AXISB/WBCC-LC/North/2022-23/2039 dated 29/06/2022 Modification dated AXISB/WBCC-LC/North/2022-23/2189 dated 23/09/2022	2,000.00	1,340.00	Door to Door Tenure 4 Years	7.60%	Toward regular capex including reimbursement of capex done in preceding 6 months from June 29, 2022	Nil
3.	Axis Bank Ltd.	Term Loan-III	Sanction Letter Ref. No. AXISB/WBCC/LC/North/2022-23/2320 dated 30/12/2022	5,000.00	3,750.00	Door to Door Tenure 5 Years	8.00%	Towards regular Capex/ reimbursement of Capex in the Company and Reimbursement of Loans and Advances to overseas subsidiaries	Nil
4.	Axis Bank Ltd.	Term Loan-IV	Sanction Letter Ref. No. AXISB-CAM591605230029/North/C&LC/2023-24 dated 26/07/2023 Modification Ref. No.AXISB/NORTH/C&LC/2024-25 Dated 19/04/2024	3,500.00	3,150.00	4 Years including moratorium period up to April 2025	8.00%	Domestic Capex / reimbursement of Domestic Capex	Nil
5.	HDFC Bank Ltd.	Term Loan -I	Sanction Letter Ref.No. Dated 15/03/2019	1,750.00	291.68	Max 7 years which includes moratorium of 15 days	7.86%	Part fund Acquisition of Territories from Pepsico	Nil

S. No.	Name of lender	Nature of borrowing	Details of sanction letter / loan agreement	Sanctioned amount (₹ in million)	Outstanding amount as on September 30, 2024 (₹ in million)	Tenor	Interest rate (% p.a.)	Purpose of raising the loan	Prepayment penalty, if any
6.	HDFC Bank Ltd.	Term Loan - II	Sanction Letter Ref.No. Dated 23/09/2022	2,300.00	1,600.00	Total Tenure 5 Years (With repayments as per schedule)	7.57%	Capex / reimbursement of Capex incurred / to be incurred by the company at existing manufacturing units in India and for setting up of new manufacturing units in India	Nil
7.	HDFC Bank Ltd.	Term Loan-III	Sanction Letter Ref. No. CAM012609220041 Dated 25/11/2022	1,750.00	1,350.00	Total Tenure 5 Years (With repayments as per schedule)	7.53%	Capex incurred / to be incurred by the company at existing manufacturing units in India and for setting up of new manufacturing units in India	Nil
8.	HDFC Bank Ltd.	Term Loan-IV	Sanction Letter Ref. No. CAM010812220046 Dated 18/07/2023	2,450.00	2,350.00	Total Tenure 5 Years (With repayments as per schedule)	7.98%	Capex incurred / to be incurred by the company at existing manufacturing units in India and for setting up of new manufacturing units in India	Nil
9.	HDFC Bank Ltd.	Term Loan-V	Sanction Letter Ref. No. CAM010812220046_Noting-182202/182394 Dated 16/09/2023	3,000.00	2,400.00	Total Tenure 5 Years (Repayment equal quarterly installments)	7.55%	Reimbursement of Capital Expenditure incurred / to be incurred by the company at existing manufacturing units in India and for setting up of new manufacturing units in India	Nil
10.	HDFC Bank Ltd.	Term Loan-VI	Sanction Letter Ref. No. CAM010902240075 Dated 11/03/2024	3,500.00	3,500.00	Door to Door tenure of 6 years from the date of first disbursement, comprising of moratorium period 1 year and repayment period of 5 years. Drawdown not later than 30th Sept 2024	7.98%	Toward part financing of overseas acquisitions of The Beverage Company (Proprietary) Limited, South Africa by the Company	Nil
11.	HDFC Bank Ltd.	Term Loan-VII	Sanction Letter Ref. No. HDFC/IB/PSF/VBL/07/02 Dated 10/07/2024	10,000.00	210.00	Door to Door tenure of 6 years from the date of first disbursement, comprising of	8.15%	Toward part financing of capex for setting up incremental capacities in Meghalaya, Himachal, Buxar- Bihar, Prayagraj-UP.(New Unit)/ and	Nil

S. No.	Name of lender	Nature of borrowing	Details of sanction letter / loan agreement	Sanctioned amount (₹ in million)	Outstanding amount as on September 30, 2024 (₹ in million)	Tenor	Interest rate (% p.a.)	Purpose of raising the loan	Prepayment penalty, if any
						moratorium period 1 year and repayment period of 5 years. Drawdown not later than 31st December 2025		reimbursement of capex of existing capex undertaken by borrower in past 12 months from its internal accruals.	
12.	HSBC Ltd.	Term Loan	Sanction Letter Ref. No. CMB NDH 220523 Dated 28/12/2022	2,000.00	1,500.00	Total Tenure 4 years	7.79%	Reimbursement of Capex incurred from January 2022 onwards, and fresh capex till May-2023.	Nil
13.	ICICI Bank Ltd.	Term Loan-I	Sanction Letter Ref. No.CAL91900862976 dated 25/03/2019 and ACAL CAL8859573425 dated 03/04/2019 and further modification CAL119277663292 dated 29/04/2019	3,000.00	500.00	Total tenure of the facility shall be 7 years including moratorium period from the date of disbursement	8.02%	To part fund the acquisition of assets on a slump sale basis by the Company from PepsiCo India Holdings Pvt. Ltd.	Nil
14.	ICICI Bank Ltd.	Term Loan-II	Sanction Letter Ref. No. CAL531555003151 Dated 17/09/2022	5,000.00	750.00	Total tenure of the facility shall be 5 years	8.65%	1. Payment/Reimbursement of Capital expenditure and/or other miscellaneous expenditure incurred by the Borrower in the last 12 months from the date of sanction (, i.e. August 29, 2022) 2. Capital expenditure incurred by the Borrower in the ordinary course of business 3. Shoring up of Net Working Capital (NWC)	Nil
15.	IndusInd Bank Ltd	Term Loan-I	Sanction Letter Ref.IBL/CAD NORTH/2018-19/5531 Dated 19/03/2019	2,000.00	200.00	Door to Door tenure tenor of 76 Months from the date of first disbursement	5.50%	For Acquisition of Assets/ franchisee rights from Pepsico India Holding Private Limited of up to ₹18,375.00 million	Nil
16.	IndusInd Bank Ltd	Term Loan-II	Sanction Letter Ref.IBL/CAD NORTH/CCBG/2021-22/1913 Dated 22/12/2021	1,750.00	1,050.00	Door to Door tenure tenor of 68 Months	7.75%	For Capital Expenditure towards setting up of new unit at Distt. Kathua, Jammu for	Nil

S. No.	Name of lender	Nature of borrowing	Details of sanction letter / loan agreement	Sanctioned amount (₹ in million)	Outstanding amount as on September 30, 2024 (₹ in million)	Tenor	Interest rate (% p.a.)	Purpose of raising the loan	Prepayment penalty, if any
						from the date of first disbursement		Manufacturing of PET Preforms, other Packing Material. Capex incurred / to be incurred at existing plants for maintenance and capacity enhancement in H2-CY21 and CY22	
17.	IndusInd Bank Ltd	Term Loan-III	Sanction Letter Ref.IBL/CAD NORTH/CCBG/2023-24/0088 Dated 13/04/2023	3,000.00	2,760.00	6 years including 1 year moratorium period	8.00%	For capital expenditure incurred / to be incurred at existing and new plants for maintenance and capacity enhancement in H2-CY22 and CY23.	Nil
18.	IndusInd Bank Ltd	Term Loan-IV	Sanction Letter Ref.IBL/CAD NORTH/CCBG/2023-24/2240 and IBL/CAD NORTH/CCBG/2023-24/2241 Dated 22/12/2023	4,000.00	4,000.00	66 Months including 1 year moratorium period	8.00%	For capital expenditure incurred / to be incurred at existing and new plants for maintenance and capacity enhancement in CY23 and CY24.	Nil
19.	IndusInd Bank Ltd	Term Loan-V	Sanction Letter Ref.IBL/CAD NORTH/CCBG/2023-24/3028 Dated 08/03/2024	3,000.00	2,850.00	6 years including 1 year moratorium period	8.25%	Part funding for acquisition of stake in The Beverage Company (Proprietary) Limited, South Africa along-with its wholly owned subsidiaries (Collectively referred to as “BevCo”).	Nil
20.	JPMorgan Chase Bank NA	Term Loan	Sanction Letter Ref. No. Dated 31/10/2022	3,000.00	1,999.99	4 Years (1 Year Moratorium)	7.89%	For Capital expenditure incurred / to be incurred by the company at existing manufacturing units in India and for setting up of new manufacturing units in India	Nil
21.	Kotak Mahindra Bank Ltd ^	Term Loan-I	Sanction Letter Ref.No. LC/19032019/69490 Dated 20/03/2019	2,000.00	200.00	Door to Door Tenure of 6.5 Years with repayments to start from May 2020 and	8.45%	Towards acquisition of assets and territories from Pepsico on slump sale basis.	Nil

S. No.	Name of lender	Nature of borrowing	Details of sanction letter / loan agreement	Sanctioned amount (₹ in million)	Outstanding amount as on September 30, 2024 (₹ in million)	Tenor	Interest rate (% p.a.)	Purpose of raising the loan	Prepayment penalty, if any
						final maturity in July 2025			
22.	Kotak Mahindra Bank Ltd ^	Term Loan-II	Sanction Letter Ref.No. LC/29112021/76994Add Dated 01/12/2021	1,500.00	375.00	Maximum 4 years including moratorium up to April 2022	7.95%	For purchase of plant and Machinery / capacity expansion etc. / Reimbursement of Capex incurred/ to be incurred by the company at its unit at Sandila, District Hardoi.	Nil
23.	RBL Bank Ltd	Term Loan	Sanction Letter Ref. No. CAD/DEL/0440/2023-24 Dated 13/09/2023 and CAD/DEL/0089/2024-25 Dated 02/05/2024	2,000.00	1,900.00	Up to 57 Months (Including moratorium period of 7 Months from the date of first disbursement)	8.10%	For fresh capital expenditure, maintenance capex and reimbursement of capex completed in CY 2023 for setting of 3 new plants at Ahmednagar, Gorakhpur & Khurda for the last 6 months.	Nil
24.	The Federal Bank Ltd.	Term Loan	Sanction Letter Ref. No. CIB/SP/VBL/TL/2023 Dated 15/11/2023	1,800.00	1,599.98	Tenure 48 Months	8.00%	Reimbursement of Capex / Direct Payment to Vendors for ongoing Capex.	Nil
				Total Term Loan	**40,326.57**				

As certified by APAS & Co LLP, Chartered Accountants, the independent chartered accountant, pursuant to their certificate dated November 13, 2024 certifying that these loans have been used for the purposes for which they were sanctioned.

^*For further details, please see, "Risk Factors – A portion of the Net Proceeds are proposed to be utilized for repayment or pre-payment of certain borrowings availed by our Company from Kotak Mahindra Bank Limited, which is an affiliate of Kotak Mahindra Capital Company Limited, one of the Lead Managers" on page 74.*

ii. Working capital loans

S. No.	Name of lender	Nature of borrowing	Details of sanction letter/ loan agreement	Sanctioned amount (₹ in million)	Outstanding amount as on September 30, 2024 (₹ in million)	Tenor	Interest rate (% p.a.)	Purpose of raising the loan	Prepayment penalty, if any
1.	HDFC Bank Limited	CC/WCDL (Fund Based)	Sanction Letter Date 05/12/2016	900.00	62.52	Up to 12 Months	7.81%	Working Capital	NIL
2.	IndusInd Bank Ltd.	CC/WCDL (Fund Based)	Sanction Letter Ref.No.IBL/CAD	1,000.00	800.00	Up to 12 Months	7.38%	Working Capital	NIL

S. No.	Name of lender	Nature of borrowing	Details of sanction letter/ loan agreement	Sanctioned amount (₹ in million)	Outstanding amount as on September 30, 2024 (₹ in million)	Tenor	Interest rate (% p.a.)	Purpose of raising the loan	Prepayment penalty, if any
			NORTH/CCBG/2022-23/2433 Dated 20th Dec'2022						
3.	IndusInd Bank Ltd.	Short Term Loan (Fund Based)	Sanction Letter Ref.No.IBL/CAD NORTH/CCBG/2022-23/2433 Dated 20th Dec'2022	1,500.00	1,500.00	11 Months	7.38%	Working Capital	NIL
4.	Yes Bank Limited	CC/WCDL (Fund Based)	Sanction Letter Ref. No. YBL/DEL/FL/0941/2023-24 Dated 23/10/2023	2,000.00	1,900.00	Up to 12 Months	7.24%	Working Capital	NIL
5.	Yes Bank Limited	Short Term Loan (Fund Based)	Sanction Letter Ref. No. YBL/DEL/FL/0941/2023-24 Dated 23/10/2023	2,000.00	1,750.00	Up to 12 Months	7.24%	Working Capital	NIL
6.	RBL Bank Limited	CC/WCDL (Fund Based)	Sanction Letter Ref. No. CAD/DEL/0119/2013-14 Dated 30/01/2014	200.00	200.00	Up to 12 Months	7.65%	Working Capital	NIL
7.	RBL Bank Limited	CC/WCDL (Fund Based)	Sanction Letter Ref. No. CAD/DEL/0996/2021-22 Dated 22/03/2022	300.00	300.00	Up to 12 Months	7.65%	Working Capital	NIL
8.	ICICI Bank Limited	Short Term Loan (Fund Based)	Sanction Letter Ref. No. CAL458899279521 Dated 16/06/2021	1,750.00	1,740.00	Up to 12 Months	7.79%	Working Capital	NIL
9.	JP Morgan Chase Bank NA	Short Term Loan (Fund Based)	Sanction Letter Date 15/03/2024	4,000.00	4,000.00	Up to 6 Months	7.47%	Working Capital	NIL
				Total	**12,252.52**				

**As certified by APAS & Co LLP, Chartered Accountants, the independent chartered accountant, pursuant to their certificate dated November 13, 2024 certifying that these loans have been used for the purposes for which they were sanctioned.*

B. <u>Loans availed by our Subsidiary: The Beverage Company (Proprietary) Limited, South Africa</u>

S. No.	Name of lender	Nature of borrowing	Date of sanction letter / loan agreement	Sanctioned amount (₹ in million)(1)	Outstanding amount as on September 30, 2024 (₹ in million)(1)	Tenor	Interest rate (% p.a.)	Purpose of raising the loan	Prepayment penalty, if any
1.	RMB Bank	Term Loan	27/03/2024	4,387.38	4,387.38	3 Years	9.80%	(i) Repayment of the existing	NIL

S. No.	Name of lender	Nature of borrowing	Date of sanction letter / loan agreement	Sanctioned amount (₹ in million)(1)	Outstanding amount as on September 30, 2024 (₹ in million)(1)	Tenor	Interest rate (% p.a.)	Purpose of raising the loan	Prepayment penalty, if any
								facility outstandings in full; (ii) settling the balance of the prior shareholder claims which are not settled using the required equity amount	
2.	RMB Bank	Working Capital	27/03/2024 & 18/09/2024	3,899.90	2,074.50	Up to 12 Months	11.75%	Working Capital	NIL

**As certified by APAS & Co LLP, Chartered Accountants, the independent chartered accountant, pursuant to their certificate dated November 13, 2024.*
*(1) The loans were availed in South African Rand ("**ZAR**"). Amounts provided at a conversion rate of 1 ZAR = ₹4.87487, as on September 30, 2024.*

Form of investment in Subsidiaries: In the event Net Proceeds are utilized to repay/prepay some of the borrowings availed by one of our Subsidiaries as indicated above, the form of investment by our Company into the Subsidiary may be either equity or debt instruments or in any other manner as may be mutually agreed between our Company and such Subsidiary in accordance with applicable law. The actual mode of such deployment has not been finalised as on the date of this Placement Document.

Nature of benefit: The repayment/prepayment of some of the borrowings availed by our Subsidiary as indicated above will help reduce our liabilities and guarantee obligations on a consolidated level and enable utilization of our internal accruals for further investment in the growth and expansion of our business in the future.

II. Inorganic acquisitions and general corporate purposes

Our Company proposes to deploy 18,390 million out of the Net Proceeds towards inorganic acquisitions and general corporate purposes, subject to such utilisation not exceeding 35% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations. Further, the amount to be utilised for inorganic acquisitions or general corporate purposes individually shall not exceed 25% of the Gross Proceeds.

In addition to growing our business organically, our Company has in the past undertaken several acquisitions, and we shall continue to evaluate acquisition opportunities in the future that we believe will fit well with our strategic business objectives and growth strategies. Our Company has entered into share purchase agreements dated November 12, 2024 with (i) Tanzania Bottling Company SA to acquire 100% share capital of SBC Tanzania Limited before March 31, 2025, (ii) Ghana Bottling Company Limited to acquire 100% share capital of SBC Beverages Ghana Limited before February 28, 2025, and (iii) certain existing shareholders of our Subsidiary, Lunarmech Technologies Private Limited for acquiring 39.93% of the share capital of our Subsidiary, Lunarmech Technologies Private Limited before January 31, 2025, which are subject to certain terms and conditions. Historically, we have acquired various entities, including:

S. No.	Name of Acquired Entity	Country of incorporation	Financial year of acquisition	Acquisition rationale and benefits accrued
1.	SMV Beverages Private Limited	India	2017	These acquisitions have enabled our Company to expand our geographical footprint in India and the Africa region.
2.	Lumbini Beverages Private Limited	India	2018	
3.	Steel City Beverages Private Limited	India	2018	
4.	Nectar Beverages Private Limited	India	2019	
5.	The Beverage Company (Proprietary) Limited, South Africa	South Africa	2024	

As on the date of this Placement Document, we have not identified any specific targets with whom we have entered into any definitive agreements. We may identify and evaluate potential targets for strategic investments, acquisitions and partnerships, based on a number of factors, including: (i) domain expertise and operating experience in markets that we operate in or wish to expand into; (ii) strategic compatibility or synergy with our existing businesses; (iii) additional or enhanced products and services in order to expand, diversify and/or improve our offerings; (iv) strengthening our market share in existing markets or establishing presence in new markets (including additional geographical regions); and (v) access to technology infrastructure and capabilities, including ones which supplement or complement our existing infrastructure. Our acquisition strategy is primarily driven by our Board, and typically involves detailed due diligence being undertaken by us on the potential target, and subsequently negotiating and finalizing definitive agreements towards such acquisition. We typically engage external advisors and consultants to assist us in the process of such acquisition, with whom (and with the potential target) we enter into customary non-disclosure agreements.

The above factors will also determine the form of investment for these potential acquisitions or strategic initiatives, i.e., whether they will involve equity, debt or any other instrument or combination thereof. At this stage, our Company cannot determine whether the form of investment will be equity, debt or any other instrument or combination thereof. The portion of the Net Proceeds allocated towards this object of the Offer may not be the total value or cost of any such strategic initiatives but is expected to provide us with sufficient financial leverage to enter into binding agreements. In the event that there is a shortfall of funds required for such strategic initiatives, such shortfall shall be met out of the portion of the Net Proceeds allocated for general corporate purposes and/or through our internal accruals or debt financing or any combination thereof.

General corporate purposes

The general corporate purposes of our Company or its Subsidiaries may include, but are not restricted to, making investments in subsidiaries, joint ventures or associates by way of equity, preference capital, or debt, or to fund the growth of existing businesses including expanding product portfolio, entering into new territories and/or funding growth opportunities, business development initiatives, meeting expenses incurred in the ordinary course of business, making payments to vendors and towards any exigencies or any other purpose, as may be approved by our Board or a duly constituted committee thereof, subject to compliance with applicable law, including provisions of the Companies Act. Our Company may utilize ₹18,390 million of the Net Proceeds towards funding inorganic growth through inorganic acquisitions and general corporate purposes, such that (a) the cumulative amount to be utilized towards funding inorganic growth through inorganic acquisitions together with the amount to be utilized towards general corporate purposes does not exceed 35% of the Net Proceeds, and (b) the amount to be utilized for inorganic acquisitions or for general corporate purposes individually shall not exceed 25% of the Gross Proceeds.

The allocation or quantum of utilisation of funds towards the specific purposes described above will be determined by our management, based on our business requirements and other relevant considerations, from time to time.

Subject to applicable law, our management will have flexibility in deploying the Net Proceeds. We may have to revise our funding requirements and deployment from time to time on account of various factors such as financial condition, business strategy and external factors such as market conditions including the competitive environment and interest or exchange rate fluctuations, increase in input costs of construction materials and labour costs, logistics and transport costs, incremental pre-operative expenses, taxes and duties, interest and finance charges, engineering procurement and construction costs, working capital margin, regulatory costs, environmental factors and other external factors which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our Board. For further details, see "*Risk Factors – We may not be able to utilise the proceeds from this Issue in the manner set out in this Placement Document in a timely manner or at all*" on page 80.

Interim use of Net Proceeds

Pending utilisation of the Net Proceeds towards the purposes described in this section, our Company intends to deposit the Net Proceeds in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934 or to temporarily invest the funds in fixed deposits, creditworthy instruments, including money market / mutual funds, as approved by the Board and/or a duly authorised committee of the Board, from time to time, and in accordance with applicable laws.

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC, and the final listing and trading approvals are received from each of the Stock Exchanges, whichever is later. The Net Proceeds shall be kept by our Company in a separate bank account with a scheduled bank.

Monitoring of utilisation of funds

Our Company has appointed CARE Ratings Limited as the monitoring agency in accordance with Regulation 173A of the SEBI ICDR Regulations for monitoring the utilisation of Gross Proceeds as the size of our Issue exceeds ₹1,000 million. The report of the Monitoring Agency shall be placed before the Audit, Risk Management and Ethics Committee on a quarterly basis, promptly upon its receipt, until such time as the Gross Proceeds have been utilized in full for the Objects for which the Gross Proceeds were raised have been achieved. Such report, along with the comments (if any) of the Monitoring Agency shall be submitted to the Stock Exchanges within 45 days from the end of each quarter and uploaded on the website of our Company at www.varunbeverages.com, or such other time as may be prescribed under the SEBI Listing Regulations.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit, Risk Management and Ethics Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall (i) prepare a statement of funds utilised for purposes other than those stated in this Placement Document, as certified by the statutory auditors, and place it before the Audit, Risk Management and Ethics Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised; and (ii) disclose every year, the utilization of the Net Proceeds during that year in its annual report. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects as stated above or the Objects for which the Net Proceeds were raised have been achieved. This information will also be published on our website and our Company shall furnish an explanation for the deviations and category-wise variations in its annual report, after placing the same before the Audit, Risk Management and Ethics Committee.

Other confirmations

Neither our Promoter, Promoter Group nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the Objects. Further, neither our Promoter nor our Promoter Group, nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoter, Promoter Group, Directors, Key Managerial Personnel or Senior Management Personnel are not eligible to subscribe in the Issue. Further, since the Net Proceeds are proposed to be utilised towards the purposes set forth above, and not being used towards implementation of any project, the following disclosure requirements under Schedule VII of the SEBI ICDR Regulations are not applicable: (i) break-up of cost of the project; (ii) means of financing such project; and (iii) proposed deployment status of the proceeds at each stage of the project.

There are no material existing or anticipated transactions in relation to the utilisation of the Net Proceeds entered into or to be entered into by our Company with our Promoters, Promoter Group, Directors, Key Managerial Personnel and/or Senior Management.

CAPITALISATION STATEMENT

The table below sets forth our Company's capitalisation as at June 30, 2024, which has been derived from the Unaudited Consolidated Financial Results as at June 30, 2024, and as adjusted to give effect to the receipt of the Gross Proceeds from the Issue and the application thereof.

You should read this table together with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 111 and "*Financial Information*" on page 276.

(₹ in million)

Particulars	Pre-Issue	Post-Issue[(1)#]
	As at June 30, 2024 (unaudited consolidated)	**Amount after considering the Issue**
Borrowings		
Non-current borrowings (I)	35,412.33	35,412.33
Current borrowings (II)	27,473.16	27,473.16
Total borrowings (III = I + II)	**62,885.49**	**62,885.49**
Equity		
Equity share capital (IV)	6,497.20	6,762.94
Other equity (V)	79,280.46	154,014.97
Total equity (VI = IV + V)	**85,777.66**	**160,777.91**
Total borrowings / equity (VII = III / VI)	**0.73**	**0.39**

(1) *As adjusted to reflect the changes in equity and securities premium for the number of Equity Shares issued pursuant to the Issue and proceeds from the Issue and other allotments post June 30, 2024. Adjustments do not include Issue related expenses.*

CAPITAL STRUCTURE

The Equity Share capital of our Company as on the date of this Placement Document is set forth below:

(in ₹, except share data)

		Aggregate value at face value (except for securities premium account)
A	**AUTHORISED SHARE CAPITAL**	
	5,000,000,000 Equity Shares of face value of ₹2 each	10,000,000,000
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**	
	3,248,725,405 Equity Shares of face value of ₹2 each	6,497,450,810
C	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**	
	Up to 132,743,362 Equity Shares, aggregating to ₹75,000 million(1)(2)	265,486,724
D	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**	
	3,381,468,767 Equity Shares	6,762,937,534
E	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue (as on the date of this Placement Document) (*₹ in million*)	22,801.38
	After the Issue(2) (*₹ in million*)	97,535.89

(1) *The Issue has been authorized by our Board pursuant to their resolution passed on October 9, 2024, and by our Shareholders pursuant to their special resolution passed by way of postal ballot dated November 8, 2024.*

(2) *Subject to allotment of Equity Shares pursuant to the Issue.*

Equity share capital history of our Company

The history of the equity share capital of our Company is provided in the following table:

Date of allotment / cancellation	Number of equity shares allotted / cancelled	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Reason for / nature of allotment / cancellation
June 19, 1995	700	10.00	10.00	Cash	Subscription to the MoA
March 31, 1996	4,999,300	10.00	10.00	Cash	Preferential Allotment
November 4, 2004	3,000,000	10.00	Nil	N.A.	Pursuant to a merger
May 1, 2013	(7,999,500)	10.00	N.A.	N.A.	Cancelled pursuant to a merger
May 1, 2013	26,752,733	10.00	Nil	N.A.	Pursuant to a merger
May 14, 2013	107,012,932	10.00	Nil	N.A.	Bonus issue (in the ratio of four equity shares for every one equity share held)
March 31, 2016	1,903,700	10.00	149.51	Cash	Allotment pursuant to the erstwhile ESOS 2013
October 3, 2016	21,054,387	10.00	197.11	Cash	Allotment pursuant to conversion of compulsorily convertible debentures
October 7, 2016	4,545,455	10.00	440.00	Cash	Allotment pursuant to conversion of compulsorily convertible preference shares
October 7, 2016	5,681,818	10.00	440.00	Cash	Allotment pursuant to conversion of compulsorily convertible preference shares
November 4, 2016	15,000,000	10.00	445.00	Cash	Allotment pursuant to Initial Public Offer
December 1, 2016	3,61,000	10.00	149.51	Cash	Allotment pursuant to the erstwhile ESOS 2013
February 20, 2017	99,400	10.00	149.51	Cash	Allotment pursuant to the erstwhile ESOS 2013
April 24, 2017	98,200	10.00	149.51	Cash	Allotment pursuant to the

Date of allotment / cancellation	Number of equity shares allotted / cancelled	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Reason for / nature of allotment / cancellation
					erstwhile ESOS 2013
August 11, 2017	46,815	10.00	149.51	Cash	Allotment pursuant to the erstwhile ESOS 2013
September 25, 2017	27,000	10.00	149.51	Cash	Allotment pursuant to the erstwhile ESOS 2013
October 11, 2017	3,000	10.00	149.51	Cash	Allotment pursuant to the erstwhile ESOS 2013
January 24, 2018	12,700	10.00	149.51	Cash	Allotment pursuant to the erstwhile ESOS 2013
March 20, 2018	15,000	10.00	149.51	Cash	Allotment pursuant to the erstwhile ESOS 2013
July 26, 2018	19,500	10.00	149.51	Cash	Allotment pursuant to the erstwhile ESOS 2013
November 22, 2018	7,800	10.00	149.51	Cash	Allotment pursuant to the erstwhile ESOS 2013
February 18, 2019	9,585	10.00	149.51	Cash	Allotment pursuant to the erstwhile ESOS 2013
June 3, 2019	3,700	10.00	149.51	Cash	Allotment pursuant to the erstwhile ESOS 2013
July 29, 2019	91,327,613	10.00	Nil	N.A.	Bonus issue (in the ratio of one equity share for every two equity shares held)
September 7, 2019	14,705,882	10.00	612.00	Cash	Qualified institutions placement
June 14, 2021	144,344,360	10.00	Nil	N.A.	Bonus issue (in the ratio of one equity share for every two equity shares held)
June 9, 2022	216,516,540	10.00	Nil	N.A.	Bonus issue (in the ratio of one equity share for every two equity shares held)
February 6, 2023	1,500	10.00	605.00	Cash	Allotment pursuant to ESOS 2016
February 20, 2023	6,912	10.00	605.00	Cash	Allotment pursuant to ESOS 2016
Pursuant to a resolution passed by our Shareholders on June 2, 2023, the equity shares of our Company of face value ₹10 each were sub-divided into equity shares of ₹5 each. The record date for the split was June 15, 2023.					
June 22, 2023	20,412	5.00	302.50	Cash	Allotment pursuant to ESOS 2016
October 10, 2023	43,500	5.00	435.00	Cash	Allotment pursuant to ESOS 2016
November 14, 2023	27,500	5.00	435.00	Cash	Allotment pursuant to ESOS 2016
	7,500	5.00	302.50	Cash	Allotment pursuant to ESOS 2016
January 23, 2024	65,500	5.00	435.00	Cash	Allotment pursuant to ESOS 2016
	39,487	5.00	302.50	Cash	Allotment pursuant to ESOS 2016
February 5, 2024	16,500	5.00	435.00	Cash	Allotment pursuant to ESOS 2016
	13,500	5.00	302.50	Cash	Allotment pursuant to ESOS 2016
March 7, 2024	27,000	5.00	435.00	Cash	Allotment pursuant to ESOS 2016
	9,000	5.00	302.50	Cash	Allotment pursuant to ESOS 2016
	4,500	5.00	627.50	Cash	Allotment pursuant to ESOS 2016
March 29, 2024	11,000	5.00	435.00	Cash	Allotment pursuant to ESOS 2016
	2,250	5.00	302.50	Cash	Allotment pursuant to ESOS

Date of allotment / cancellation	Number of equity shares allotted / cancelled	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Reason for / nature of allotment / cancellation
					2016
May 13, 2024	20,000	5.00	435.00	Cash	Allotment pursuant to ESOS 2016
	2,000	5.00	627.50	Cash	Allotment pursuant to ESOS 2016
	1,000	5.00	643.00	Cash	Allotment pursuant to ESOS 2016
June 18, 2024	5,200	5.00	435.00	Cash	Allotment pursuant to ESOS 2016
	4,500	5.00	627.50	Cash	Allotment pursuant to ESOS 2016
	4,000	5.00	298.00	Cash	Allotment pursuant to ESOS 2016
July 12, 2024	7,999	5.00	435.00	Cash	Allotment pursuant to ESOS 2016
Pursuant to a resolution passed by our Shareholders on August 30, 2024, the equity shares of our Company of face value ₹5 each were sub-divided into equity shares of ₹2 each. The record date for the split was September 12, 2024.					
September 16, 2024	27,750	2.00	174.00	Cash	Allotment pursuant to ESOS 2016
	12,500	2.00	119.20	Cash	Allotment pursuant to ESOS 2016
	5,000	2.00	257.20	Cash	Allotment pursuant to ESOS 2016
	1,875	2.00	320.40	Cash	Allotment pursuant to ESOS 2016
	9,250	2.00	122.40	Cash	Allotment pursuant to ESOS 2016
October 22, 2024	40,000	2.00	174.00	Cash	Allotment pursuant to ESOS 2016
	2,500	2.00	320.40	Cash	Allotment pursuant to ESOS 2016
	5,500	2.00	122.40	Cash	Allotment pursuant to ESOS 2016
Total	**3,248,725,405**				

Employee stock option schemes

Varun Beverages Limited Employees Stock Option Scheme 2016 ("ESOS 2016")

Our Company instituted the ESOS 2016 on April 27, 2016, pursuant to our Board and Shareholders' resolutions dated April 27, 2016. The objective of the ESOS 2016 is to promote long-term financial interest in our Company, to attract and retain talent in the organisation, to achieve sustained growth by aligning the interest of the employees with that of the Company, to create a sense of ownership among the employees and to bring loyalty among employees and directors. The ESOS 2016 is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

The eligibility and number of options to be granted to an employee is determined on the basis of criteria laid down in the ESOS 2016 and as approved by the Nomination and Remuneration Committee of our Board of Directors. In terms of the ESOS 2016, our Board has approved, subject to the approval of the Shareholders and applicable law, granting of options convertible into Equity Shares representing up to 5% of the fully-diluted equity share capital of our Company. The maximum aggregate number of options to be granted in any year to an eligible employee under the ESOS 2016 is not permitted to exceed 1% of the issued capital of our Company at the time of grant of such options, except with the specific approval of the members of our Company, accorded in a general body meeting.

The options granted shall vest in the eligible employees as per the following vesting schedule:

Period for vesting of option	% of options that shall vest
First vest: one year from the date of grant of option	25%
Second vest: on the 1st day of January in the calendar year succeeding the	25%

Period for vesting of option	% of options that shall vest
calendar year of first vest	
Third vest: on the 1st day of January in the calendar year succeeding the calendar year of second vest	25%
Fourth vest: on the 1st day of January in the calendar year succeeding the calendar year of third vest	25%

The following table sets forth details in respect of the ESOS 2016 as on the date of this Placement Document:

Particulars	Number of options
Total number of options	41,737,880
Options granted	3,586,125
Options vested	1,574,932
Options exercised	977,305
Options cancelled	160,000
Total options outstanding	38,311,755

Pre-Issue and post-Issue shareholding pattern of the Company

The pre-Issue and post-Issue shareholding pattern of our Company, as on November 8, 2024, is set forth below:

S. No.	Category	Pre-Issue (as of November 8, 2024)		Post-Issue(1)	
		Number of Equity Shares held	Percentage of share Holding (%)	Number of Equity Shares held	Percentage of share Holding (%)
A. Promoters' and Promoter Group's holding					
1.	Indian				
	- Individuals / HUF	1,166,785,604	35.92	1,166,785,604	34.50
	- Bodies Corporate	868,931,305	26.75	868,931,305	25.70
	Sub-total	**2,035,716,909**	**62.66**	2,035,716,909	60.20
2.	Foreign Promoters	-	0.00	-	0.00
	Sub-total (A)	**2,035,716,909**	**62.66**	2,035,716,909	60.20
B. Non-Promoter Holding					
1.	Institutional Investors	942,204,430	29.00	1,074,947,792	31.79
2.	Non-Institutional Investors				
	- Body Corporate	48,716,093	1.50	48,716,093	1.44
	- Directors and relatives	8,028,037	0.25	8,028,037	0.24
	- Indian public	196,251,586	6.04	196,251,586	5.80
	-Others including Non-resident Indians (NRIs) and Key Managerial Personnel	17,808,350	0.55	17,808,350	0.53
	Sub-total	**270,804,066**	**8.34**	270,804,066	8.01
	Sub-total (B)	**1,213,008,496**	**37.34**	1,345,751,858	39.80
	Grand Total (A+B)	**3,248,725,405**	**100.00**	3,381,468,767	100.00

(1) *The post-Issue shareholding pattern of our Company reflects the shareholding of the institutional investors category on the basis of the Allocation made in the Issue, and reflects the shareholding of all other categories as of November 8, 2024.*

Other confirmations

Except for the outstanding options under the ESOS 2016 as disclosed in this section, there are no outstanding options, warrants or rights to convert debentures, loans or other instruments convertible into Equity Shares as on the date of this Placement Document.

As on the date of this Placement Document, our Company has no outstanding preference shares.

No change in control in our Company will occur consequent to the Issue.

Except for the allotments of equity shares made pursuant to the ESOS 2016 as disclosed in *"– Equity share capital history of our Company"* on page 105, our Company has not made any allotment of Equity Shares in the year immediately preceding the date of this Placement Document, including for consideration other than cash, or pursuant to a preferential issue, private placement or a rights issue.

Our equity shares of the same class as the Equity Shares proposed to be allotted through the Issue have been listed for a period of at least one year prior to the date of issuance of the notice to the Shareholders dated October 9, 2024, for the approval of this Issue.

Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottee for a period of one year from the date of allotment, except on the Stock Exchanges.

Proposed allottees in the Issue

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them is set forth in "*Proposed Allottees in the Issue*" on page 277.

DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of the Articles of Association and the applicable laws, including the Companies Act. Our Board may also, from time to time, declare interim dividends. All dividend payments are made in cash to our Shareholders.

Our Board has approved and adopted a formal dividend distribution policy on August 9, 2017, in terms of Regulation 43A of the SEBI Listing Regulations. For further information, see "*Description of the Equity Shares*" on page 248.

The details of the dividends declared by our Company for periods indicated, are set out below:

<table>
<tr><th>Fiscal / Period and type of dividend</th><th>Rate of dividend (%)</th><th>Dividend per equity share (in ₹)</th><th>Face value per equity share (in ₹)</th><th>Total amount of dividend (₹ in million)</th></tr>
<tr><td>September 12, 2024 till the date of this PPD</td><td rowspan="2">-</td><td rowspan="2">-</td><td>2.00</td><td rowspan="2">-</td></tr>
<tr><td>July 1, 2024 – September 12, 2024</td><td>5.00</td></tr>
<tr><td>Half year ended June 30, 2024 (interim dividend)</td><td>25.00</td><td>1.25(1)</td><td>5.00</td><td>1,624.31</td></tr>
<tr><td>2023 (final dividend)</td><td>25.00</td><td>1.25</td><td>5.00</td><td>1,624.24</td></tr>
<tr><td>2023 (interim dividend)</td><td>25.00</td><td>1.25(2)</td><td>5.00</td><td>1,623.93</td></tr>
<tr><td>2022 (final dividend)</td><td>10.00</td><td>1.00</td><td>10.00</td><td>649.55</td></tr>
<tr><td>2022 (interim dividend)</td><td>25.00</td><td>2.50(3)</td><td>10.00</td><td>1,623.87</td></tr>
<tr><td>2021 (interim dividend)</td><td>25.00</td><td>2.50(4)</td><td>10.00</td><td>1,082.58</td></tr>
</table>

(1) In its meeting dated July 30, 2024, our Board had declared an interim dividend of ₹1.25 per equity share to all shareholders of our Company as at a record date of August 9, 2024.

(2) In its meeting dated August 3, 2023, our Board had declared an interim dividend of ₹1.25 per equity share to all shareholders of our Company as at a record date of August 16, 2023.

(3) In its meeting dated August 1, 2022, our Board had declared an interim dividend of ₹2.50 per equity share to all shareholders of our Company as at a record date of August 12, 2022.

(4) In its meeting dated August 2, 2021, our Board had declared an interim dividend of ₹2.50 per equity share to all shareholders of our Company as at a record date of August 12, 2021.

For a summary of certain Indian tax consequences of dividend distributions to shareholders, see "*Taxation*" on page 252.

Our past practices with respect to the declaration of dividend are not necessarily indicative of our future dividend declaration. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future. The form, frequency and amount of future dividends will depend on a number of internal and external factors, including, but not limited to, distributable surplus available with our Company as per Companies Act, 2013, our Company's earnings, cash flows, financial condition, liquidity position, working capital and other financing requirements considering expansion and acquisition opportunities, lender approvals, contractual obligations, stipulations/ covenants of loan agreements macroeconomic and business conditions in general, applicable legal restrictions and other factors, and shall be at the discretion of our Board and subject to the approval of our Shareholders. Investors are cautioned not to rely on past dividends as an indication of our future performance or for an investment in the Equity Shares. For a summary of some of the restrictions that may materially affect our ability to declare or pay dividends, see "*Risk Factors – Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.*" beginning on page 81.

The Equity Shares to be issued in connection with this Issue shall qualify for all dividends, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted. For further information, see "*Description of the Equity Shares*" on page 248.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results included in the section "Financial Information" on page 276.

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 21 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "- Significant Factors Affecting our Results of Operations" on pages 55 and 112, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our fiscal year ends on December 31 of each year, and references to a particular Fiscal are to the twelve-month period ended December 31 of that year. In this section, unless otherwise indicated or the context otherwise requires, a reference to "our Company" is a reference to Varun Beverages Limited on a standalone basis, while any reference to "we", "us", "our" or "Group" is a reference to Varun Beverages Limited, its Subsidiaries, its Associates and Joint Venture on a consolidated basis.

*The Sales Volume information presented in this section represents sales to our customers in our licensed territories but does not include any sales to PepsiCo or any other franchisees of PepsiCo. Sales to PepsiCo and/ or other PepsiCo franchisees are reflected in our revenues from operations. However, such sales have not been significant in the last three Fiscals and in the nine months ended September 30, 2024. We do not make any such sales other than in India. Sales Volume information in any Fiscal period included in this section cannot be directly correlated to our revenues from operations in the respective Fiscal. Further, the Sales Volume is calculated and presented on the basis that each unit case consists of 24 units of beverages of approximately 236.58 ml each, aggregating to 5.678 litres of beverage per unit case ("**Unit Case**").*

*Unless otherwise indicated, industry and market data used in this section has been derived from the report "India Soft Drinks Market Insights 2023 and Global Market Data Insights" dated October 2024 (the "**GlobalData Report**") prepared and released by GlobalData Plc and commissioned by us. Unless otherwise indicated, all financial, operational, industry and other related information derived from the GlobalData Report and included herein with respect to any particular year refers to such information for the relevant calendar year.*

OVERVIEW

For details in relation to the business of our Company, see "*Our Business*" on page 172.

PRESENTATION OF FINANCIAL INFORMATION

In this Placement Document we have included: (i) the audited consolidated financial statements for Fiscal 2021 comprising the audited consolidated balance sheet and the audited consolidated statement of profit and loss, the audited consolidated statement of cash flow and the audited consolidated statement of changes in equity read along with the notes thereto (the "**Fiscal 2021 Audited Consolidated Financial Statements**"); (ii) the audited consolidated financial statements for Fiscal 2022 comprising the audited consolidated balance sheet and the audited consolidated statement of profit and loss, the audited consolidated statement of cash flow and the audited consolidated statement of changes in equity read along with the notes thereto (the "**Fiscal 2022 Audited Consolidated Financial Statements**"**);** (iii) the audited consolidated financial statements for Fiscal 2023 comprising the audited consolidated balance sheet and the audited consolidated statement of profit and loss, the audited consolidated statement of cash flow and the audited consolidated statement of changes in equity read along with the notes thereto (the "**Fiscal 2023 Audited Consolidated Financial Statements**" and collectively with Fiscal 2022 Audited Consolidated Financial Statements and Fiscal 2021 Audited Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**"); (iv) the Unaudited Consolidated June Financial Results; and (v) the Unaudited Consolidated September Financial Results (together with the Unaudited Consolidated June Financial Results, the "**Unaudited Consolidated Financial Results**").

Our Fiscal 2021 Audited Consolidated Financial Statements were jointly audited by Walker Chandiok & Co LLP, Chartered Accountants and APAS & Co LLP, Chartered Accountants. Our Fiscal 2022 Audited Consolidated

Financial Statements were jointly audited by Walker Chandiok & Co LLP, Chartered Accountants and O.P. Bagla & Co. LLP, Chartered Accountants. Our Fiscal 2023 Audited Consolidated Financial Statements were jointly audited by J. C. Bhalla & Co., Chartered Accountants and O.P. Bagla & Co. LLP Chartered Accountants while our Unaudited Consolidated Financial Results were jointly reviewed by J. C. Bhalla & Co., Chartered Accountants and O.P. Bagla & Co. LLP, Chartered Accountants.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Impact of historical inorganic growth, in particular, the acquisition of new territories

We have been associated with PepsiCo since the 1990s, and as of September 30, 2024, we had expanded our operations across 26 States and six Union Territories in India. We have also been granted the franchise for various PepsiCo products for the territories of Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa (including Lesotho and Eswatini) and Democratic Republic of Congo and distribution rights for Namibia and Botswana, and TDRs effective April 1, 2024 in Mozambique and Madagascar. Over the years, we have completed various acquisitions and the results of operations of such acquired businesses would be reflected in our consolidated financial statements for the relevant fiscal periods only with effect from the effective date of such respective acquisition. The following table below sets forth a list of some of our key acquisitions in Fiscal 2021, 2022 and 2023 during the nine months ended September 30, 2024:

S. No.	Acquisition	Territory/ Production Facility	Completion Date
1.	The Beverage Company (Proprietary) Limited, South Africa	South Africa, Lesotho, and Eswatini, as well as territories with distribution rights in Namibia and Botswana, and TDRs effective April 1, 2024 in Mozambique and Madagascar	April 1, 2024

As a result of such acquisitions and organic growth, our total Sales Volumes in India and in international territories have grown at a CAGR of 26.55% from 569.73 million Unit Cases in Fiscal 2021 to 912.39 million Unit Cases in Fiscal 2023 and was 756.34 million Unit Cases and 908.96 million Unit Cases in the nine months ended September 30, 2023 and 2024, respectively. Our revenue from operations have increased at a CAGR of 34.98% from ₹89,582.91 million in Fiscal 2021 to ₹163,210.63 million in Fiscal 2023 and was ₹135,900.81 million and ₹166,637.13 million in the nine months ended September 30, 2023 and 2024, respectively.

As a result of such acquisition of additional international territories, we have been able to benefit from significant cost and operational efficiencies, as well as, economies of scale. We are able to optimize the freight, transportation and distribution costs over a larger territory base which helps increase our margins. The increase in scale of our operations provides us with better operating leverage and bargaining power with our suppliers and ensures better working capital management.

In addition, we have recently entered into the following share purchase agreements for certain acquisitions, subject to the fulfilment of certain closing conditions under the terms of the relevant agreements:

(i) Share purchase agreement with Tanzania Bottling Company SA to acquire 100% of the share capital of SBC Tanzania Limited for a total acquisition cost of ₹13,040 million;

(ii) Share purchase agreement with Ghana Bottling Company Limited to acquire 100% of the share capital of SBC Beverages Ghana Limited for a total acquisition cost of ₹1,271 million; and

(iii) Share purchase agreement to acquire the balance 39.93% of the equity share capital of Lunarmech Technologies Private Limited for a consideration of ₹2,000 million.

For details, see *"Our Business – Our Strengths – Established track record of successful acquisition and integration"* and *"Risk Factors – An inability to to integrate the operations of, or leverage potential operating and cost efficiencies from our recent acquisitions may adversely affect our business, prospects and future financial performance"* on pages 176 and 60, respectively.

Sales Volumes and pricing

The Sales Volume information presented in this Placement Document represents sales to our customers in our licensed territories but not any sales to PepsiCo or any other franchisee of PepsiCo. Sales to PepsiCo and/ or other

PepsiCo franchisees are reflected in our revenues from operations. However, such sales have not been significant in the last three Fiscals and in the nine months ended September 30, 2024. We do not make any such sales other than in India. Sales Volume information in any fiscal period included in this Placement Document cannot be directly correlated to our revenues from operations in the respective fiscal period. Further, the Sales Volume is calculated and presented on the basis that each unit case consists of 24 units of beverages of approximately 236.58 ml each, aggregating to 5.678 litres of beverage per unit case.

Sales Volume of our PepsiCo products has increased steadily over the years. The Sales Volume increases in CSDs are the result of both our inorganic growth through acquisitions as well as organic growth through improved marketing and distribution efforts, which have increased our share of an overall market that experienced relatively lower growth and the relative increase, in recent years, of customer preference for other kinds of beverages identified more closely with healthy lifestyle choices. Sales Volumes of, and revenues from NCBs and packaged drinking water, have increased significantly in recent years, driven to an extent by such evolving consumer preferences.

Sales Volumes of our PepsiCo products are also affected by the performance of the Indian economy. Factors, such as increasing income, rising consumer spending, rapid urbanization and growing rural consumption can have an impact on the soft drinks industry in India in general (*Source: GlobalData Report*). Further, our Sales Volume is also affected by unseasonal weather conditions see "*Significant Factors affecting Results of Operations and Financial Condition – Seasonality of Business*" on page 117.

The following tables set forth certain information relating to Sales Volume (in million Unit Cases) of various products in our portfolio, presented as a percentage of total Sales Volumes for all PepsiCo products sold by us in India and international territories in the periods indicated:

Product	**Fiscal 2021**		**Fiscal 2022**		**Fiscal 2023**		**Nine months ended September 30, 2023**		**Nine months ended September 30, 2024**	
	Sales Volume[(1)]	**Percentage of Total Sales Volume**	**Sales Volume[(1)]**	**Percentage of Total Sales Volume**	**Sales Volume[(1)]**	**Percentage of Total Sales Volume**	**Sales Volume[(1)]**	**Percentage of Total Sales Volume**	**Sales Volume[(1)]**	**Percentage of Total Sales Volume**
	(million Unit Cases)	**(%)**	**(million Unit Cases)**	**(%)**	**(million Unit Cases)**	**(%)**	**(million Unit Cases)**	**(%)**	**(million Unit Cases)**	**(%)**
CSDs	399.95	70.20%	561.25	69.93%	654.45	71.73%	548.67	72.54%	675.03	74.26%
NCBs	37.22	6.53%	57.62	7.18%	58.93	6.46%	50.56	6.69%	62.02	6.82%
Packaged Drinking Water	132.56	23.27%	183.73	22.89%	199.01	21.81%	157.11	20.77%	171.92	18.92%
Total	**569.73**	**100.00%**	**802.60**	**100.00%**	**912.39**	**100.00%**	**756.54**	**100.00%**	**908.97**	**100.00%**

(1) Calculated and presented on the basis that each unit case consists of 24 units of beverages of approximately 236.58 ml each, aggregating to 5.678 litres of beverage per unit case.

In CSDs, we face intense competition from established and new brands, with significant marketing and product promotion budgets and discounts. The market for NCBs is more fragmented, and relatively less competitive than the CSD market. Many of PepsiCo's products we sell compete directly with comparable products with well-established brands, which constrain our ability to set higher prices. In newer product categories, there is also usually greater scope to use new packaging and SKU sizing to introduce price changes or manage pricing of the products sold by us.

Product mix and relevant market potential

India remains one of the fastest growing economies worldwide, and is set to become the third largest consumer market worldwide in the future due to factors such as increasing incomes, rising consumer spending, rapid urbanization and growing rural consumption along with growth in related industries including retail and e-commerce, which means further growth in consumer spending is likely, which would in turn result in an increase in demand for soft drinks (*Source: GlobalData Report*). Further, the Indian soft drinks market volume was 51,257.6 million litres in 2023 and is expected to record the highest volume growth among all commercial beverages with a CAGR of 9.90% during 2024 and 2029 as well as an incremental volume of 36,579.5 million litres during 2024 and 2029 (*Source: GlobalData Report*). PepsiCo was the third largest company in the soft drinks industry in India with a volume share (in terms of million litres) of 9.6% in 2023. (*Source: GlobalData Report*). Accordingly, there is significant growth potential for PepsiCo's beverages in India. In addition, with rising health awareness levels prompting consumers to seek healthier variants of beverages, various leading producers, including PepsiCo, are focusing on offering low sugar beverages (*Source: GlobalData Report*). The juice and packaged drinking water categories are expected to grow at a CAGR of 14.3% and 8.4%, respectively, in terms of volume share during 2024 and 2028 in India (*Source: GlobalData Report*). Further, the energy drinks and enhanced water categories were among the leading categories of beverages in terms of volume growth (in million litres) in 2023 (*Source: GlobalData Report*). We expect this trend of seeking healthier variants of beverages to continue as consumer disposable income increases further and we are well positioned to capitalize on the market growth in such categories owing to PepsiCo's presence in several categories of such beverages.

Mountain Dew and Aquafina were among the leading brands in carbonated beverage and packaged drinking water in India, respectively, and accounted for a volume share (in million litres) of 2.5% and 2.4%, respectively, in 2023 (*Source: GlobalData Report*). In Fiscal 2021, 2022 and 2023 and in the nine months ended September 30, 2023 and 2024, Mountain Dew was our largest selling CSD beverage brand by volume and value. The relative under-penetration of some of our brands in certain markets and distribution channels presents significant growth opportunities. We aim to further increase penetration of Mountain Dew and continue to focus on growing Aquafina and Aquavess sales as the packaged drinking water segment in India is highly fragmented and provides significant growth opportunities.

Key raw materials prices, packaging material costs and royalty payments

<u>*Concentrate*</u>

Raw materials purchases represent a significant majority of our total expenditure. Our largest raw material purchases are of beverage concentrates and sugar. PepsiCo India/ PepsiCo Inc./the PepsiCo International Entities/ SVC will be entitled to set terms and conditions related to our purchase of concentrates from PepsiCo India and/ or the relevant PepsiCo International Entities or their authorised suppliers including the price of such concentrates. Historically, in practice, the price of beverage concentrate is determined by PepsiCo India and/ or the PepsiCo International Entities in discussions with us, after taking into account the selling price, taxation, input cost and market and other relevant conditions. Concentrate prices of PepsiCo beverages produced in India have been presented in our financial statements, and as reflected in our financial statements, have varied from Fiscal to Fiscal depending on the extent of marketing or promotional campaigns undertaken by us on behalf of PepsiCo in India.

If we launch new PepsiCo brands, we will be required to negotiate new arrangements with PepsiCo for brand license and the supply of the relevant beverage concentrate. As the relative proportion of packaged drinking water and other non-concentrate based beverages has increased as a percentage of our total Sales Volumes, the relative cost of concentrate, as a percentage of revenues from operations, has also decreased to that extent.

<u>*Sugar*</u>

In India, we procure sugar from various sugar mills and wholesale distributors. Sugar prices tend to be volatile, and we do not enter into any long-term supply contracts in place. We place orders depending on our production requirements at negotiated prices, and typically procure sugar from a few key suppliers in India. For our international operations, we procure sugar from various local suppliers through short term or spot purchase agreements. Historically, sugar prices have fluctuated considerably. As the relative proportion of packaged drinking water and other non-sugar based or lower sugar based CSDs has increased as a percentage of our total Sales Volumes, the relative cost of sugar consumed, as a percentage of revenues from operations, has decreased.

<u>*Packaging materials*</u>

We incur significant expenses for packaging materials out of which the largest is PET resin, including preform. The principal packaging materials used by us include preforms for PET bottles, cans, tetra packs, shrink-wrap films, crowns, plastic closures, labels and corrugated boxes. Our production facilities in Pathankot, Hardoi, Guwahati, Sricity, Kota, Begusarai, Supa, Gorakhpur and Khurdha in India, and our production facilities in Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe manufacture preforms, our production facility in Jaipur manufactures crowns, our production facility in Jammu manufactures preforms and closures and our production facility in Alwar manufacture shrink-wrap films, plastic shells and corrugated boxes and pads. Preforms, crowns, corrugated boxes and shrink-wrap films from these facilities are then transported to, and used in production in, our other production facilities in India. Accordingly, a majority of our packaging requirements are produced internally. We also procure some of our packaging materials from third party suppliers. For further information, see "*Our Business – Procurement and Raw Materials – Packaging Material*" on page 196. We make regular purchases of returnable glass bottles to maintain our float at appropriate levels. These materials are purchased from a small number of suppliers, usually under short term, fixed price contracts. As a result, our costs are exposed to fluctuations in the market prices of these materials.

Our profit margins vary between beverage products and packaging types and sizes. Excluding packaging, production costs are similar across our range of CSDs, however, may vary significantly between NCBs. Packaging costs vary, with returnable glass bottles being less expensive than PET, tetrapaks or aluminium cans. The incremental cost of producing larger-sized serves in the same packaging type is proportionately lower than the increased volume, creating opportunities to achieve higher margins where customers perceive value in terms of volume. The prices we are able to charge for our products are significantly affected by the competitive landscape, in particular the price and availability of comparable products in comparable packages and sizes. As a result of these factors, the margins we earn on our products may vary substantially, and the margins can vary in both absolute and relative terms from financial period to period. As a result of the different margins between our products and packages, product and package mix from financial period to period can have a significant effect on our operating profit. While we attempt to adjust our product and package mix to maximize profitability, changes in consumer demand and the competitive landscape can have a significant impact on our mix and therefore our profitability in any relevant period.

Royalty fees

Pursuant to the PepsiCo India Agreements, PepsiCo India is entitled to charge royalty for the license to use certain PepsiCo owned trademarks. We are currently not required to pay royalty for the use of any other PepsiCo trademarks, except, “DUKES”, “AQUAFINA”, “AQUAVESS” and “EVERVESS SODA”, as the licenses for the other products are governed under the separate terms of the respective PepsiCo International Agreements, Tropicana India Agreement and PepsiCo India Agreements and for which the concentrate is supplied by PepsiCo India and/ or the PepsiCo International Entities for the other products. As the relative proportion of packaged drinking water and soda water has increased as a percentage of our total Sales Volumes in recent periods, our royalty payments to PepsiCo India in connection with these products have also increased.

Production capacities, backward integration and operating efficiencies

As of September 30, 2024, we operated 36 beverage production facilities across India and 12 beverage production facilities in our international licensed territories. In addition, we have 17 facilities dedicated to backward integration which manufacture crowns, plastic shells, corrugated boxes, crates and pads and shrink wrap film. The peak month production capacity in the month of May 2024 of our production facilities in India and international territories was 154.54 million Unit Cases and 62.91 million Unit Cases, respectively. In addition, our production facilities in Pathankot, Hardoi, Guwahati, Sricity, Kota, Begusarai, Supa, Gorakhpur and Khurdha in India, and our production facilities in Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe manufacture preforms while three of our production facilities dedicated to backward integration located at Jammu, Jaipur and Alwar manufacture preforms, crowns, shrink-wrap films, plastic shells and corrugated boxes and pads. Our production facilities across India are strategically located in geographical proximity to various target markets, which results in lower transportation and distribution expenses and enable us to leverage economies of scale.

Sales of our beverages are generally significantly higher in the summer months of April through June, due to the heat and warm weather, and considerably lower during the winter months of December through February. Significant part of our profits is also typically realized in the second quarter of the Fiscal. Accordingly, the utilization level of our manufacturing facilities is significantly higher in the run up to the summer months and during the months of April through June. Accordingly, due to the highly seasonal nature of our business, we have in this Placement Document included only the peak month production capacity of our production facilities. Please note that the peak month identification for purposes of calculation of peak month production capacities (including that for production facilities located in international territories) may vary, depending on the geographical position of the relevant production facility/ sub-territories served by such production facility, as well as changes in climatic conditions and seasonality factors that could from vary from year to year. Such peak month production capacity of our production facilities has been included in this Placement Document for the limited purpose of providing information on peak month operations in our business. Such peak month capacity information is based on various assumptions and estimates, and does not purport to predict, and cannot be relied on as a substitute for, annual production capacity information for our production facilities. Undue reliance should not be placed on the peak month production capacity information for our production facilities included in this Placement Document. In addition, capacity utilization is calculated differently in different countries, industries and for the different kinds of products we manufacture. Given the highly seasonal nature of our business, and the complexities associated with peak month capacity information for our production facilities, capacity utilisation information has minimal relevance as a measure of our business operations and financial performance in any particular fiscal year or period. For details in relation to our peak month production capacity, see "*Our Business – Production facilities*' on page 192.

In Fiscal 2021, 2022 and 2023, we incurred capital expenditure (purchase of property, plant and equipment, right of use assets and intangible assets, including adjustment on account of capital work-in-progress, capital advances and capital creditors) of ₹8,348.00 million, ₹18,009.92 million and ₹32,640.49 million, respectively, primarily in connection with acquisition of new territories and sub-territories, in order to increase production capacities and modernise our production facilities, as well as on visi-coolers and other chilling equipment placed with retailers and other points of sale.We also made investments on visi-coolers and other chilling equipment placed with retailers and other points of sale. We continue to plan our capital expenditure carefully by focusing our investments on relatively higher profitable areas of our business, such as chilling equipment for use in immediate-consumption channels. Through strategic capital investments for efficient deployment of assets such as chilling equipment and distribution infrastructure, we intend to optimize the utilization of our capital.

We also use advanced production techniques that enable us to improve operating efficiencies and reduce personnel costs. As an integral part of our continuing efforts targeted at ensuring cost efficiencies, we have undertaken a number of strategic initiatives targeted at reducing cost of goods sold, effective management of operating expenses and improving cash flows. These initiatives include backward integration of our production processes and centralized sourcing of raw materials. We have set up backward integration facilities for production of preforms, crowns, plastic closures, corrugated boxes, corrugated pads, plastic crates and shrink wrap films in certain of our facilities to ensure operational efficiencies and quality standards. We continue to focus on consolidation of our production activities to ensure most constituent components of our products and packaging is available internally. We have introduced lower weight plastic bottles and decreased size of bottle caps, which has enabled us to reduce PET resin, including preform, costs. We also target increased margins through a reduction in freight and distribution costs, for example, consolidation of production facilities and depots post implementation of GST in India. We believe this will enable us to increase production volumes and improve operating margins as we have in the past sourced PET bottles from manufacturing facilities over long distances. In addition, we continue to implement advanced technologies to improve operational efficiencies and work processes. Our Sales Planning Execution Engagement and Delivery ("**SPEED**") platform integrates geocoding, geofencing, and algorithm-based continuous replenishment systems to enhance sales productivity and market execution. Our analytics engine combines data from various functions to enable data-driven decisions. Our analytics engine is key to our digital transformation strategy, enabling us to harness the power of data for sustained growth and operational excellence.

Expansion of distribution network and market penetration

Our expansive sales and distribution network enables us to reach a wide range of consumers and ensure effective market penetration. Our distribution network is strategically located to maximize market penetration across our licensed sub-territories in India, with an increased focus on growth markets, such as, semi-urban and rural sub-territories. Our Sales Volumes depend on the reach of our distribution network. An important aspect of our distribution system is the infrastructure-intensive process of selling and delivering our products to thousands of distributors, dealers and small retailers. Our growth strategy is to increase our overall market share by increasing the reach of our distribution network to cover a larger proportion of potential outlets, although we estimate that the proportion of potential outlets that we could service profitably is significantly less than the total number. However, while we expect increased Sales Volumes resulting from expansion of our distribution network, we will be required to make significant investments in distribution infrastructure, including additional delivery vehicles, refrigeration equipment, warehouse space and a larger float of glass bottles and PET shells, as well as higher costs for additional sales and distribution staff. Although our direct purchases of fuel are relatively small as a proportion of our total costs, we are exposed to fluctuations in the price of fuel through our dependence on freight and delivery services, the prices we pay for which reflect, over time, increases in the cost of fuel.

As of September 30, 2024, our distribution network included over 2,840 owned delivery vehicles. Our distribution network covers urban, semi-urban and rural markets, targeting a wide range of consumers. As of September 30, 2024, we had 2,275 primary distributors (*i.e.*, parties to whom sales in excess of 10,000 unit cases of our PepsiCo beverages in month of May 2024 (our peak month) were recorded) in India and 559 distributors in our international territories. The primary distributors in India accounted for 106.53 million Unit Cases, which represented 90.30% of our aggregate Sales Volumes in India in the month of May 2024. We intend to further expand our distribution network by setting up additional distribution centers, consolidating existing distributors and increasing the number of distributors in under-penetrated markets. We believe that these measures will enable us to increase the availability of our beverages across our licensed territories and sub-territories, which will in turn increase brand awareness and sales of PepsiCo beverages. A large proportion of our distributors are small and/or family run operations and we seek to develop a high degree of loyalty among such distributors by supporting the growth of their businesses through provision of customized training, developing exclusive distributor relationships and providing various support services for their business.

We continue to focus on increasing retail presence of our licensed PepsiCo products, through increased brand promotion activities, increased in-store product inventory as well as price competitiveness. We continue to evaluate strategic placement of vending machines and visi-coolers at high density consumer areas such as malls, super-markets and large stores, multiplexes and airports. The market for beverages sold from vending machines and visi-coolers for immediate consumption is a fast-growing segment, resulting from an emerging on-the-go lifestyle and consumer convenience. Single-serve SKU (which refer to SKUs that are less than 1,000 milliliters) sales typically involve higher margins compared to sales of multi-serve SKUs. Sales in this segment depend on strategic inventory management, rapid inventory deployment, and effective availability and placement of relevant chilling equipment such as vending machines, visi-coolers and fountain dispensers in close proximity to high-density consumer areas. We continuously focus on placement of chilling equipment, and make significant investment annually on chilling equipment to be placed in the market, and intend to continue to make significant investments on such equipment as we expand into new markets and consolidate our position in existing licensed territories and sub-territories.

Seasonality

Sales of our beverages are generally significantly higher in the summer months of April through June, due to the heat and warm weather, and considerably lower during the winter months of December through February. A significant majority of our profits are also typically realized in the second quarter of the relevant Fiscal. Bad weather conditions, including unusually cold or rainy periods, during the peak sales season during summer, may adversely affect our sales volume, results of operations and financial condition, and could therefore have a disproportionate impact on our results of operations in the relevant year. Further, any bearing on crop harvest due to unseasonal rains may impact the purchasing power of our customers from the rural markets and may adversely affect our revenue from such markets. Because of the significant fluctuations in demand for CSDs and NCBs during different seasons of the year, any comparison of revenues and results of operations between two quarters or other varying financial periods within the year will not be meaningful and should not be relied on as an indicator of our future business prospects or financial performance.

Competition

The carbonated and non-carbonated beverage markets are highly competitive in India and the international markets we operate in. We compete with, among others, bottlers of other global, regional and local brands of carbonated and non-carbonated beverages. An increase in the number of competitors or level of marketing or investments undertaken by such competitors may result in a reduction in the consumption of our products and may reduce our market share, or we may be required to incur increased sales, marketing and distribution related expenses in order to remain competitive. Increased competition may also require us to evaluate or modify our pricing and marketing strategies, which can affect our business and cash flows. In addition, the success of our business depends on consumer behavior and preferences and their affinity and loyalty to PepsiCo beverages and brands.

In addition, we compete with aggressive marketing and promotional activities by other global, regional or local CSD and NCB beverage producers as well as competition on price and promotional discounts announced from time to time. Other global and premium beverage producers in our markets typically match the pricing of our products. However, if the competition alters their pricing model, and we are unable to change our product prices in response to such competitive measures, our results of operations and profitability may be materially and adversely affected.

SIGNIFICANT ACCOUNTING POLICIES

Fair value measurements

We measure 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.

We use 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, we determine whether transfers have occurred between levels in the hierarchy by e-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, we have 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.

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 we are 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 (net of variable considerations) 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 variable considerations on account of various discounts and schemes offered by our 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.

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, 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 our right to receive the payment is established, which is generally when shareholders approve the dividend.

Services rendered

Revenue from service related activities including management and technical know-how service, job work are recognised as and when services are rendered and on the basis of contractual terms with the parties.

Inventories

Inventories are valued as follows:

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.

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.

Intermediate goods/ Finished goods*:*

- 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.

- 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.

Property, plant and equipment

Measurement at recognition:

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

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

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

- the cost of the item can be measured reliably.

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

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

Depreciation:

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

Description	Useful lives (up to)
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 - Cooler)	7-10 years
Power generating assets	22 years

Freehold land is not depreciated.

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

We have 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.

We have 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.

Intangible assets

Intangible assets are initially recognised at:

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

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

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

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

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

The franchise rights and trademarks acquired as part of business combinations normally have a remaining legal life of not exceeding ten years but is renewable every ten years at little cost and is well established. We intend 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 our 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.

Borrowing costs

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

Leases

Our Company as a lessee

We enter 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, we assess 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, we assess 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;

- We have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- We assess 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, we allocate 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, we have 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

We recognize 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 Consolidated Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, our incremental borrowing rate. Generally, we use our 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 we are reasonably certain to exercise, lease payments in an optional renewal period if we are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless we are reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in our estimate of the amount expected to be payable under a residual value guarantee, or if we change our 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.

We present 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 our Company.

We have elected not to apply the requirements of Ind AS 116 - Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Our Company as a lessor

When we act as a lessor, we determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, we make 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, we consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

When we are an intermediate lessor, we account for our interests in the head lease and the sub-lease separately. We assess 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 we apply the exemption described above, then we classify the sub-lease as an operating lease.

We recognize 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 our Company as a lessor in the comparative period were not different from Ind AS 116 - Leases. However, when we were an intermediate lessor the sub-leases were classified with reference to the underlying asset.

We recognize 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 we are an intermediate lessor we account for our interests in the head lease and the sub-lease separately. We assess 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 we apply the exemption described above, then we classify the sub-lease as an operating lease.

Employee benefits

Contribution to provident and other funds

Retirement benefit in the form of provident fund is a defined contribution scheme. We have no obligation, other than the contribution payable to the provident fund. We recognise 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. We recognise termination benefit as a liability and an expense when we have a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Gratuity liability is accrued on the basis of an actuarial valuation made at the end of the year. The actuarial valuation is performed by an independent actuary as per projected unit credit method, except for few subsidiary companies where gratuity liability is provided on full cost basis.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

- The date of the plan amendment or curtailment, and
- The date that we recognise related restructuring cost

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

We recognise 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

We treat 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. We present 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 we have the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the balance is presented as a non-current liability.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. We measure the expected cost of such absences as the additional amount that we expect 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.

Share-based payments

Employees (including senior executives) of our 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 in relation to options granted to employees of our Company.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the parent company's best estimate of the number of equity instruments that will ultimately vest.

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

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the parent company or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Foreign currency transactions and translations

Our consolidated financial statements are presented in INR, which is also the parent company's functional currency. Transactions in foreign currencies are initially recorded by our entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, we use 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 our 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 January 1, 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, we use an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions.

However, all amounts (i.e. assets, liabilities, equity items, income and expenses) of foreign operation, whose functional currency is the currency of a hyperinflationary economy, are translated into INR at the rate of exchange prevailing at the reporting date and the comparative figures shall be those that were presented as current year amounts in the relevant prior year financial statement (i.e. not adjusted for subsequent changes in the price level or subsequent changes in exchange rates).

The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Financial statements of entity whose functional currency is the currency of a hyperinflationary economy

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy is stated in terms of the measuring unit current at the end of the reporting period.

Monetary items are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period.

Non-monetary items, which are carried at amounts current at the end of the reporting period, such as net realisable value and fair value, are not restated. All other non-monetary 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.

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, we elect 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 we acquire a business, we assess the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments' ("**Ind AS 109**"), is measured at fair value with changes in fair value recognised in the Consolidated Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, we re-assess whether we have 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 our 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, we report 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 our Company 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.

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.

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'. Further, where 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 favourable 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 to be received. That grant is recognised in the Consolidated Statement of Profit and Loss under 'other operating revenue'. The loan is subsequently measured in the year of disbursement 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.

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 our Company.

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 we operate and generate taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity).

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate including amount expected to be paid/ recovered for uncertain tax position.

Deferred tax

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

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

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

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

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

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

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

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

Deferred tax on business combination

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

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 our Company predominantly fall within a single operating segment, i.e., manufacturing and sale of beverages. We operate in two principal geographical areas, namely, India and other countries or 'outside India'. We prepare our segment information in conformity with the accounting policies adopted for preparing the CFS.

Discontinued operations

A discontinued operation is a component of our Company 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.

Impairment of non-financial assets

We assess, 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, we estimate 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.

We base our impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of our 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, we extrapolate 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, we estimate 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.

Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss ("**FVTPL**"), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

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

Debt instruments at amortised cost

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income from these financial assets is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

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**"). We have not designated any debt instrument in this category.

Debt instruments at Fair Value Through Profit or Loss

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

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

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

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, we may make an irrevocable election to present in other comprehensive income subsequent changes in the fair values. We make such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If we decide 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, we 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 we have 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

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

Financial liabilities

Initial recognition and measurement

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

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

Our 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:

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 our 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 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.

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.

Non-current assets and liabilities classified as held for sale

Non-current assets classified as held for sale are presented separately in the Balance Sheet and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arises on remeasurement or sale is included in the Consolidated Statement of Profit and Loss.

If an entity has classified an asset (or disposal group) as held for sale, but the held-for-sale criteria as specified in Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations' are no longer met, we cease to classify the asset (or disposal group) as held for sale.

We measure 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 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 its recoverable amount at the date of the subsequent decision not to sell.

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 our cash management.

Dividend distribution to equity holders of the parent

We recognise 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 our 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.

Provisions

Provisions are recognised when we have 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 we expect 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.

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 our 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. We do 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.

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 and sub-division/split, the number of ordinary shares outstanding is increased by number of shares issued as bonus shares and sub-division/split respectively 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.

Significant accounting judgements, estimates and assumptions

The preparation of our 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, we have 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.

Judgements

In the process of applying our accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against our 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.

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.

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.

We base our 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 our Company. Such changes are reflected in the assumptions when they occur.

Useful lives of tangible/intangible assets

We review our estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

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.

Inventories

We estimate 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.

Business combinations

We use valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

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.

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.

NON-GAAP MEASURES

EBITDA and interest coverage ratio presented in this Placement Document are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, Ind AS. Further, EBITDA and interest coverage ratio are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. In addition, EBITDA and interest coverage ratio are not standardized terms, hence a direct comparison of EBITDA and interest coverage ratio between companies may not be possible. Other companies may calculate EBITDA and interest coverage ratio differently from us, limiting their usefulness as comparative measures. Although EBITDA and interest coverage ratio are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance.

Reconciliation of EBITDA to Profit/(Loss) After Tax for the Years/Period

EBITDA, on a consolidated basis, is calculated as profit before tax and share of profit in Associates and Joint Venture plus finance costs, and depreciation and amortisation expenses less other income.

The table below reconciles profit before tax and share of profit in Associates and Joint Venture for the year to EBITDA for the periods indicated:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	Nine months ended September 30, 2023	Nine months ended September 30, 2024
	(₹ in million, except percentages)				
Profit before tax and share of profit in Associates and Joint Venture (A)	10,066.08	20,236.43	27,398.39	25,520.67	31,797.44
Finance Costs (B)	1,847.00	1,861.22	2,680.99	1,944.40	3,413.81
Depreciation and amortisation expenses (C)	5,312.62	6,171.89	6,809.06	5,149.34	6,866.04
Other Income (D)	679.25	388.49	793.59	702.43	766.29
EBITDA [(A+B+C) – D]	**16,546.45**	**27,881.05**	**36,094.85**	**31,911.98**	**41,311.00**

Interest Coverage Ratio

Interest coverage ratio is calculated on the basis on profit before tax and share of profit in Associates and Joint Venture plus finance costs and depreciation and amortisation expenses, divided by finance costs.

The table below reconciles profit after tax for the year to our interest coverage ratio for the periods indicated:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	Nine months ended September 30, 2023	Nine months ended September 30, 2024
	(₹ in million, except percentages)				
Profit before tax and share of profit in Associates and Joint Venture (A)	10,066.08	20,236.43	27,398.39	25,520.67	31,797.44
Finance Costs (B)	1,847.00	1,861.22	2,680.99	1,944.40	3,413.81
Depreciation and amortisation expenses (C)	5,312.62	6,171.89	6,809.06	5,149.34	6,866.04
Interest Coverage Ratio [(A+B+C) / B]	**9.33**	**15.19**	**13.76**	**16.77**	**12.33**

PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE

Income

Total income comprises revenue from operations and other income.

Revenue from Operations

Revenue from operations comprises: (i) revenue from sale of products (inclusive of excise duty); (ii) rendering of services; and (iii) other operating revenue.

Other Income

Other income comprises: (i) interest income on items at amortised cost i.e., term deposits and others; (ii) gain on sale of current investments; (iii) excess provisions and liabilities written back; (iv) gain on derecognition of financial instruments; and (v) miscellaneous income.

Expenses

Expenses comprises cost of materials consumed, excise duty, purchases of stock-in-trade, changes in inventories of finished goods, intermediate goods, stock-in-trade, and work-in-progress, employee benefits expense, finance costs, depreciation, amortisation and impairment expense and other expenses.

Cost of Materials Consumed

Cost of materials consumed comprises raw material and packing material consumed i.e., cost of concentrate, sugar and packing material that includes PET resin, including preform.

Purchases of Stock-In-Trade

Purchases of stock-in-trade comprises expenses towards purchase of beverages and other products for conducting our business.

Changes in Inventories of Finished Goods, Intermediate Goods, Stock-in-Trade and Work in Progress

Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress comprises the opening and closing stock of the finished goods, intermediate goods and work in progress and finished goods used as property, plant and equipment i.e., plastic shells.

Employee Benefits Expense

Employee benefits expense includes (i) salaries, wages and bonus; (ii) contribution to provident fund and other fund; and (iii) staff welfare expenses; and (iv) shared based payments.

Finance Costs

Finance costs include: (i) interest expense at amortised cost on (a) term loans, (b) working capital facilities, (c) financial liabilities, (d) bank guarantee fees, and (e) others (inclusive of interest on income tax); (ii) exchange differences regarded as adjustments to borrowings; and (iii) other ancillary borrowing costs.

Depreciation, Amortisation and Impairment Expense

Depreciation, amortisation and impairment expense represents depreciation on property, plant and equipment, amortisation of intangible assets, amortisation of ROU and impairment of property, plant and equipment and others. Depreciation costs relate principally to our production facilities and our investments in chilling equipment and delivery vehicles.

Other Expenses

Other expenses include: (i) power and fuel expenses; (ii) repairs to plant and equipment; (iii) repairs to buildings; (iv) consumption of stores and spares; (v) rent; (vi) rates and taxes; (vii) travelling and conveyance; (viii) advertisement and sales promotion; (iv) freight, octroi and insurance paid (net); (x) distribution expenses; and (xi) delivery vehicle running and maintenance.

RESULTS OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 2023 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2024

The following table sets forth certain information with respect to our results of operations on a consolidated basis for the nine months ended September 30, 2023 and nine months ended September 30, 2024:

Particulars	**Nine months ended September 30, 2023**		**Nine months ended September 30, 2024**	
	(₹ in million)	**Percentage of Total Income**	**(₹ in million)**	**Percentage of Total Income**
Income				
Revenue from operations	135,900.81	99.49%	166,637.13	99.54%
Other income	702.43	0.51%	766.29	0.46%
Total Income	**136,603.24**	**100.00%**	**167,403.42**	**100.00%**
Expenses				
Cost of materials consumed	58,177.72	42.59%	65,882.56	39.36%
Excise duty	2,151.89	1.58%	3,448.55	2.06%
Purchases of stock-in-trade	3,605.06	2.64%	5,415.51	3.24%
Changes in inventories of finished goods, stock-in-trade and work-in-progress	697.15	0.51%	1,547.15	0.92%
Employee benefit expenses	10,752.78	7.87%	14,060.03	8.40%
Finance costs	1,944.40	1.42%	3,413.81	2.04%
Depreciation, amortization and impairment expense	5,149.34	3.77%	6,866.04	4.10%
Other expenses	28,604.23	20.94	34,972.33	20.89%
Total expenses	**111,082.57**	**81.32%**	**135,605.98**	81.01%
Profit before share of loss of associates and joint venture	**25,520.67**	**18.68%**	**31,797.44**	18.99%
Share of loss of associates and joint venture	(6.87)	(0.01)%	(7.92)	0.00%
Profit before tax	**25,513.80**	**18.68%**	**31,789.52**	18.99%
Tax expense				
- Current tax	5,795.94	4.24%	7,180.58	4.29%
- Adjustment of tax relating to earlier periods	45.76	0.03%	-	0.00%
- Deferred tax charge/ (credit)	91.59	0.07%	222.53	0.13%
Total tax expense	**5,933.29**	**4.34%**	**7,403.11**	4.42%
Net profit after tax	**19,580.51**	**14.33%**	**24,386.41**	14.57%
Other comprehensive income				
(A) Items that will not to be reclassified to profit or loss	10.33	0.01%	65.84	0.04%
(B) Income tax relating to items that will not be reclassified to statement of profit and loss	(2.75)	(0.00)%	(16.60)	(0.01%)
(C) Items that will be reclassified to profit or loss	128.58	(0.09)%	(243.11)	(0.15%)
Total other comprehensive (loss)/ income	**136.16**	**0.10%**	**(193.87)**	(0.12%)
Total comprehensive income for the periods (including non-controlling interest)	**19,716.67**	**14.43%**	**24,192.54**	14.45%

Income

Revenue from Operations

Our revenue from operations increased by 22.62% from ₹135,900.81 million in the nine months ended September 30, 2023 to ₹166,637.13 million in the nine months ended September 30, 2024. This increase was primarily on account of organic growth in our existing territories in India, the acquisition of new territories in South Africa and the commissioning of a greenfield plant in the Democratic Republic of Congo.

Revenue from sale of products (inclusive of excise duty) increased by 21.68% from ₹132,334.63 million in the nine months ended September 30, 2023 to ₹161,023.86 million in the nine months ended September 30, 2024.

The following table sets forth the revenue from operations in India and from our international operations in the periods indicated:

	Nine months ended September 30, 2023				Nine months ended September 30, 2024			
	Within India	Percentage of Total Revenue from Operations	Outside India	Percentage of Total Revenue from Operations	Within India	Percentage of Total Revenue from Operations	Outside India	Percentage of Total Revenue from Operations
	(₹ in million)				(₹ in million)			
Revenue from operations	107,865.22	79.37%	28,035.59	20.63%	123,345.74	74.02%	43,291.39	25.98%

Other Income

Other income, comprising interest income on term deposits and others, excess provision written back and miscellaneous, increased by 9.09% from ₹702.43 million in the nine months ended September 30, 2023 to ₹766.29 million in the nine months ended September 30, 2024, primarily due to and increase in interest income and excess provisions written back.

Expenses

Total expenses were ₹111,082.57 million in the nine months ended September 30, 2023 and were ₹135,605.98 million in the nine months ended September 30, 2024, in accordance with an increase of 22.62% in our revenue from operations (net) during the same periods.

Cost of Materials Consumed

Cost of materials consumed increased by 13.24% from ₹58,177.72 million in the nine months ended September 30, 2023 to ₹65,882.56 million in the nine months ended September 30, 2024. This increase was primarily due to a growth of 20.09% in consolidated sales volume during the same periods.

Excise Duty

In the nine months ended September 30, 2024, we paid excise duty of ₹3,448.55 million compared to ₹2,151.89 million in the nine months ended September 30, 2023 on account of an increase in sales volume by 54.85% in the international territories.

Purchases of Stock-In-Trade

Purchase of stock-in-trade was ₹3,605.06 million in the nine months ended September 30, 2023 compared to ₹5,415.51 million in the nine months ended September 30, 2024.

Changes in Inventories of Finished Goods, Intermediate Goods, Stock-in-trade and Work-in-Progress

Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress was ₹1,547.15 million in the nine months ended September 30, 2024 compared to ₹697.15 million in the nine months ended September 30, 2023.

Employee Benefits Expense

Employee benefits expense increased by 30.76% from ₹10,752.78 million in the nine months ended September 30, 2023 to ₹14,060.03 million in the nine months ended September 30, 2024, primarily resulting from and increase in number of employees on account of acquisition of BevCo and setting up of new production facilities in India and the Democratic Republic of Congo.

Finance Costs

Finance costs increased by 75.57% from ₹1,944.40 million in the nine months ended September 30, 2023 to ₹3,413.81 million in the nine months ended September 30, 2024. The increase in finance cost was primarily on account of acquisition of BevCo and setting up of new production facilities in India and the Democratic Republic of Congo.

Depreciation, Amortisation and Impairment Expense

Depreciation, amortisation and impairment expense increased by 33.34% from ₹5,149.34 million in the nine months ended September 30, 2023 to ₹6,866.04 million in the nine months ended September 30, 2024. The increase was primarily on account of acquisition of BevCo and setting up of new production facilities in India and the Democratic Republic of Congo.

Other Expenses

Other expenses increased by 22.26% from ₹28,604.23 million in the nine months ended September 30, 2023 to ₹34,972.33 million in the nine months ended September 30, 2024, in accordance with an increase of 22.62% in our revenue from operations (net) during the same periods.

Profit/ (loss) before Tax

For the reasons discussed above, profit before tax was ₹31,789.52 million in the nine months ended September 30, 2024 compared to ₹25,513.80 million in the nine months ended September 30, 2023.

Tax Expense

Total tax expense increased by 24.77% from ₹5,933.29 million in the nine months ended September 30, 2023 to ₹7,403.11 million in the nine months ended September 30, 2024 on account of relatively higher profits which resulted in higher taxes in India.

Net Profit/ (loss) after Tax

For the various reasons discussed above, and following adjustments for tax expense, share of loss of associates and joint venture, we recorded a net profit after tax of ₹24,386.41 million in the nine months ended September 30, 2024 compared to ₹19,580.51 million in the nine months ended September 30, 2023.

Total comprehensive income for the period (including non-controlling interest)

Total comprehensive income for the period (including non-controlling interest) was ₹24,192.54 million in the nine months ended September 30, 2024 compared to ₹19,716.67 million in the nine months ended September 30, 2023.

FISCAL 2023 COMPARED TO FISCAL 2022

The following table sets forth certain information with respect to our results of operations on a consolidated basis for Fiscal 2022 and Fiscal 2023:

Particulars	Fiscal 2022		Fiscal 2023	
	(₹ in million)	Percentage of Total Income	(₹ in million)	Percentage of Total Income
Income				
Revenue from operations	133,905.58	99.71%	163,210.63	99.52%
Other income	388.49	0.29%	793.59	0.48%
Total Income	**134,294.07**	**100.00%**	**164,004.22**	**100.00%**

Particulars	Fiscal 2022		Fiscal 2023	
	(₹ in million)	Percentage of Total Income	(₹ in million)	Percentage of Total Income
Expenses				
Cost of materials consumed	64,170.92	47.78%	70,264.61	42.84%
Excise duty	2,174.16	1.62%	2,784.82	1.70%
Purchases of stock-in-trade	1,885.71	1.40%	4,626.96	2.82%
Changes in inventories of finished goods, immediate goods, stock-in-trade and work-in-progress	(3,445.07)	(2.57%)	(842.69)	(0.51%)
Employee benefits expense	12,166.42	9.06%	14,465.87	8.82%
Finance costs	1,861.22	1.39%	2,680.99	1.63%
Depreciation and amortization expense	6,171.89	4.60%	6,809.06	4.15%
Other expenses	29,072.39	21.65%	35,816.21	21.84%
Total expenses	**114,057.64**	84.93%	**136,605.83**	83.29%
Profit before share of loss of associates and joint venture	**20,236.43**	**15.07%**	**27,398.39**	**16.71%**
Share of loss of associates and joint venture	(0.06)	0.00%	(4.79)	0.00%
Profit before tax	**20,236.37**	**15.07%**	**27,393.60**	**16.70%**
Tax expense				
- Current tax	4,258.66	3.17%	6,290.81	3.84%
- Adjustment of tax relating to earlier periods/ year	226.91	0.17%	20.55	0.01%
- Deferred tax charge	249.66	0.19%	64.11	0.04%
Total tax expense	**4,735.23**	**3.53%**	**6,375.47**	**3.89%**
Net profit after tax	**15,501.14**	**11.54%**	**21,018.13**	**12.82%**
Other comprehensive income				
(i) Items that will not be reclassified to profit or loss	107.87	0.08%	(28.16)	(0.02)%
(ii) Income tax relating to items that will not be reclassified to profit or loss	(27.02)	(0.02)%	6.98	0.00%
(iii) Items that will be reclassified to profit or loss	(3,799.27)	(2.83)%	(58.83)	(0.04)%
(iv) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
Total other comprehensive (loss)/income	**(3,718.42)**	**(2.77)%**	**(80.01)**	**(0.05)%**
Total comprehensive income for the periods/ year (including non-controlling interest)	**11,782.72**	**8.77%**	**20,938.12**	**12.77%**

Income

Revenue from Operations

Our revenue from operations increased by 21.88% from ₹133,905.58 million in Fiscal 2022 to ₹163,210.63 million in Fiscal 2023. This increase was primarily on account of an increase in Sales Volume by 13.68% from 802.60 million Unit Cases in Fiscal 2022 to 912.39 million Unit Cases in Fiscal 2023 primarily on account of organic growth in our existing territories.

Further, revenue from sale of products (inclusive of excise duty) increased by 20.78% from ₹131,383.91 million in Fiscal 2022 to ₹158,687.38 million in Fiscal 2023.

Revenue from operations in India contributed 79.13% and 77.40% of our total revenue from operations in Fiscal 2022 and in Fiscal 2023, respectively, while revenue from operations from our international operations represented 20.87% and 22.60% of our revenue from operations in the same periods.

The following table sets forth the revenue from operations in India and from our international operations in the periods indicated:

	Fiscal 2022		Fiscal 2023	
	Within India	Outside India	Within India	Outside India
	(₹ in million)		(₹ in million)	
Revenue from operations	105,958.25	27,947.33	126,328.26	36,882.37

Other Income

Other income increased from ₹388.49 million in Fiscal 2022 to ₹793.59 million in Fiscal 2023. The increase was primarily due to an increase in miscellaneous income from ₹147.33 million in Fiscal 2022 to ₹228.91 million in Fiscal 2023, and increase in excess provisions written back from ₹9.20 million in Fiscal 2022 to ₹322.36 million in Fiscal 2023.

Expenses

Total expenses were ₹114,057.64 million in Fiscal 2022 and were ₹136,605.83 million in Fiscal 2023, on account of an increase in cost of materials consumed, excise duty, purchases of stock-in-trade, employee benefit expenses, finance costs, depreciation, amortization and impairment expense and other expenses.

Cost of Materials Consumed

Cost of materials consumed increased by 9.50% from ₹64,170.92 million in Fiscal 2022 to ₹70,264.61 million in Fiscal 2023, primarily on account of increase in consolidated sales volume by 13.85% in Fiscal 2023 as compared to Fiscal 2022.

Excise Duty

In Fiscal 2023, we paid excise duty of ₹2,784.82 million compared to ₹2,174.16 million in Fiscal 2022 primarily on account of increase in sales volume by 17.97% in the international territories.

Purchases of Stock-In-Trade

Purchase of stock-in-trade increased from ₹1,885.71 million in Fiscal 2022 to ₹4,626.96 million in Fiscal 2023.

Changes in Inventories of Finished Goods, Intermediate Goods, Stock-In-Trade and Work-in-Progress

Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress was ₹(3,445.07) million in Fiscal 2022 compared to ₹(842.69) million in Fiscal 2023, primarily on account of an increase in finished goods and intermediate goods as at the beginning of the year from Fiscal 2022 to Fiscal 2023.

Employee Benefits Expense

Employee benefits expense increased by 18.90% from ₹12,166.42 million in Fiscal 2022 to ₹14,465.87 million in Fiscal 2023, primarily resulting from an increase in salaries, wages and bonus from ₹11,026.09 million in Fiscal 2022 to ₹13,041.12 million in Fiscal 2023.

Finance Costs

Finance costs increased by 44.04% from ₹1,861.22 million in Fiscal 2022 to ₹2,680.99 million in Fiscal 2023, primarily on account of an increase in interest on term loans at amortised cost from ₹1,282.52 million in Fiscal 2022 to ₹2,044.26 million in Fiscal 2023 on account of capitalization of assets and setting-up of new production facilities.

Depreciation, Amortisation and Impairment Expense

Depreciation, amortisation and impairment expense increased by 10.32% from ₹6,171.89 million in Fiscal 2022 to ₹6,809.06 million in Fiscal 2023. The increase in our depreciation and amortization expense was primarily due to an increase in depreciation on property, plant and equipment from ₹5,356.75 million in Fiscal 2022 to ₹6,409.04 million in Fiscal 2023 on account of capitalization of assets and setting-up of new production facilities.

Other Expenses

Other expenses increased by 23.20% from ₹29,072.39 million in Fiscal 2022 to ₹35,816.21 million in Fiscal 2023. The increase was primarily due to an increase in:

- power and fuel expenses from ₹4,792.20 million in Fiscal 2022 to ₹5,502.85 million in Fiscal 2023;
- repairs to plant and equipment from ₹2,577.68 million in Fiscal 2022 to ₹2,973.81 million in Fiscal 2023;
- rent expenses from ₹542.21 million in Fiscal 2022 to ₹801.60 million in Fiscal 2023;
- rates and taxes from ₹204.98 million in Fiscal 2022 to ₹901.80 million in Fiscal 2023;
- vehicle running and maintenance from ₹180.49 million in Fiscal 2022 to ₹594.23 million in Fiscal 2023;
- advertisement and sales promotion from ₹1,397.69 million in Fiscal 2022 to ₹1,963.65 million in Fiscal 2023;
- freight, octroi and insurance paid (net) from ₹9,112.67 million in Fiscal 2022 to ₹11,020.58 million in Fiscal 2023;
- loss on disposal of property, plant and equipment (net) from ₹569.25 million in Fiscal 2022 to ₹842.27 million in Fiscal 2023; and
- net loss on foreign currency transactions and translations from ₹64.74 million in Fiscal 2022 to ₹574.92 million in Fiscal 2023.

These were partially offset by a decrease in sitting fees/commission paid to non-executive directors from ₹185.55 million in Fiscal 2022 to ₹5.85 million in Fiscal 2023 and general office and other miscellaneous from ₹538.81 million in Fiscal 2022 to ₹499.90 million in Fiscal 2023.

Profit/ (loss) before Tax

For the reasons discussed above, profit before tax was ₹27,393.60 million in Fiscal 2023 compared to ₹20,236.37 million in Fiscal 2022.

Tax Expense

Total tax expense increased by 34.64% from ₹4,735.23 million in Fiscal 2022 to ₹6,375.47 million in Fiscal 2023 on account of relatively higher profits which resulted in higher taxes in India.

Net Profit/ (loss) for the Year

For the various reasons discussed above, and following adjustments for tax expense, share of loss of associates and joint venture, we recorded a net profit for the year of ₹21,018.13 million in Fiscal 2023 compared to ₹15,501.14 million in Fiscal 2022.

Total comprehensive income for the year (including non-controlling interest)

Total comprehensive income for the year (including non-controlling interest) was ₹20,938.12 million in Fiscal 2023 compared to ₹11,782.72 million in Fiscal 2022.

FISCAL 2022 COMPARED TO FISCAL 2021

The following table sets forth certain information with respect to our results of operations on a consolidated basis for Fiscal 2021 and Fiscal 2022:

Particulars	Fiscal 2021		Fiscal 2022	
	(₹ in million)	Percentage of Total Income	(₹ in million)	Percentage of Total Income
Income				
Revenue from operations	89,582.91	99.25%	133,905.58	99.71%
Other income	679.25	0.75%	388.49	0.29%
Total Income	**90,262.16**	**100.00%**	**134,294.07**	**100.00%**
Expenses				

Particulars	Fiscal 2021		Fiscal 2022	
	(₹ in million)	Percentage of Total Income	(₹ in million)	Percentage of Total Income
Cost of materials consumed	39,689.13	43.97%	64,170.92	47.78%
Excise duty	1,350.61	1.50%	2,174.16	1.62%
Purchases of stock-in-trade	1,654.69	1.83%	1,885.71	1.40%
Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress	(997.22)	(1.10)%	(3,445.07)	(2.57%)
Employee benefits expense	10,076.99	11.16%	12,166.42	9.06%
Finance costs	1,847.00	2.05%	1,861.22	1.39%
Depreciation and amortisation expense	5,312.62	5.89%	6,171.89	4.60%
Other expenses	21,262.26	23.56%	29,072.39	21.65%
Total expenses	**80,196.08**	**88.85%**	**114,057.64**	84.93%
Profit before share of loss of associates and joint venture	**10,066.08**	**11.15%**	**20,236.43**	15.07%
Share of loss of associates and joint venture	-	-	(0.06)	0.00%
Profit before tax	**10,066.08**	**11.15%**	**20,236.37**	15.07%
Tax expense				
- Current tax	1,341.98	1.49%	4,258.66	3.17%
- Adjustment of tax relating to earlier periods/ year	350.06	0.39%	226.91	0.17%
- Deferred tax charge	913.52	1.01%	249.66	0.19%
Total tax expense	**2,605.56**	**2.89%**	**4,735.23**	3.53%
Net profit after tax	**7,460.52**	**8.27%**	**15,501.14**	11.54%
Other comprehensive income				
(i) Items that will not be reclassified to profit or loss	85.99	0.10%	107.87	0.08%
(ii) Income tax relating to items that will not be reclassified to profit or loss	(18.93)	(0.02)%	(27.02)	(0.02%)
(iii) Items that will be reclassified to profit or loss	(365.92)	(0.41)%	(3,799.27)	(2.83%)
(iv) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
Total other comprehensive (loss)/income	**(298.86)**	**(0.33)%**	**(3,718.42)**	(2.77%)
Total comprehensive income for the periods/year (including non-controlling interest)	**7,161.66**	**7.93%**	**11,782.72**	8.77%

Income

Revenue from Operations

Our revenue from operations increased by 49.48% from ₹89,582.91 million in Fiscal 2021 and was ₹133,905.58 million in Fiscal 2022. This increase was primarily on account of an increase in Sales Volume by 40.90% from 569.73 million Unit Cases in Fiscal 2021 to 802.60 million Unit Cases in Fiscal 2022.

Further, revenue from sale of products (inclusive of excise duty) increased by 49.68% from ₹87,774.13 million in Fiscal 2021 to ₹131,383.91 million in Fiscal 2022.

Revenue from operations in India represented 73.63% and 79.13% of revenue from operations in Fiscal 2021 and Fiscal 2022, respectively while revenue from operations from our international operations contributed 26.37% and 20.87%, respectively, of our revenue from operations in such periods.

The following table sets forth the revenue from operations in India and from our international operations in the periods indicated:

	Fiscal 2021		Fiscal 2022	
	Within India	Outside India	Within India	Outside India
	(₹ in million)		(₹ in million)	
Revenue from operations	65,957.42	23,625.49	105,958.25	27,947.33

Other Income

Other income decreased by 42.81% from ₹679.25 million in Fiscal 2021 to ₹388.49 million in Fiscal 2022, primarily due to an increase in interest income on term deposits at amortised cost from ₹78.40 million in Fiscal 2021 to ₹203.46 million in Fiscal 2022 and miscellaneous income from ₹87.79 million in Fiscal 2021 to ₹147.33 million in Fiscal 2022. This was partially offset by a decrease in net gain on foreign currency transactions and translations from ₹387.22 million in Fiscal 2021 to nil in Fiscal 2022.

Expenses

Total expenses increased by 42.22% from ₹80,196.08 million in Fiscal 2021 to ₹114,057.64 million in Fiscal 2022, primarily due to an increase in cost of materials consumed, excise duty, purchases of stock-in-trade, changes in inventories of finished goods, stock-in-trade and work-in-progress, employee benefit expenses, finance costs, depreciation, amortization and impairment expense and other expenses.

Cost of Materials Consumed

Our cost of materials consumed increased by 61.68% from ₹39,689.13 million in Fiscal 2021 to ₹64,170.92 million in Fiscal 2022, primarily due to increase in consolidated sales volume by 40.90% in Fiscal 2022 as compared to Fiscal 2021 and on account of increase in the prices of PET chips.

Purchases of Stock-In-Trade

Our purchase of stock-in-trade increased by 13.96% from ₹1,654.69 million in Fiscal 2021 to ₹1,885.71 million in Fiscal 2022.

Changes in Inventories of Finished Goods, Intermediate Goods, Stock-In-Trade and Work-in-Progress

Changes in our inventories of finished goods, intermediate goods, work-in-progress and traded goods were ₹(997.22) million in Fiscal 2021 compared to ₹(3,445.07) million in Fiscal 2022, primarily due to an increase in finished goods and intermediate goods as at the closing of the year from ₹4,395.06 million in Fiscal 2021 to ₹7,767.61 million in Fiscal 2022.

Excise Duty

In Fiscal 2022, our excise duty increased by 60.98% from ₹1,350.61 million in Fiscal 2021 compared to ₹2,174.16 million in Fiscal 2022. The increase in excise duty was primarily due to increase in sales volume by 30.59% in the international territories.

Employee Benefits Expense

Employee benefits expense increased by 20.73% from ₹10,076.99 million in Fiscal 2021 to ₹12,166.42 million in Fiscal 2022, primarily resulting from an increase in salaries, wages and bonus from ₹9,126.69 million in Fiscal 2021 to ₹11,026.09 million in Fiscal 2022, contribution to provident fund and other funds from ₹483.82 million in Fiscal 2021 to ₹538.82 million in Fiscal 2022 and staff welfare expenses from ₹466.48 million in Fiscal 2021 to ₹572.45 million in Fiscal 2022.

Finance Costs

Finance costs marginally increased by 0.77% from ₹1,847.00 million in Fiscal 2021 to ₹1,861.22 million in Fiscal 2022. The increase in finance cost was primarily on account of an increase in interest on term loans at amortised cost from ₹1,264.30 million in Fiscal 2021 to ₹1,282.52 million in Fiscal 2022. This was largely offset by a decrease in interest on working capital facilities at amortised cost from ₹306.04 million in Fiscal 2021 to ₹272.70 million in Fiscal 2022.

Depreciation, amortization and impairment expense

Depreciation, amortization and impairment expense increased by 16.17% from ₹5,312.62 million in Fiscal 2021 to ₹6,171.89 million in Fiscal 2022 resulting from an increase in depreciation on property, plant and equipment from ₹5,037.54 million in Fiscal 2021 to ₹5,356.75 million in Fiscal 2022 and impairment of property, plant and equipment and others from nil in Fiscal 2021 to ₹474.24 million in Fiscal 2022.

Other Expenses

Other expenses increased by 36.73% from ₹21,262.26 million in Fiscal 2021 to ₹29,072.39 million in Fiscal 2022. The increase was primarily due to an increase in:

- power and fuel expenses from ₹3,299.25 million in Fiscal 2021 to ₹4,792.20 million in Fiscal 2022;
- repairs to plant and equipment from ₹1,679.09 million in Fiscal 2021 to ₹2,577.68 million in Fiscal 2022;
- consumption of stores and spares from ₹796.94 million in Fiscal 2022 to ₹1,193.75 million in Fiscal 2023;
- travelling and conveyance from ₹674.93 million in Fiscal 2021 to ₹1,064.08 million in Fiscal 2022;
- freight, octroi and insurance paid (net) from ₹6,189.91 million in Fiscal 2021 to ₹9,112.67 million in Fiscal 2022;
- distribution expenses from ₹1,440.23 million in Fiscal 2021 to ₹2,100.79 million in Fiscal 2022; and
- loss on disposal of property, plant and equipment (net) from ₹170.40 million in Fiscal 2021 to ₹569.25 million in Fiscal 2022.

These were partially offset by a decrease in bank charges from ₹222.68 million in Fiscal 2021 to ₹179.65 million in Fiscal 2022 and property, plant and equipment written off from ₹88.31 million in Fiscal 2021 to ₹54.01 million in Fiscal 2022.

Profit/ (loss) before Tax

For the reasons discussed above, profit before tax was ₹20,236.37 million in Fiscal 2022 compared to ₹10,066.08 million in Fiscal 2021.

Tax Expense

Total tax expenses increased by 81.74% from ₹2,605.56 million in Fiscal 2021 to ₹4,735.23 million in Fiscal 2022 on account of relatively higher profits, which resulted in higher taxes in India.

Net Profit/ (loss) for the Year

For the various reasons discussed above, and following adjustments for tax expense, share of loss of associate and joint venture, we recorded a net profit for the year of ₹15,501.14 million in Fiscal 2022 compared to ₹7,460.52 million in Fiscal 2021.

Total comprehensive income for the year (including non-controlling interest)

Total comprehensive income for the year (including non-controlling interest) was ₹11,782.72 million in Fiscal 2022 compared to ₹7,161.66 million in Fiscal 2021.

LIQUIDITY AND CAPITAL RESOURCES

We have historically financed the expansion of our business and operations primarily through equity infusion, debt financing and funds generated from our operations.

CASH FLOWS

The following table sets forth certain information relating to our cash flows in the periods indicated:

Particulars	Fiscal			Six months ended June 30,	
	2021	2022	2023	2023	2024
	(₹ in million)				
Net cash flows from operating activities	12,314.22	17,900.29	23,907.78	22,130.63	23,766.55
Net cash used in investing activities	(10,106.39)	(17,045.98)	(32,898.67)	(17,395.36)	(23,786.80)
Net cash used in financing activities	(1,776.82)	(179.42)	9,849.00	(4,250.00)	(286.80)
Net change in cash and cash equivalents	431.01	674.89	858.11	485.27	(307.05)
Cash and cash equivalents at the end of year/ period	1,507.50	1,543.32	2,422.12	2,065.62	2,121.61

Operating Activities

Six months ended June 30, 2024

In the six months ended June 30, 2024, net cash flows from operating activities was ₹23,766.55 million. Profit before tax was ₹23,795.18 million in the six months ended June 30, 2024 and adjustments to reconcile profit before tax to net cash flows primarily consisted of depreciation and amortisation expense of ₹4,299.93 million, interest expense at amortised cost of ₹2,228.46 million and loss on disposal/written off of property, plant and equipment (net) of ₹764.93 million. The main working capital adjustments in the six months ended June 30, 2024, included increase in current financial liabilities and other current and non-current liabilities and provisions of ₹6,054.36 million, increase in inventories of ₹4,905.91 million, increase in trade receivables of ₹3,080.61 million and increase in current and non-current financial assets and other current and non-current assets of ₹2,077.72 million. In the six months ended June 30, 2024, total cash from operations was ₹26,459.36 million and income tax paid amounted to ₹2,692.81 million.

Six months ended June 30, 2023

In the six months ended June 30, 2023, net cash flows from operating activities was ₹22,130.63 million. Profit before tax was ₹18,847.29 million in the six months ended June 30, 2023 and adjustments to reconcile profit before tax to net cash flows primarily consisted of depreciation and amortisation expense of ₹3,441.26 million, interest expense at amortised cost of ₹1,319.40 million and loss on disposal/written off of property, plant and equipment (net) of ₹657.42 million. The main working capital adjustments in the six months ended June 30, 2023, included increase in current financial liabilities and other current and non-current liabilities and provisions of ₹5,286.62 million, increase in inventories of ₹849.53 million and increase in trade receivables of ₹3,020.61 million. In the six months ended June 30, 2023, total cash from operations was ₹24,892.18 million and income tax paid amounted to ₹2,761.55 million.

Fiscal 2023

In Fiscal 2023, net cash flows from operating activities was ₹23,907.78 million. Profit before tax was ₹27,398.39 million in Fiscal 2023 and adjustments to reconcile profit before tax to net cash flows primarily consisted of depreciation and amortisation expense of ₹6,809.06 million, interest expense at amortised cost of ₹2,680.99 million and loss on disposal/written off of property, plant and equipment (net) of ₹843.64 million. The main working capital adjustments in Fiscal 2023, included increase in current financial liabilities and other current and non-current liabilities and provisions of ₹4,572.18 million, increase in inventories of ₹1,601.73 million and increase in trade receivables of ₹730.18 million. In Fiscal 2023, total cash from operations was ₹30,587.17 million and income tax paid amounted to ₹6,679.39 million.

Fiscal 2022

In Fiscal 2022, net cash flows from operating activities was ₹17,900.29 million. Profit before tax was ₹20,236.43 million in Fiscal 2022 and adjustments to reconcile profit before tax to net cash flows primarily consisted of depreciation and amortisation expense of ₹6,171.89 million, interest expense at amortised cost of ₹1,854.49 million, unrealised foreign exchange fluctuation of ₹1,287.68 million and loss on disposal/written off of property, plant and equipment (net) of ₹623.26 million. The main working capital adjustments in Fiscal 2022, included increase in inventories of ₹5,568.33 million, Increase in current financial liabilities and other current and non-current liabilities and provisions of ₹4,207.33 million, increase in current and non-current financial assets and other current and non-current assets of ₹3,257.13 million and increase in trade receivables of ₹1,233.80 million. In Fiscal 2022, total cash from operations was ₹21,633.58 million and income tax paid amounted to ₹3,733.29 million.

Fiscal 2021

In Fiscal 2021, net cash flows from operating activities was ₹12,314.22 million. Profit before tax was ₹10,066.08 million in Fiscal 2021 and adjustments to reconcile profit before tax to net cash flows primarily consisted of depreciation and amortisation expense of ₹5,312.62 million, interest expense at amortised cost of ₹1,850.37 million and unrealised foreign exchange fluctuation of ₹1,098.50 million. The main working capital adjustments in Fiscal 2021 included increase in inventories of ₹5,192.83 million, increase in current financial liabilities and other current and non-current liabilities and provisions of ₹3,280.66 million and Increase in current and non-current financial assets and other current and non-current assets of ₹921.85 million. In Fiscal 2021, total cash from operations was ₹13,556.50 million and income tax paid amounted to ₹1,242.28 million.

Investing Activities

Six months ended June 30, 2024

Net cash used in investing activities was ₹23,786.80 million in the six months ended June 30, 2024. This was primarily on account of purchase of property, plant and equipment, right of use assets and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors) of ₹20,129.51 million on account of setting-up of new greenfield production facilities at Supa-Parner, Gorakhpur and Khurdha, consideration paid for acquisition under business combination (net) of ₹4,018.84 million, decrease in other bank balances of ₹226.19 million and investment made in joint venture, associates and others of ₹239.13 million. This amount was partly offset by proceeds from disposal of property, plant and equipment of ₹267.37 million.

Six months ended June 30, 2023

Net cash used in investing activities was ₹17,395.36 million in the six months ended June 30, 2023. This was primarily on account of purchase of property, plant and equipment, right of use assets and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors) of ₹17,871.23 million on account of setting-up of new greenfield production facilities at Bundi, Rajasthan and at Jabalpur, Madhya Pradesh, as well as brownfield expansion at six existing locations, namely Pathankot, Kosi, Bharuch, Tirunelveli, Begusarai and Guwahati in India and decrease in other bank balances of ₹252.57 million. This amount was partly offset by proceeds from disposal of property, plant and equipment of ₹227.96 million.

Fiscal 2023

Net cash used in investing activities was ₹32,898.67 million in Fiscal 2023. This was primarily on account of purchase of property, plant and equipment, right of use assets and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors) of ₹32,640.49 million on account of setting-up of new greenfield production facilities at Bundi, Rajasthan and at Jabalpur, Madhya Pradesh, as well as brownfield expansion at six existing locations, namely Pathankot, Kosi, Bharuch, Tirunelveli, Begusarai and Guwahati in India, with the amount spent on capital work-in-progress, capital advances and capital creditors included the amount spent towards new greenfield production facilities at Supa-Parner, Gorakhpur and Khurdha to be commissioned in Fiscal 2024, increase in other bank balances of ₹867.59 million and Investment made in joint venture, associates and others of ₹215.57 million. This amount was partly offset by proceeds from disposal of property, plant and equipment of ₹701.31 million.

Fiscal 2022

Net cash used in investing activities was ₹17,045.98 million in Fiscal 2022. This was primarily on account of purchase of property, plant and equipment and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors) of ₹18,009.92 million on account of setting-up of new greenfield production facilities in Bihar and Jammu and brownfield expansions at our existing facility at Sandila and in Morocco and Zimbabwe. Further, the amount spent on capital work-in-progress, capital advances and capital creditors included the amount spent towards greenfield expansion at Bundi, Rajasthan and at Jabalpur, Madhya Pradesh, as well as brownfield expansion in India in Fiscal 2023. This amount was partly offset by proceeds from disposal of property, plant and equipment of ₹510.93 million, interest received of ₹232.42 million and decrease in other bank balances of ₹217.02 million.

Fiscal 2021

Net cash used in investing activities was ₹10,106.39 million in Fiscal 2021. This was primarily on account of purchase of property, plant and equipment and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors) of ₹8,348.00 million on account of brownfield expansion in India, Morocco and Zimbabwe, with the amount spent on capital work-in-progress, capital advances and capital creditors included the amount spent towards setting-up of new greenfield production facilities in Bihar and Jammu and brownfield expansion at our existing facility at Sandila, change in advance received for capital assets of ₹1,074.43 million and increase in other bank balances of ₹1,010.63 million. This amount was partly offset by Proceeds from disposal of property, plant and equipment of ₹193.51 million and interest received of ₹132.46 million.

Financing Activities

Six months ended June 30, 2024

Net cash used in financing activities in the six months ended June 30, 2024 was ₹286.80 million primarily due to proceeds from long term borrowings of ₹15,758.60 million and proceeds from short term borrowings (net) of ₹3,866.91 million. This amount was significantly offset by repayment of long term borrowings of ₹15,894.52 million, interest paid (inclusive of interest paid on lease liabilities) of ₹2,179.09 million and dividend paid of ₹1,624.25 million.

Six months ended June 30, 2023

Net cash used in financing activities in the six months ended June 30, 2023 was ₹4,250.00 million primarily due to proceeds from long term borrowings of ₹8,105.88 million and proceeds from short term borrowings (net) of ₹1,865.92 million. This amount was significantly offset by repayment of long term borrowings of ₹12,103.99 million, interest paid (inclusive of interest paid on lease liabilities) of ₹1,365.87 million and dividend paid of ₹649.56 million.

Fiscal 2023

Net cash generated from financing activities in Fiscal 2023 was ₹9,849.00 million primarily due to proceeds from long term borrowings of ₹24,016.61 million and proceeds from short term borrowings (net) of ₹3,812.66 million. This amount was significantly offset by repayment of long term borrowings of ₹12,765.22 million, interest paid (inclusive of interest paid on lease liabilities) of ₹2,694.42 million and dividend paid of ₹2,273.48 million.

Fiscal 2022

Net cash used in financing activities in Fiscal 2022 was ₹179.42 million primarily due to proceeds from long-term borrowings of ₹14,777.20 million. This was significantly offset by repayment of long term borrowings of ₹11,373.59 million, interest paid (inclusive of interest paid on lease liabilities) of ₹1,716.79 million and dividend paid of ₹1,623.87 million.

Fiscal 2021

Net cash used in financing activities in Fiscal 2021 was ₹1,776.82 million primarily due to proceeds from long-term borrowings of ₹8,548.06 million. This was significantly offset by repayment of long term borrowings of ₹6,408.51 million, interest paid (inclusive of interest paid on lease liabilities) of ₹1,791.48 million, dividend paid of ₹1,082.58 million and repayment of short term borrowings (net) of ₹853.66 million.

INDEBTEDNESS AND OTHER ARRANGEMENTS

As of June 30, 2024, our net debt was ₹58,808.01 million, which represented a net debt to equity ratio of 0.67. As of December 31, 2023, our total borrowings was ₹51,943.87 million. The following table sets forth certain information relating to our total borrowings as of December 31, 2023, and our repayment obligations in the periods indicated:

	As of December 31, 2023				
	Payment due by period				
	Carrying Value	Not later than 1 year	1-5 years	More than 5 years	Total Contractual Cashflow
	(₹ in million)				
Short-term and long-term borrowings	51,943.87	20,069.19	31,452.89	580.82	52,102.91
Total	**51,943.87**	**20,069.19**	**31,452.89**	**580.82**	**52,102.91**

Majority of the short-term borrowings were obtained from banks and financial institutions in the form of loans and working capital facilities.

CONTINGENT LIABILITIES

The following table sets forth certain information relating to our contingent liabilities as of September 30, 2024:

Particulars	Amount (₹ in million)
Claims against our Company not acknowledged as debts (being contested):-	
-For Goods and service tax	163.20
-For excise and service tax	59.85
-For Customs	207.81
- For sales tax (VAT) / entry tax	883.27
-For income tax	641.48
-For mandi tax and others*	98.18

**Excludes pending matters where amount of liability is not ascertainable.*

For further information, see *"Financial Information"* on page 276.

Except as disclosed in the Financial Statements or elsewhere in this Placement Document, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth certain information relating to future payments due under known contractual commitments as of December 31, 2023, aggregated by type of contractual obligation:

Particulars	As of December 31, 2023			More than 5 years
	Payment due by period			
	Total	Less than 1 year	1-5 years	
	(₹ in million)			
Capital commitments				
Non-cancellable operating lease obligations	3,786.99	554.90	1,872.67	1,359.42
Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advance ₹5,194.24 million) (December 31, 2022 ₹6,111.99 million)*	30,726.98	30,726.98	0	0
Total Contractual Obligations	**34,513.97**	**31,281.88**	**1,872.67**	**1,359.42**

On December 19, 2023, our Company has entered into a binding agreement to acquire 100% stake in the business conducted by The Beverage Company (Proprietary) Limited, South Africa along with its wholly owned subsidiaries (hereinafter referred as "Bevco**") with an option to accept minority co-investment from large equity fund, subject to approvals from PepsiCo Inc., Competition Commissions and other regulatory approvals (if any) for a proposed purchase consideration amounting to ZAR 3 Billion (₹13.2 Billion; 1 ZAR = ₹4.4). The indicative time period for completion of the acquisition is on or before July 31, 2024. Bevco is engaged in the business of manufacturing and distribution of licensed (PepsiCo Inc.) and own-branded non-alcoholic beverages in South Africa. Bevco has franchise bottling rights from PepsiCo Inc. for South Africa, Lesotho and Eswatini and distribution rights for Namibia and Botswana.*

CAPITAL EXPENDITURES

We incurred capital expenditure on the purchase of property, plant and equipment, right of use assets and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors). The following table sets forth our capital expenditures for the periods indicated:

Particulars	Fiscal		
	2021	2022	2023
Capital expenditure (₹ in million)	8,348.00	18,009.92	32,640.49

The increase in our capital expenditure for tangible assets is primarily on account of setting-up of new greenfield production facilities and brownfield expansions at existing facilities in India and in international territories.

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business including sale of goods, sale of raw material and stores, purchase of goods, purchase of raw materials and stores and rent/ lease charges paid/ (received). For further information relating to our related party transactions, see "*Financial Information*" on page 276.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in the accounting policies of our Company during Fiscal 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various risks in relation to financial instruments. The main types of financial risks are market risk, credit risk and liquidity risk.

The management of the Company and other companies/entities monitors and manages the financial risks relating to the operations of the respective entity/company on a continuous basis. Our 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.

We do not engage in the trading of financial assets for speculative purposes. The most significant financial risks to which we are exposed are described below.

Market Risk

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. We are exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and commodity price risk, which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The functional currency of the Holding Company is Indian Rupees.

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, Australian Dollars, Pound Sterling, Zuid-Afrikaanse Rand, Emirati Dirham and Zimbabwe Dollar.

To mitigate its exposure to foreign currency risk, we continuously monitor non-INR cash flows and hedging contracts are entered into wherever considered necessary.

The foreign currency sensitivity of profit and equity in regards to our 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 December 31, 2023 (December 31, 2022: +/-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.

Interest Rate Risk

Interest rates for borrowings have been volatile in India in recent periods. 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. Our policy is to minimise interest rate cash flow risk exposures on long-term financing. We are exposed to changes in market interest rates as some of the bank and other borrowings are at variable interest rates.

Commodity price risk

We are 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, we also execute into various advance purchase contracts.

Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to us. We operate through a network of distributors and other distribution partners based at different locations. We are exposed to this risk for various financial instruments, for example, loans granted, receivables from customers and deposits placed. We continuously monitor receivables and defaults of customers and other counterparties, and incorporate such information into our credit risk controls. Appropriate security deposits are kept against the supplies to customers and balances are reconciled at regular intervals. Our policy is to deal only with creditworthy counterparties. In respect of trade and other receivables, we are 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, our 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.

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 our Company, the maximum exposure to which we are 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, we consider that it is more likely than not that such an amount will not be payable under the guarantees provided.

Liquidity Risk

Liquidity risk is that we might be unable to meet our obligations. We manage our 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 our ability to avail further credit facilities subject to creation of requisite charge on our assets. We have assessed the concentration of risk with respect to refinancing our debt and believe it to be low.

TOTAL TURNOVER OF EACH MAJOR INDUSTRY SEGMENT IN WHICH OUR COMPANY OPERATED

Our business activities predominantly fall within a single operating segment, *i.e.*, manufacturing and sale of beverages within India. For further information, see "*Industry Overview*" and "*Financial Information*" on pages 153 and 276, respectively.

SEASONALITY OF BUSINESS

Sales of our beverages are generally significantly higher in the summer months of April through June, due to the heat and warm weather, and considerably lower during the winter months of December through February. Bad weather conditions, including unusually cold or rainy periods, during the peak sales season during summer, may adversely affect our sales volume, results of operations and financial condition, and could therefore have a disproportionate impact on our results of operations in the relevant year. See "*– Significant Factors Affecting Results of Operations and Financial Condition – Seasonality of Business*" on page 117 and "*Risk Factors – A significant majority of our production and sales is seasonal, with a majority of our CSD and NCB sales take place during the summer months, and any adverse weather conditions during such peak sales seasons may materially and adversely affect our sales, results of operations and financial condition.*" on page 61.

SIGNIFICANT DEPENDENCE ON A SINGLE OR FEW CUSTOMERS OR SUPPLIERS

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers. However, our largest raw material purchases are of beverage concentrates and sugar. From this perspective, we are dependent on PepsiCo India and/ or PepsiCo International Entities for beverage concentrate supplies. See "*Risk Factors - We are subject to various obligations under the PepsiCo India Agreements, Tropicana India Agreement and the PepsiCo International Agreements, including the obligation to purchase PepsiCo beverage concentrate exclusively from PepsiCo or PepsiCo approved manufacturers, on terms and conditions set by PepsiCo India/ PepsiCo Inc./ SVC and the PepsiCo International Entities. In the event any such terms and conditions are set in a manner adverse to our business interest, our business prospects and future financial performance will be materially and adversely affected.*" on page 59.

In India, we procure sugar from various sugar mills and wholesale distributors. Sugar prices tend to be volatile, and we do not enter into any long-term supply contracts in place. We place orders depending on our production requirements at negotiated prices, and typically procure sugar from a few key suppliers in India. For our international operations, we procure sugar from various local suppliers through short term or spot purchase agreements. For further information, see "*– Significant Factors Affecting Results of Operations and Financial Condition – Key raw materials prices, packaging material costs and royalty payments*" on page 114.

SIGNIFICANT DEVELOPMENTS AFTER SEPTEMBER 30, 2024 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as disclosed below and elsewhere in this Placement Document, to our knowledge no circumstances have arisen since September 30, 2024, that could materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months:

(i) Our Company has entered into a share purchase agreement with Tanzania Bottling Company SA to acquire 100% of the share capital of SBC Tanzania Limited for a total acquisition cost of ₹13,040 million;

(ii) Our Company has entered to a share purchase agreement with Ghana Bottling Company Limited to acquire 100% of the share capital of SBC Beverages Ghana Limited for a total acquisition cost of ₹1,271 million; and

(iii) Our Company has entered into a share purchase agreement to acquire the balance 39.93% of the equity share capital of Lunarmech Technologies Private Limited for a consideration of ₹2,000 million.

For details, see *"Our Business – Our Strengths – Established track record of successful acquisition and integration"* and *"Risk Factors – An inability to integrate the operations of, or leverage potential operating and cost efficiencies from our recent acquisitions may adversely affect our business, prospects and future financial performance"* on pages 176 and 60, respectively.

INDUSTRY OVERVIEW

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "India Soft Drinks Market Insights 2023 and Global Market Data Insights" dated October 2024 (the "**GlobalData Report**") prepared and issued by GlobalData, exclusively commissioned and paid for by us for the purposes of confirming our understanding of the industry, in connection with the Offer. Unless otherwise indicated, financial, operational, industry and other related information derived from the GlobalData Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see "Risk Factors – Industry information included in this Placement Document has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete, reliable or accurate" on page 80. Also see, "Industry and Market Data" on page 20.*

Economic growth and increasing consumer purchasing power bolstered the soft drinks sector

Economy maintains strong post-pandemic recovery

India's real GDP grew by 7% annually in 2023, supported by favorable performances from the trade, transport, hotels, communication, and services sectors. *(Source: Ministry of Statistics and Programme Implementation, May 2024)* The unemployment rate was 3.2% in 2023, down from 4.1% in 2022 and 4.2% in 2021. *(Source: Ministry of Labour & Employment, July 2024)* The decline in unemployment and easing inflation positively impacted consumer purchasing power and benefited the economy. In 2023, the central government gave a 50-year interest-free loan of ₹1 trillion ($119.4 billion) to individual states for the development of infrastructure, schools, electricity, and rural facilities. Indian states' expenditure between April and September 2023 increased by over 47% annually. *(Source: Department of Economic Affairs, January 2024)*

Tourist arrivals boost demand for soft drinks

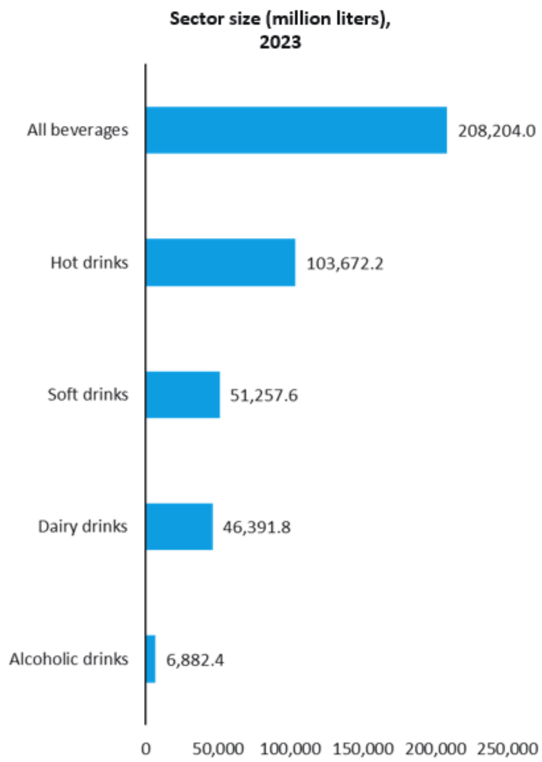
The positive impact of post-pandemic recovery was also felt in the tourism sector, with 9.2 million foreign visitors recorded in 2023. *(Source: The Hindu, July 2024)* The hospitality industry responded to this influx by expanding accommodation, which brought the total inventory of rooms in hotel chains to 183,000. *(Source: The Hindu, July 2024)*. As well as benefiting sales of beverages at eating, drinking, and accommodation ("**EDA**") venues, the high number of tourists provided employment opportunities in the services sector and positively impacted consumer sentiment. Soft drinks companies tapped the increase in tourism by developing novel and seasonal flavors that appealed to visitors.

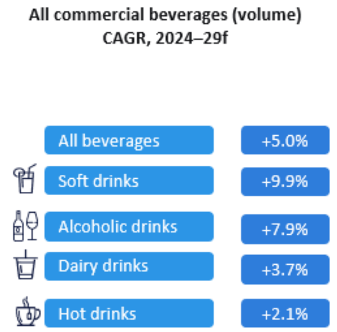
Health trends fuel demand for functional drinks

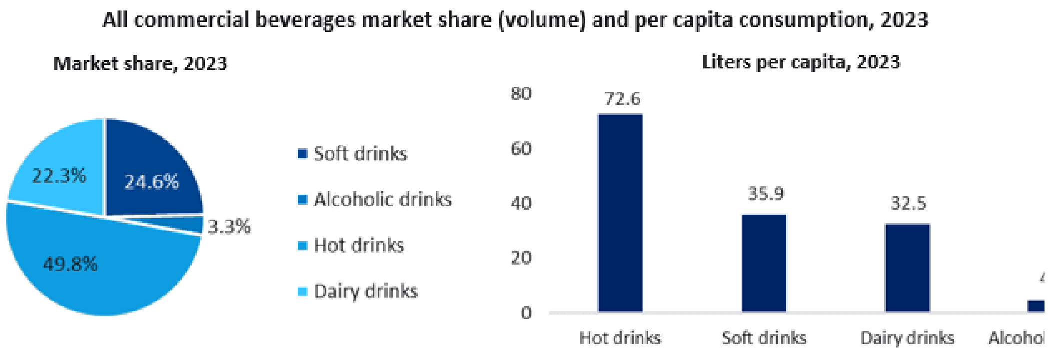
Health consciousness has grown among consumers since the pandemic and resulted in a high preference for soft drinks with functional ingredients. Consumers are increasingly seeking to boost immunity through better beverage choices. Soft drinks companies are responding to this by incorporating various natural flavors and ingredients for an improved nutritional profile. The juice category grew strongly as a result of its nutritional benefits, recording volume gains of 70.8%. Product launches that attracted consumers seeking value-added drinks included Dabur's Real Fruit Power Activ coconut water with added aloe vera and lemon juice and Umami Brew-branded kombucha with kokum ginger.

INDUSTRY SNAPSHOT

Soft drinks will be the fastest-growing sector during the forecast period



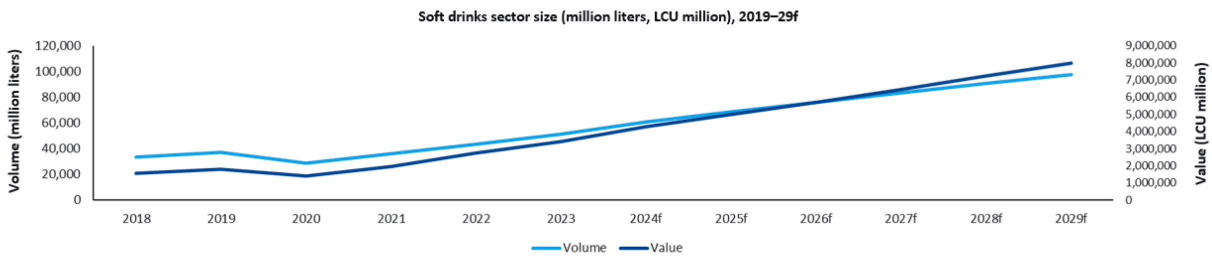




NB: "f" represents forecast year

SECTOR SNAPSHOT

The soft drinks sector recorded robust volume growth during 2020 to 2023



India’s soft drinks sector recorded volume and value CAGRs of 21.2% and 34.8%, respectively, during 2020 to 2023. Value growth will continue to outpace volume growth during the forecast period (2024 to 2029), owing to rising prices. The sector is forecast to register volume and value CAGRs of 9.9% and 13.4%, respectively, during 2024 to 2029.

Soft drinks volume and value growth, 2016 to 2029f

	Volume growth	Value (LCU) growth
2016 – 2019	9.0%	11.3%
2020 – 2023	21.2%	34.8%
2023 – 2024f	19.0%	25.6%
2018 – 2024f CAGR %	10.5%	19.0%
2024 – 2029f CAGR %	9.9%	13.4%

ENABLERS AND INHIBITORS OF SOFT DRINKS GROWTH

Warm temperatures and increased public mobility boosted soft drinks consumption

Inhibitors of soft drinks market growth

Despite mostly favorable consumer sentiment, steadily growing prices impacted spending on beverages, especially among low-income households. Based on the Consumer Price Index ("**CPI**"), the annual inflation rate was 5.7% in December 2023, increasing from 4.9% in October. The CPI for non-alcoholic beverages rose from 175.9 in October to 176.7 in December. *(Ministry of Statistics and Programme Implementation, January 2024)*. The health and wellness trend negatively impacted soft drinks perceived as processed and sugary. Amid increasing health awareness, categories such as fruit powders are losing momentum.

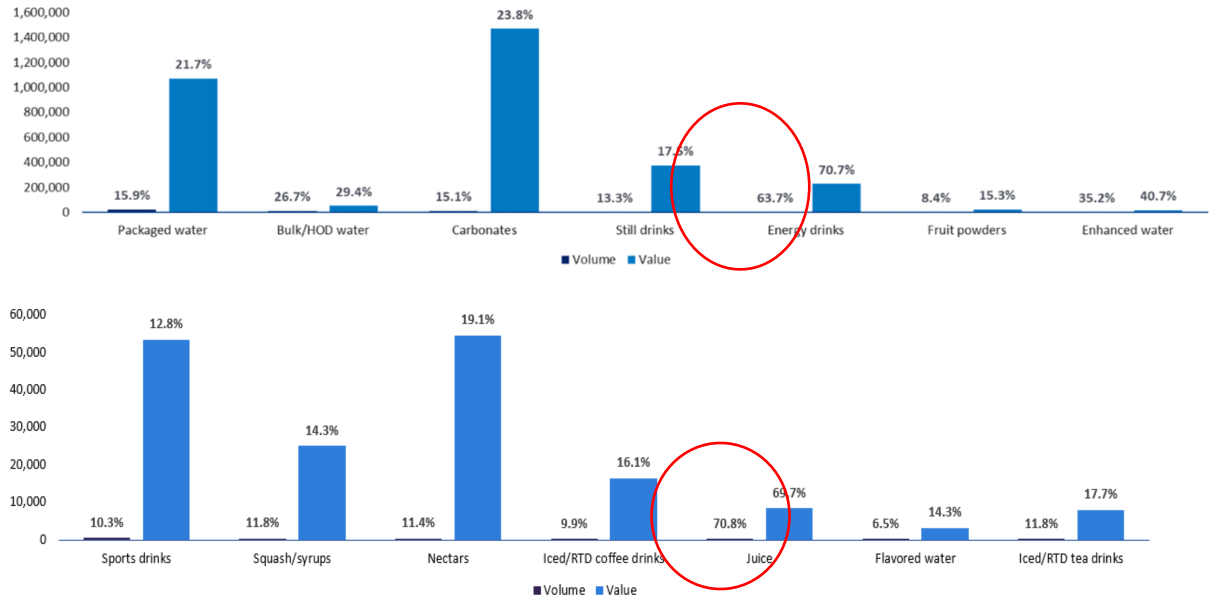
Enablers of soft drinks market growth

The health and wellness trend has led more consumers to favor functional drinks with health-related claims. This has encouraged manufacturers to launch products with improved nutritional profiles. More employees returned to their offices in 2023, boosting travel and mobility. This in turn stimulated on-the-go and on-premise consumption of soft drinks. Additionally, warm temperatures increased the need for rehydration, especially among sightseers. The availability of a wide range of products online, coupled with a rising preference for convenient home deliveries, enabled the ecommerce sub-channel to record robust growth of 33.1% annually.

Market growth by category

Juice and energy drinks recorded the highest growth in 2023

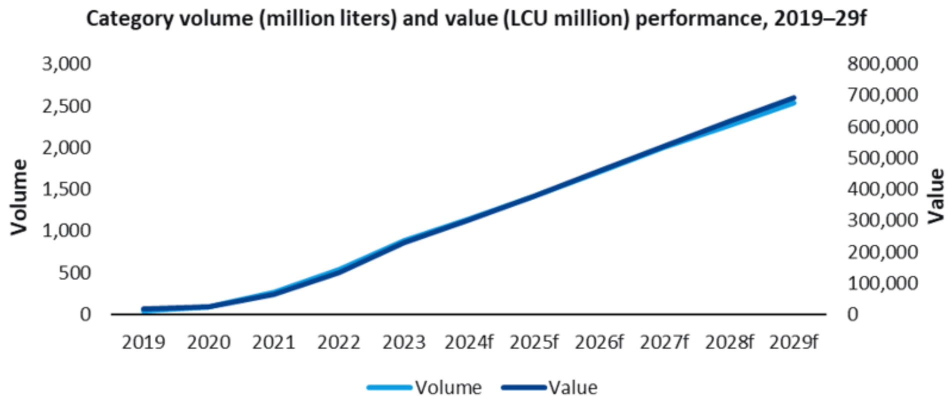
Soft drinks category size (million liters, LCU million), 2023, and growth (%), 2022 to 2023

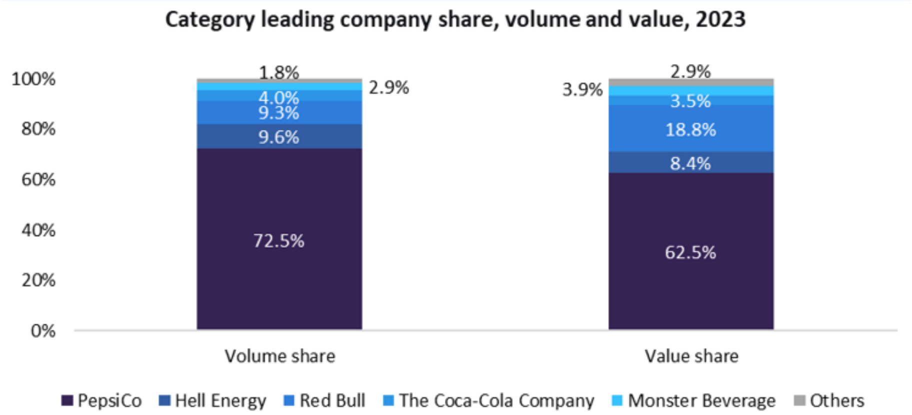


ENERGY DRINKS

High demand for energy drinks as mixers propelled growth

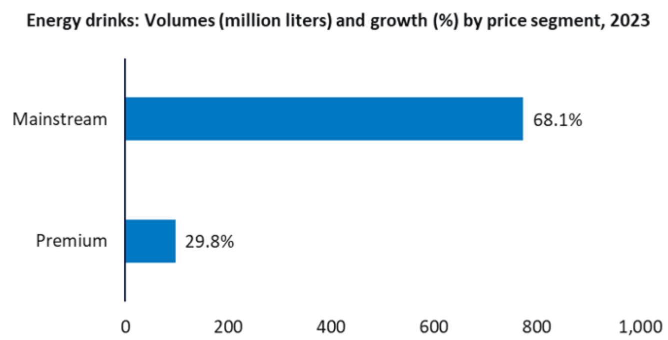
Energy drinks attracted the attention of younger consumers seeking a convenient pick-me-up. This enabled the category to record annual volume and value growth of 63.7% and 70.7%, respectively, in 2023. This can be attributed to rising demand among young consumers. PepsiCo was the largest company with a 72.5% volume share, supported by a strong distribution network for its Sting brand. PepsiCo registered the strongest volume growth at 71% annually. On-premise recorded impressive volume growth of 88.5% in 2023, while off-premise volumes grew by 56.7%. The increasing use of energy drinks as mixers for alcoholic drinks boosted the category's on-premise growth. PET bottle held a 74.4% share of packaging volumes, while metal can accounted for a 24.6% share. PET bottle recorded the highest volume growth at 70.8%. Low-calorie innovations and unique flavors will sustain the category's growth momentum in the long term.





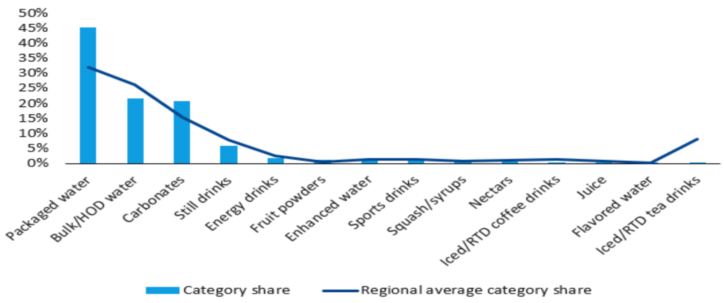
ENERGY DRINKS SEGMENT DYNAMICS

Mainstream products are growing faster than premium offerings



Energy drinks recorded the second-highest annual volume growth in 2023, largely thanks to PepsiCo's Sting brand, which falls within the mainstream price segment. Though energy drinks typically constitute a premium category, the positioning of new brands at inexpensive price points enabled robust growth in 2023. This was especially relevant in a price-sensitive country such as India. The category's mainstream segment posted a volume increase of 68.1%, whereas the premium segment registered much lower growth of 29.8%. As well as launching products at strategic promotional prices, manufacturers are developing energy drinks with added vitamins and minerals to attract health-conscious consumers.

Share of category versus regional average*, 2023

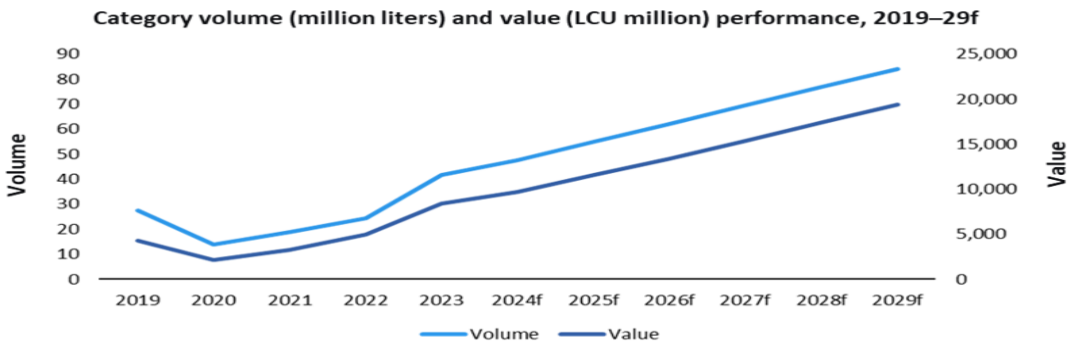


The per capita consumption of energy drinks was lower than the regional average

Packaged water was the largest soft drinks category in India, with a higher volume share than the regional average. The volume share of carbonates was also higher than the regional average, while those of bulk/HOD water, still drinks, and energy drinks were lower. The volume shares of enhanced water and sports drinks were on par with the regional average.

JUICE

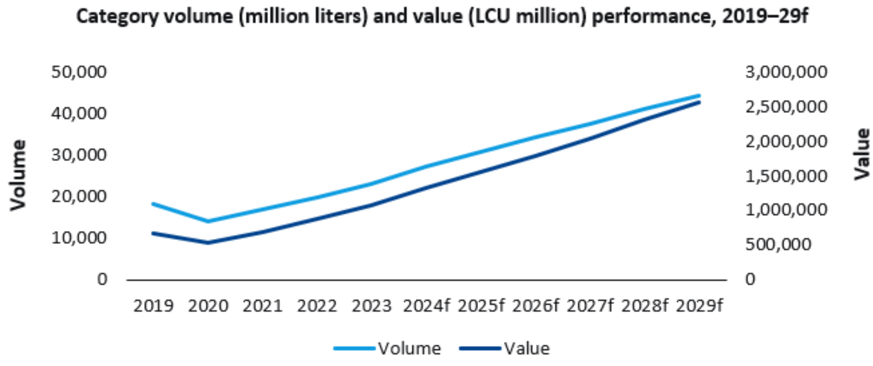
Juices refer to pure 100% fruit juice or vegetable juice with no added ingredients, except permitted minerals and vitamins for the purpose of fortification and permitted additives. Juice recorded the highest volume and value growth in the sector, at 70.8% and 69.7%, respectively spurred by the health and wellness trend and increasing out-of-home consumption. PepsiCo under the Tropicana banner is among the leaders in this category in India with shares of 11.2%. Off-premise was the dominant channel for juice, holding a 61.3% volume share. The ecommerce sub-channel recorded the highest volume growth, supported by the increasing uptake of online shopping. Rising demand for products with 100% juice content will significantly influence the category's long-term growth. Eco-friendly packaging innovations will also be crucial.



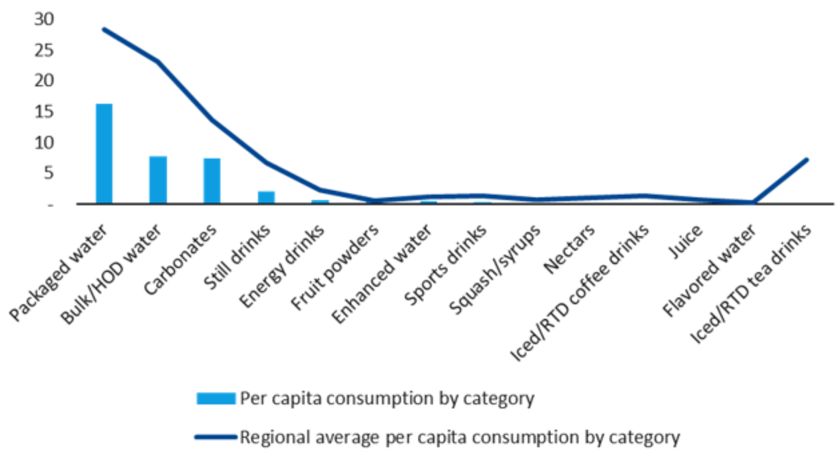
PACKAGED WATER

Packaged water, the largest soft drinks category, recorded 15.9% annual volume growth in 2023. Warm temperatures, increasing urbanization, and the low quality of tap water boosted demand for packaged water in the country. Increasing levels of office-based work also fueled demand for packaged water. In addition, an uptick in travel and tourism led to high on-the-go consumption. In 2023, PepsiCo's volume share was 4.1% and value share was 3.4% in the packaged water category in India. PepsiCo's Aquafina recorded healthy growth of 14.1%.

The off-premise channel recorded growth of 16.2% in 2023 aided mainly by the robust expansion of ecommerce and large modern retail. On-premise volumes increased by 15.9%. PET was the most prevalent packaging material in 2023. Its usage increased by 21.3%. In the long term, manufacturers will need to focus on incorporating sustainable packaging materials to ensure the category does not lose appeal among eco-conscious consumers.



Per capita consumption vs. regional average* (litres), 2023



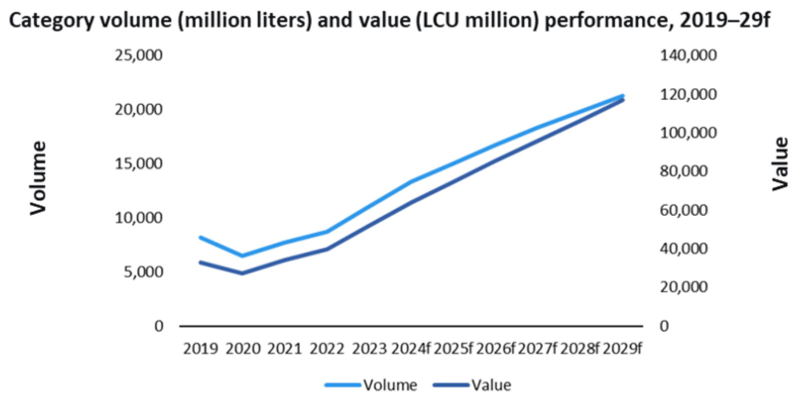
** Regional averages are based on Quarterly Beverage Forecast First Quarter 2024 data, published May 31, 2024*

The per capita consumption ("**PCC**") of packaged water and carbonates in India was almost half the regional average. That of bulk/HOD water was about a third of the regional average. The PCC of still drinks and energy drinks also lagged behind the regional average. The lower PCC of these categories in India suggests strong opportunities for market entry and growth.

BULK/HYDRO-OPTIC DISINFECTION WATER

Institutional demand aided bulk/HOD water volumes

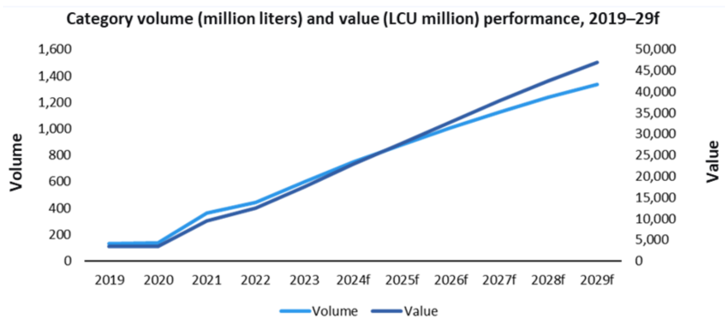
The bulk/HOD water category posted robust volume and value growth of 26.7% and 29.4%, respectively, in 2023. This was supported by strong distribution networks, including in rural areas. Bulk/HOD water further benefited from institutional demand and the return of employees to workplaces. Additionally, the rise in tourist arrivals boosted on-premise consumption. Budget-conscious consumers were drawn to the category's lower pricing than packaged water. PepsiCo has a notable presence with its brand Aquafina and recorded a volume growth of 4.1%. Off-premise sub-channels, led by home delivery, contributed 48% of the category's volumes in 2023. On-premise held a larger share of 51.9%, led by institutions. The institutional sub-channel recorded the highest volume growth of 44.7%. Polypropylene was the most common packaging material, accounting for a volume share of 85.8%. It also registered the highest annual volume growth at 26.9%.



ENHANCED WATER

Increasing demand for functional drinks benefited the category

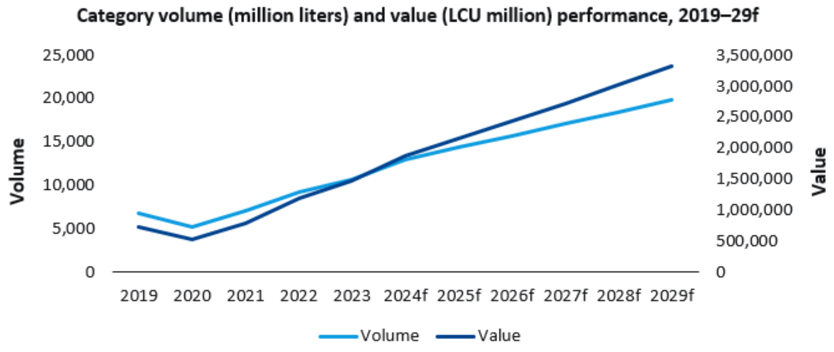
Enhanced water volumes grew annually by 35.2% in 2023. Consumers' increasing preference for nutritious, value-added drinks boosted demand for the category. Stable supply chains and raw material costs also supported the category. Easy availability, at least in Tier 1 and Tier 2 cities, further aided growth. Off-premise outlets, led by modern retail, contributed 96.5% of the category's volumes in 2023. Off-premise registered 34.2% volume growth, while on-premise recorded an impressive 72.1% increase. New launches and price promotions by manufacturers will support the category's long-term growth.



CARBONATES

Rising health consciousness fueled demand for low-calorie variants

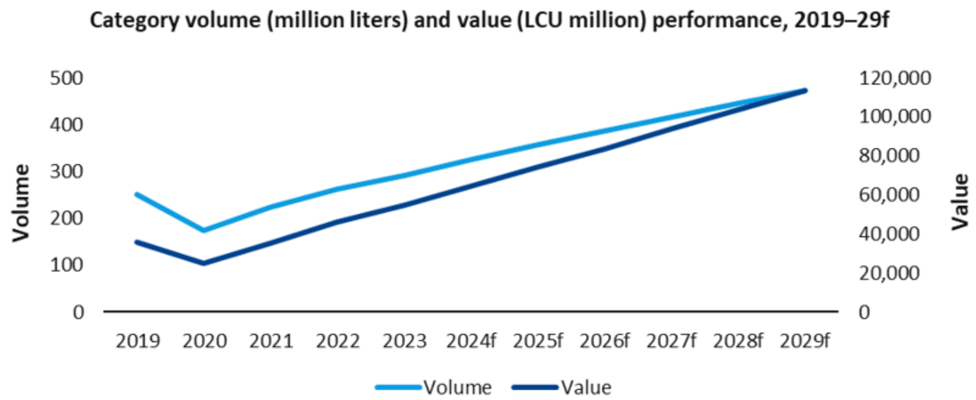
Carbonates was the sector's third-largest category in 2023, with a volume share of 20.9%. The category's volumes grew by 15.1% and its value by 23.8%. Its performance was aided by the rise in tourism and increased on-the-go consumption, especially during the hot summer. An increase in large public events also fueled demand for carbonates. Rising health consciousness strengthened demand for low-calorie and zero-sugar variants, which posted 18.3% volume growth. Regular-calorie carbonates registered lower growth of 15%. Nevertheless, low-calorie remained a niche segment as Indians were largely conventional in their choices. Strong distribution networks and increased uptake by rural consumers significantly boosted volumes in the category. PepsiCo was the second-largest company in the category. Its Pepsi Black brand recorded one of the strongest growth rates at 64.8%, thanks to rising demand for zero-sugar carbonates. Cola was the leading flavor with a 36.2% volume share in 2023. Orange flavor posted the highest growth at 19.8%, followed by cola with 18.7% and lime with 14.4%. Lemon, lemon-lime, citrus, and berries also recorded strong growth. Off-premise held a volume share of 50.8%, led by traditional retail. Off-premise volumes grew by 2.2%, while on-premise volumes rose by 32.5%, mainly supported by EDA sales. PET held the largest share among pack materials and recorded volume growth of 15%. Glass and board posted slightly higher growth at 15.7% and 15.6%, respectively. An increased focus on healthy living will result in high volume growth for low-/no-sugar and low-calorie carbonates during the forecast period.



NECTARS

Nectars recorded healthy annual volume growth of 11.4%

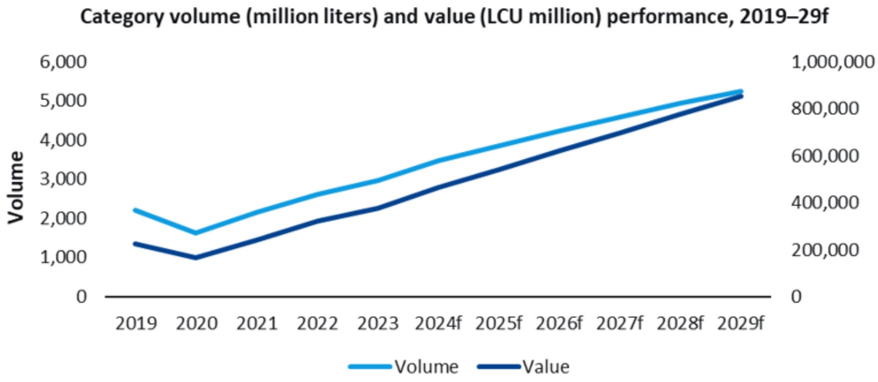
Nectars, a niche category, recorded annual volume and value growth of 11.4% and 19.1%, respectively, in 2023. Warm temperatures and the increase in tourism supported sales gains. The category's performance improved compared with 2022, as supply chain issues arising from the Russia–Ukraine conflict were largely addressed. PepsiCo the other key company, holding volume shares of 13.2%. Flavor mixes accounted for a 20.8% volume share in 2023, followed by other fruit and mango with 19.3% and 18.6%, respectively. Other fruit flavor posted the highest growth at 19.9%. The off-premise channel made up a 69.4% share of the category's volumes. As with juice, e-commerce recorded the highest annual volume growth, at 33.9%. It was followed by large modern, which posted a 20.5% increase. In terms of pricing, the mainstream segment recorded the highest volume growth at 13.2%, while the premium segment grew by 4.1%. Nectars will face increasing competition from healthier beverages. As a result, the launch of new products with natural and low-sugar formulations will be pivotal to the category's long-term growth.



STILL DRINKS

Low price points in the category enabled volume growth

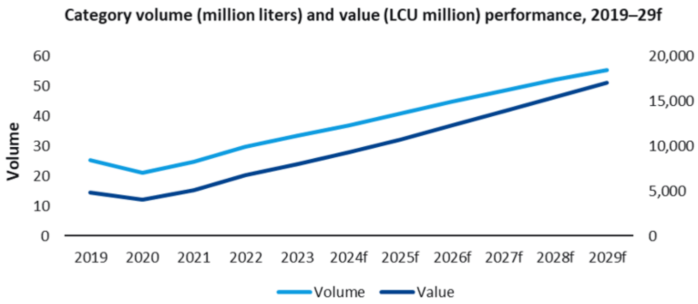
Still drinks recorded a 13.3% volume increase in 2023, as their inexpensive pricing attracted budget-conscious consumers. Mango was the most popular flavor in 2023, making up a volume share of 84.4%. Plum, grape, and orange flavors recorded strong annual gains. The mainstream price segment recorded the highest growth at 16.5%. The premium and discount segments grew by 10.1% and 4.7%, respectively. PET held the largest share of packaging material volumes. However, metal can packs recorded the strongest growth in the category. Despite the category's price advantage, innovations to reduce the sugar content will be crucial for its long-term growth. Rising tourism and on-the-go consumption will also boost volumes.



ICED/RTD TEA DRINKS

Warm temperatures boosted sales in the category

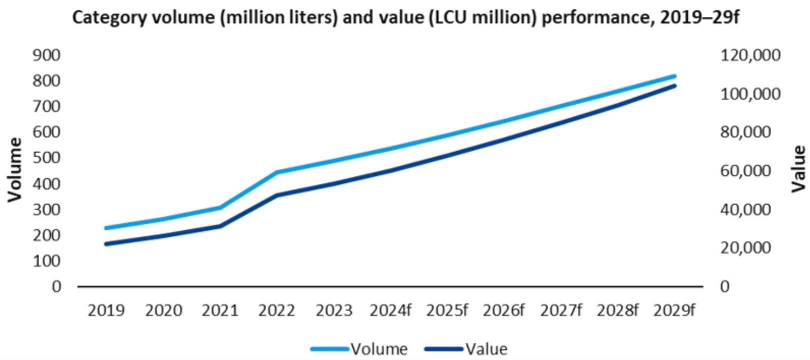
Iced/RTD tea drinks recorded annual volume and value growth of 11.8% and 17.7%, respectively, in 2023. Warm temperatures and the availability of various flavors boosted sales. On-premise volumes rose by 16.3% in 2023, aided by quick-service restaurant ("**QSR**") and EDA sales. However, off-premise was the dominant channel for iced/RTD tea drinks. Its volumes grew by 8.3% annually. Lemon was the preferred flavor among consumers, amassing an 83.6% volume share. Other fruit was the fastest-growing flavor, recording volume gains of 20.9%. Given the health & wellness trend, the launch of new low-sugar variants will boost the appeal of these drinks and fuel growth in the long term. Additionally, India's relatively high temperatures will boost demand for iced/RTD beverages.



SPORTS DRINKS

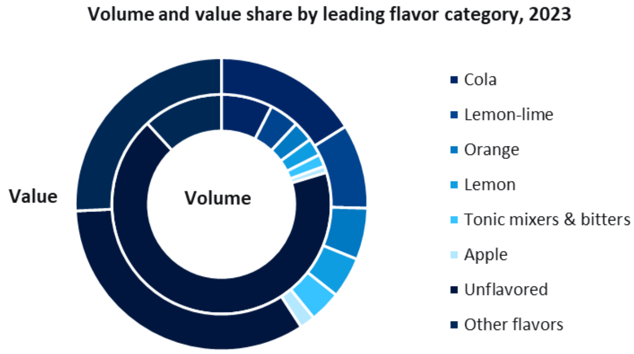
Consumers' growing interest in fitness boosted demand

Sports drinks recorded volume growth of 10.3% and value growth of 12.8% in 2023. Consumers' increased interest in health and fitness enabled strong growth. An uptick in manufacturer promotions and sporting events further boosted the category's volumes. Additionally, high temperatures increased demand for electrolyte-replenishing drinks. Off-premise dominated the category's volumes. However, on-premise posted a higher growth rate. Modern retail was the largest sub-channel, while QSR recorded the strongest volume growth at 24.6%. Consumers' increasing focus on healthy lifestyles will support growth in the long term. Marketing activities by manufacturers, especially around sporting events, will provide a further boost to the category.

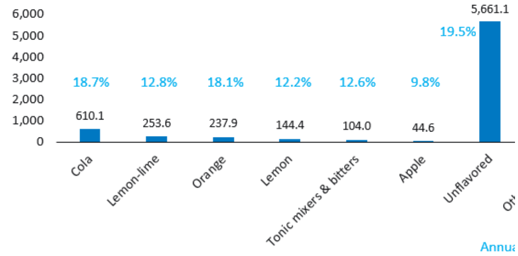


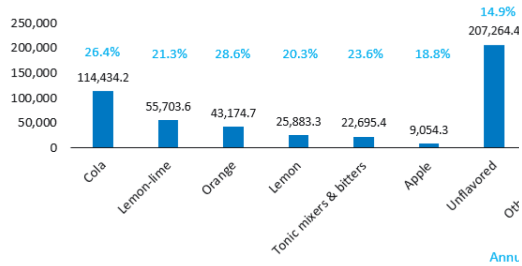
FLAVOR DYNAMICS

Cola retained the highest volume share



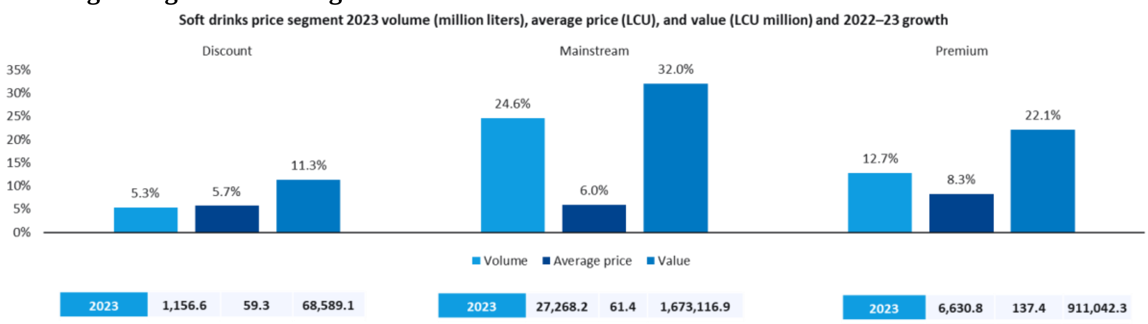
Among flavored soft drinks, cola was the leading flavor category in 2023, holding a volume share of 7.6%. This reflected its widespread popularity among consumers. After cola, lemon-lime recorded the highest incremental volume. Orange was the third-largest flavor category. Cola and orange registered strong volume growth of 18.7% and 18.1%, respectively, in 2023. Original energy and other non-fruit flavors also posted robust gains, the former reflecting the popularity of energy drinks. Constituting very modest volume shares, nut/seed, herbs and spices, sugarcane, and vegetable flavors recorded some of the highest growth rates in the sector.





PRICE SEGMENTATION

The mainstream segment grew the strongest in 2023

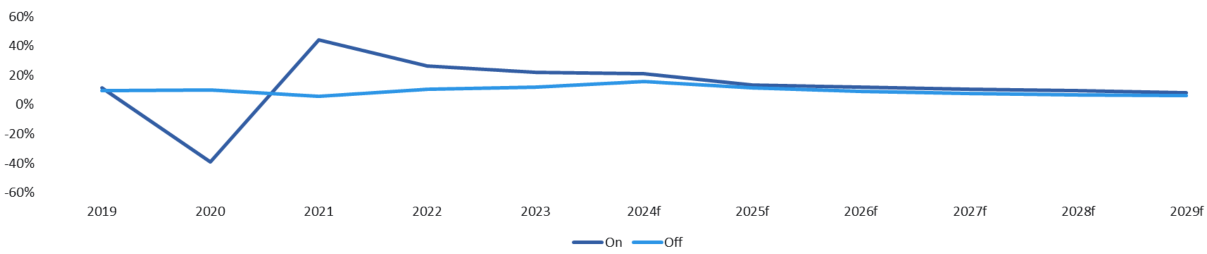


- The discount segment registered annual volume growth of 5.3% in 2023, driven by low-income consumers.
- The segment recorded average price growth of 5.7% and a value increase of 11.3%.
- The mainstream segment recorded the highest volume growth of 24.6% in 2023. It appealed to consumers by striking a balance between affordability and quality.
- The segment also recorded the highest value growth at 32%. Its average price increased by 6%.
- The premium segment recorded lower volume and value growth than the mainstream segment, at 12.7% and 22.1%, respectively. However, it fared better than the discount segment.
- Average price growth was highest in the premium segment. This dampened volume growth to some extent, despite relatively strong consumer sentiment.

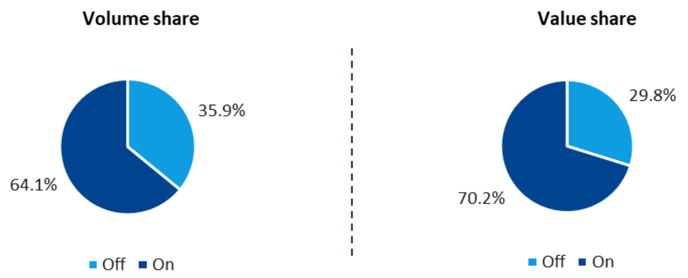
SOFT DRINKS CHANNEL DYNAMICS

On-premise channel led volume growth in 2023

On- vs. off-premise annual soft drinks volume growth evolution, 2019–29f



Soft drinks channel share, volume and value, 2023



The on-premise channel made up the largest shares in the soft drinks sector: 64.1% of total volume and 70.2% of value. Off-premise accounted for volume and value shares of 35.9% and 29.8%, respectively. On-premise recorded 22.2% annual volume growth. The institutions, vending, and EDA sub-channels significantly contributed to on-premise sales, supported by tourism and increased purchasing power. Off-premise volumes rose by 12.1% annually. The discount and ecommerce sub-channels recorded strong growth at 61.5% and 33.1%, respectively.

SOFT DRINKS SUB-CHANNEL DYNAMICS

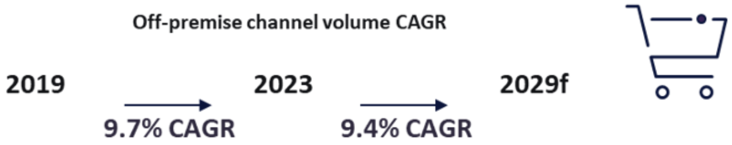
Discount channel registered strong growth

Performance of on- and off-premise channels, 2023

	Volume share of channel (%)	Volume (million liters)				Value (LCU million)			
		2023 volume share	2022–23 volume PP* change	2023 volume	2022–23 volume growth %	2023 value share	2022–23 value PP* change	2023 value	2022–23 value growth %
		Total soft drinks		51,257.6	18.4%			3,400,186.9	24.5%
Off-premise	35.9% / 64.1%	35.9%	-2.0	18,412.4	12.1%	29.8%	-2.8	1,013,378.8	13.7%
Traditional retail	21.2% / 78.8%	21.2%	-1.8	10,864.2	8.9%	22.0%	-2.9	747,637.5	10.1%
Home delivery	8.4% / 91.6%	8.4%	-0.3	4,328.9	14.5%	0.6%	-0.03	20,860.2	18.2%
Large modern	4.8% / 95.2%	4.8%	-0.1	2,470.1	16.7%	5.8%	-0.1	196,598.3	21.9%
Ecommerce	0.7% / 99.3%	0.7%	0.1	335.0	33.1%	0.6%	0.1	20,701.7	37.2%
Discount	0.4% / 99.6%	0.4%	0.1	192.4	61.5%	0.8%	0.2	26,956.3	55.6%
Specialist beverage retailer	0.4% / 99.6%	0.4%	0.04	221.9	29.2%	0.0%	0.001	624.8	30.2%
On-premise	64.1% / 35.9%	64.1%	2.0	32,845.2	22.2%	70.2%	2.8	2,386,808.1	29.7%
Other on-premise	42.0% / 58.0%	42.0%	0.1	21,531.8	18.6%	48.9%	1.1	1,662,236.5	27.2%
Institutions	10.6% / 89.4%	10.6%	1.4	5,434.6	36.2%	2.0%	0.1	69,681.7	33.4%
EDA	9.2% / 90.8%	9.2%	0.5	4,709.0	24.8%	15.0%	1.7	508,691.8	40.0%
QSR	1.9% / 98.1%	1.9%	-0.002	949.9	18.2%	3.6%	0.04	123,677.0	25.7%
Vending	0.4% / 99.6%	0.4%	0.04	219.9	30.9%	0.7%	-0.1	22,521.1	10.8%

** PP represents percentage points*

Discount and vending sub-channels will lead growth through 2029



Top growth opportunities in off-premise

2023 to 2029f CAGR %	Volume	Value
Total off-premise	9.4%	12.0%
Discount	23.1%	25.2%
Ecommerce	18.1%	21.3%
Specialist beverage retailer	11.1%	13.6%
Large modern	10.2%	14.1%
Traditional retail	8.9%	10.5%
Home delivery	8.1%	11.1%

The discount sub-channel will lead off-premise growth during the forecast period, owing to the predominant price sensitivity of Indian consumers. The second-leading sub-channel will be ecommerce, owing to increasing digitalization and the rising consumer preference for convenience.

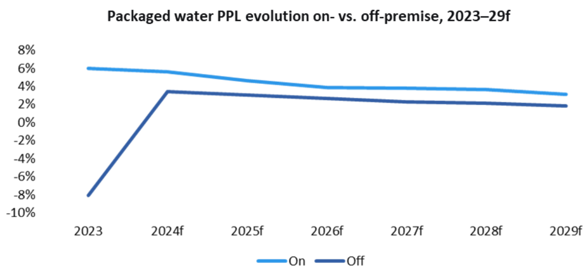
Top growth opportunities in on-premise

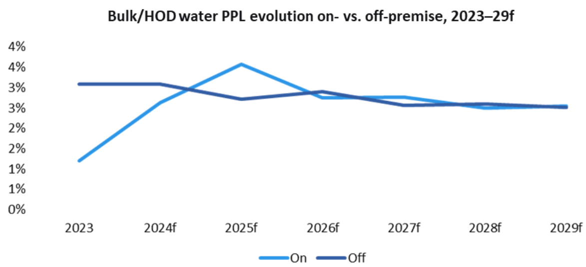
2023 to 2029f CAGR %	Volume	Value
Total on-premise	12.4%	16.6%
Vending	18.7%	19.4%
EDA	15.2%	20.0%
Institutions	13.2%	15.8%
QSR	11.6%	15.4%
Traditional retail	8.9%	10.5%
Home delivery	8.1%	11.1%

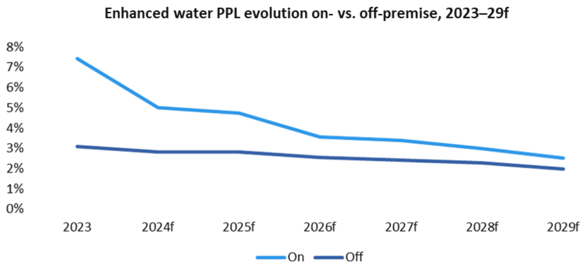
Amid increasing travel and tourism, the vending sub-channel will fuel on-premise sales and record the highest volume and value CAGRs from 2023 to 2029. Public mobility and tourism will also fuel high growth through the EDA sub-channel. Sales through QSR will be slower as these outlets typically serve a favored soft drinks brand on contract, thus restricting consumer choice.

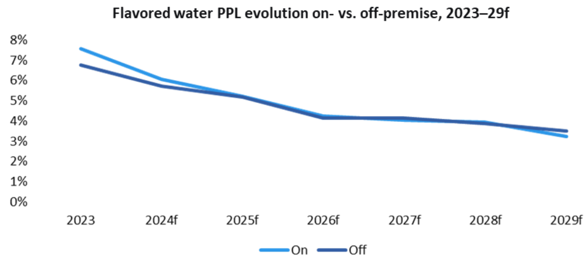
PRICE POINT ANALYSIS

Price fluctuations will largely stabilize in water categories after 2026

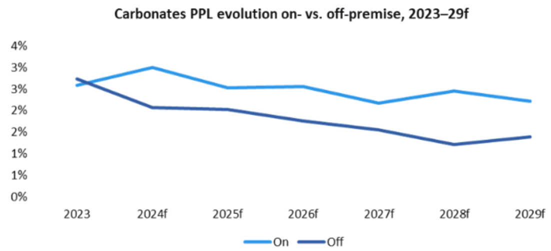


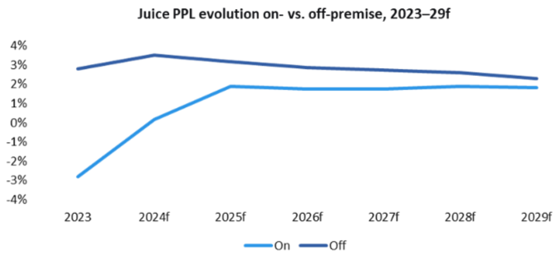


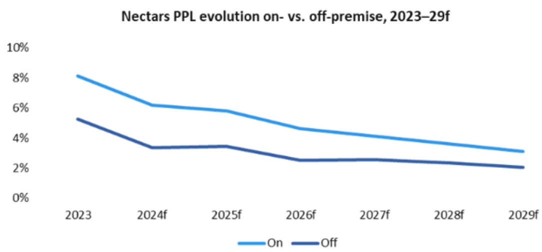


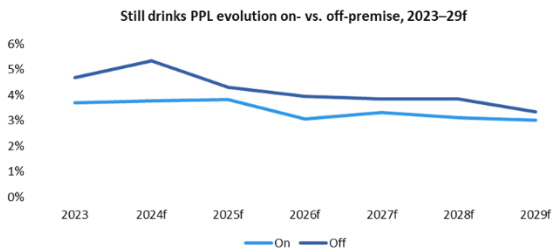


The on-premise price growth of juice will be steep in the short term

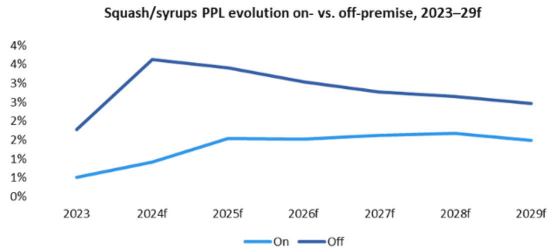


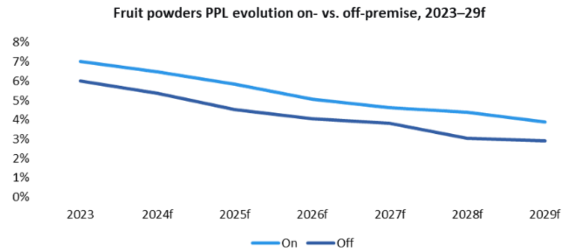


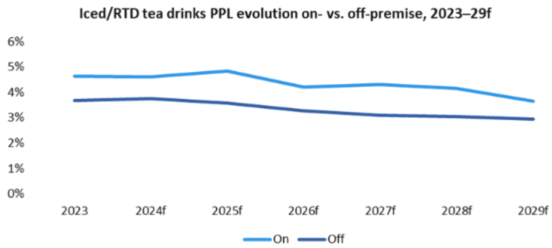


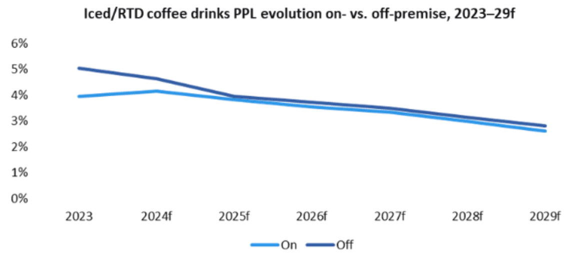


Fruit powders' on- and off-premise price growth will decelerate at a similar rate

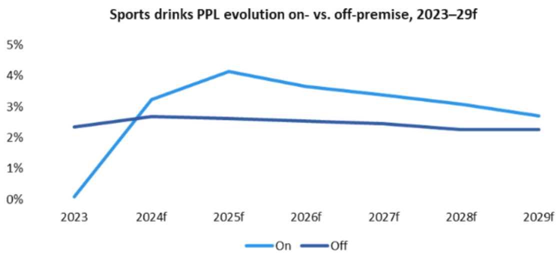


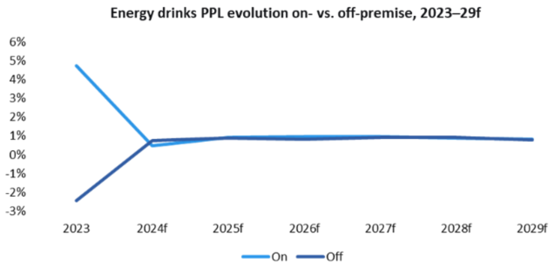






The on- and off-premise price growth of energy drinks will be similar during the forecast period





EXTERNAL PACKAGING INFLUENCES

Companies are increasingly focused on sustainability

Shift from single-use plastic to sustainable solutions

An increasing number of educated, urban Indians are choosing beverages with wholly recyclable or biodegradable packaging. The Indian government has issued mandates to phase out single-use plastics to eliminate littering and protect ecosystems. *(Source: Ministry of Environment, Forest and Climate Change, 2021)*. Companies are engaged in innovation and measures to eliminate plastic production and usage. In 2022, the leading FMCG company ITC developed FiloBev, a paperboard packaging product made with sustainably sourced wood as a replacement for single-serve plastic and LDPE-coated cups *(Source: ITC, May 2022)*. Nestlé operates carbon neutrality projects in India, where it works with local partners to scale up packaging waste collection and recycling *(Source: Nestlé website (sustainability, waste reduction), 2024)*.

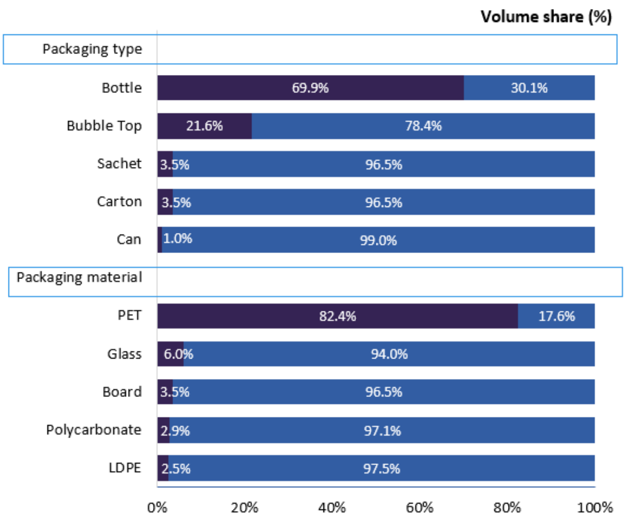
Smaller pack sizes gain traction

On-the-go consumption has increased across India, given the busy lifestyles and routines of much of the population. Consumers are increasingly favoring small pack sizes that are easy to carry. Furthermore, a high number of employees are returning to offices, and they are looking for beverages that are easy to consume during their commutes. The 330ml pack size is the most widely favored. Demand is also rising for 180ml, 300ml, and 350ml pack sizes, over and above 1L packs. The preference for small packs is most notable in the packaged water, carbonates, still drinks, and energy drinks categories.

PACKAGING SNAPSHOT

Can format recorded the highest annual growth

Performance of packaging, 2023



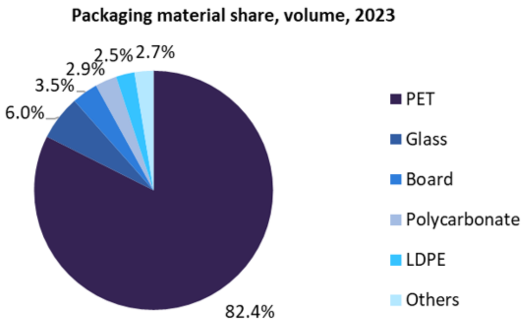
	Volume			
	2023 volume share	2022–23 volume PP* change	2023 volume (million liters)	2022–23 volume growth
Packaging type				
Bottle	69.9%	19.0	35835.2	20.0%
Bubble Top	21.6%	4.1	11051.1	26.7%
Sachet	3.5%	-5.2	1798.2	-24.2%
Carton	3.5%	0.03	1787.7	6.0%
Can	1.0%	0.4	531.8	26.8%
Packaging material				
PET	82.4%	21.0	42242.8	21.8%
Glass	6.04%	1.5	3097.4	16.0%
Board	3.54%	0.05	1814.9	6.1%
Polycarbonate	2.91%	0.5	1493.4	25.6%
LDPE	2.51%	-5.6	1288.1	-33.2%

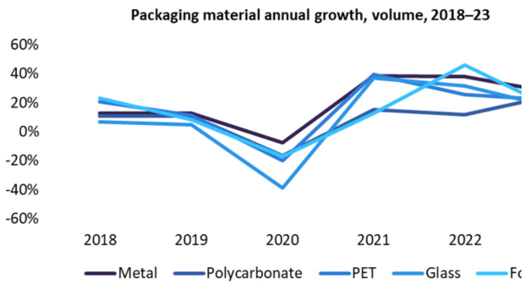
** PP represents percentage points*

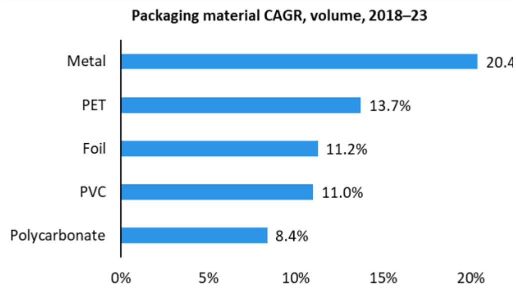
PACKAGING MATERIAL SNAPSHOT

Metal recorded the highest volume CAGR from 2018 to 2023

PET was the most used packaging material in 2023, holding an 82.4% volume share. Despite sustainability concerns, the versatility of the material for many soft drinks categories enabled its leading position. Distant contenders to PET were glass and board, with volume shares of 6% and 3.5%, respectively. However, the uptake of glass is expected to increase amid mandates to eliminate single-use plastic *(Source: Ministry of External Affairs, July 2023)*. In terms of volume growth from 2018 to 2023, metal was the top performer, registering the highest CAGR at 20.4%. It was followed by PET and foil with CAGRs of 13.7% and 11.2%, respectively.





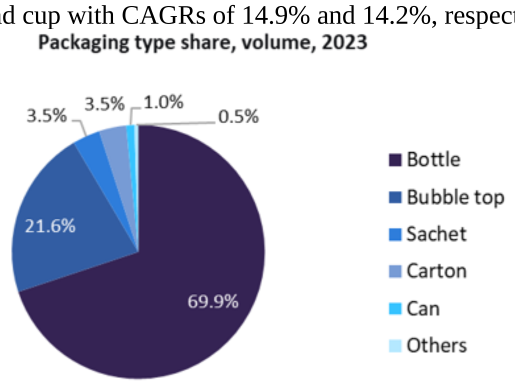


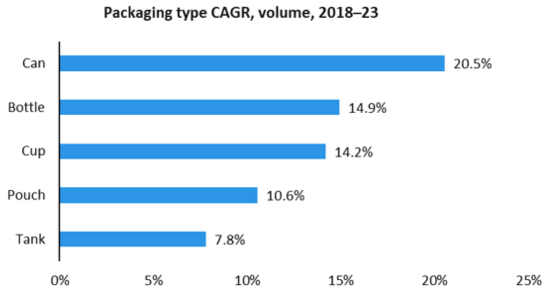
Source: Ministry of External Affairs, July 2023

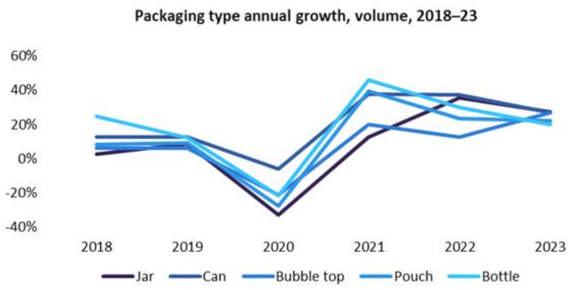
PACKAGING TYPE SNAPSHOT

Can registered the highest volume CAGR during 2018 to 2023

Bottle was the most popular packaging type in 2023, accounting for 69.9% of the sector's volumes. The aesthetics and portability of the format encouraged its widespread use. Bubble top held the second-highest volume share at 21.6%, followed by sachet with a 3.5% share. Cans recorded the highest volume CAGR from 2018 to 2023, at 20.5%. It was followed by bottle and cup with CAGRs of 14.9% and 14.2%, respectively.

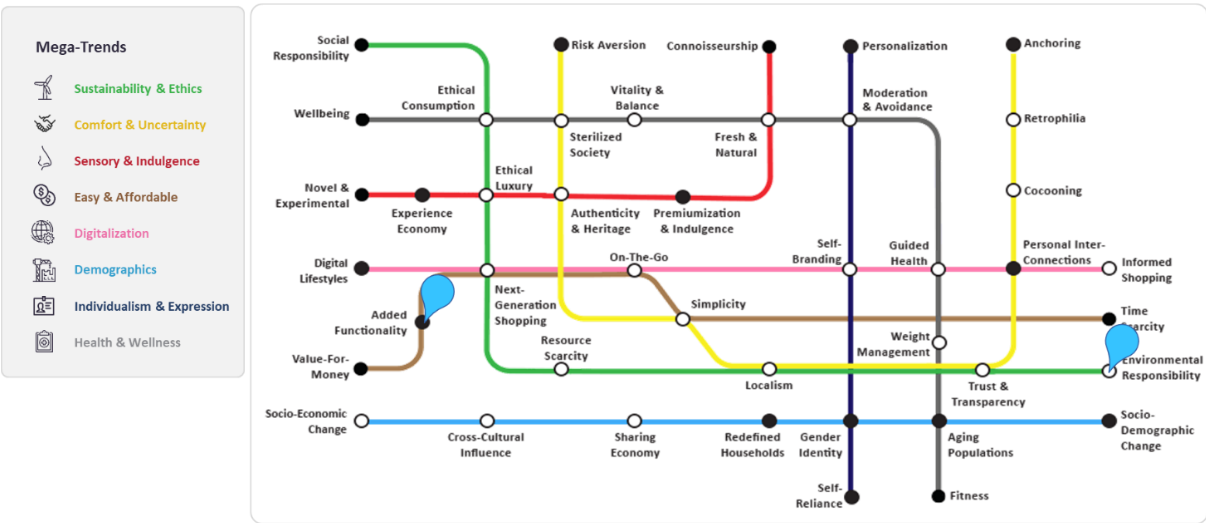






KEY DRIVERS INFLUENCING SOFT DRINKS CONSUMPTION

The TrendSights trends supporting opportunities in the sector are pinpointed below.



ADDED FUNCTIONALITY

Consumers prefer functional drinks with added health benefits

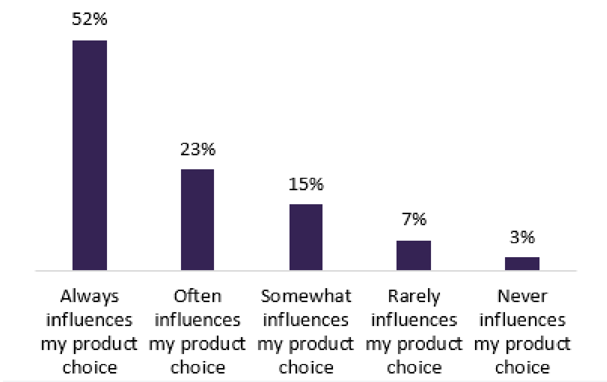
In line with the health and wellness trend, Indians are consciously choosing beverages that are beneficial to their health and provide added value with functional ingredients. The trend is most pronounced in the fast-growing categories of juice, enhanced water, and energy drinks.
In response to rising demand for functional beverages, manufacturers launched some innovative products in 2023.

These include Rise Up Beverages' kombucha in a blueberry variant, which is claimed to offer added antioxidant benefits.

Target audience

Companies should target offerings at informed consumers who are aware of the latest functional ingredients and their health benefits and are curious about product composition.

India: "How does the following feature—how the product/service impacts my health & wellbeing—influence your choice of food and drinks?", 2023



Source: GlobalData Second Quarter 2023 Consumer Survey – India

Companies should engage in R&D of functional ingredients and incorporate them in soft drinks to attract health-conscious consumers.

ENVIRONMENTAL RESPONSIBILITY

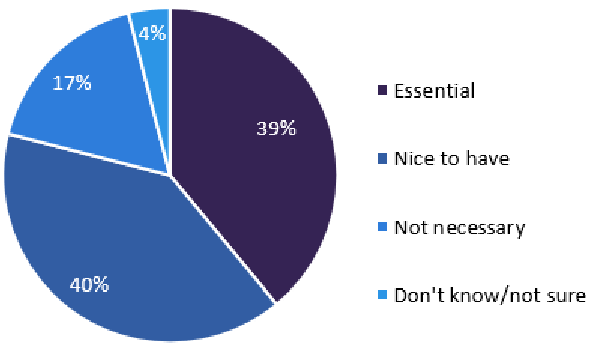
Consumers value sustainable packaging that does not linger in landfills

Consumers are increasingly conscious about the impact of their food and beverage choices on the environment. They seek environmentally friendly packaging solutions that do not lie endlessly in landfills. Companies have catered to this trend by offering drinks in recyclable plastic or 100% biodegradable packaging.

Target audience:

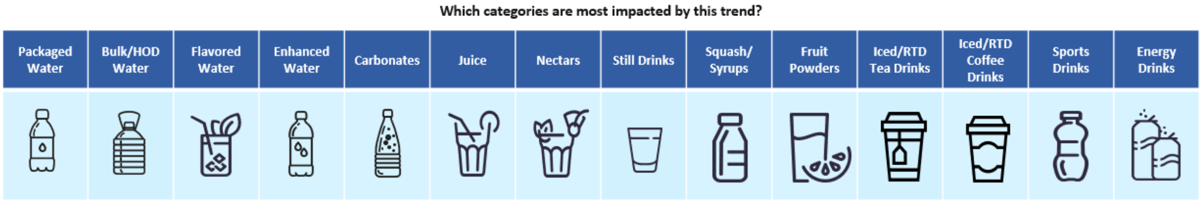
The target demographic encompasses eco-conscious consumers who are looking to replace single-use plastic with metal, glass, or other sustainable solutions.

India: "How important is recyclable packaging when deciding to make a purchase?", (%) response, 2023



Source: GlobalData Second Quarter 2023 Consumer Survey – India

Companies should minimize the use of virgin plastic and employ alternative sustainable materials for product packaging.



ACTIONABLE INSIGHTS

Performance

India's soft drinks sector recorded 18.4% annual volume growth and 24.5% value growth in 2023. Increased consumer purchasing power led to favorable gains for most categories in the sector. Rising health consciousness resulted in robust growth for the juice, enhanced water, and bulk/HOD water categories. With effective marketing and strategic pricing by companies, energy drinks recorded the second-highest volume growth after juice. Volume gains were relatively muted for the premium categories of sports drinks and iced/RTD coffee drinks, owing to a price-sensitive lower middle class.

Economy

India's GDP grew by 7% annually in 2023, aided by favorable performances from trade, transport, hotels, and services. The labor market was resilient with strong domestic manufacturing and increased opportunities in the services sector, leading to a continued decline in unemployment. Tourism provided a further boost to the economy, with 9.2 million tourist arrivals in 2023. Economic growth and rising employment resulted in strong consumer purchasing power and high demand for soft drinks. Warm temperatures gave added impetus to the sector, increasing the need for rehydration.

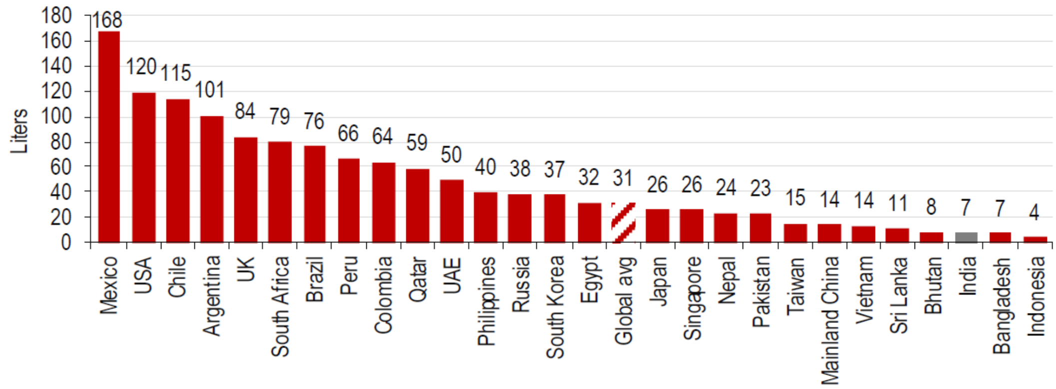
Opportunity

Companies can leverage prevailing trends in the sector by investing in innovations such as new flavor experiences and functional ingredients. Manufacturers can extend their range of pack sizes and add more smaller packs to cater to rising on-the-go consumption among young, urban Indians. Ecommerce provides significant potential for soft drinks companies to highlight their offerings at discounted prices and gain consumer favor through expedited deliveries.

Companies need to invest in functional formulations and sustainable solutions

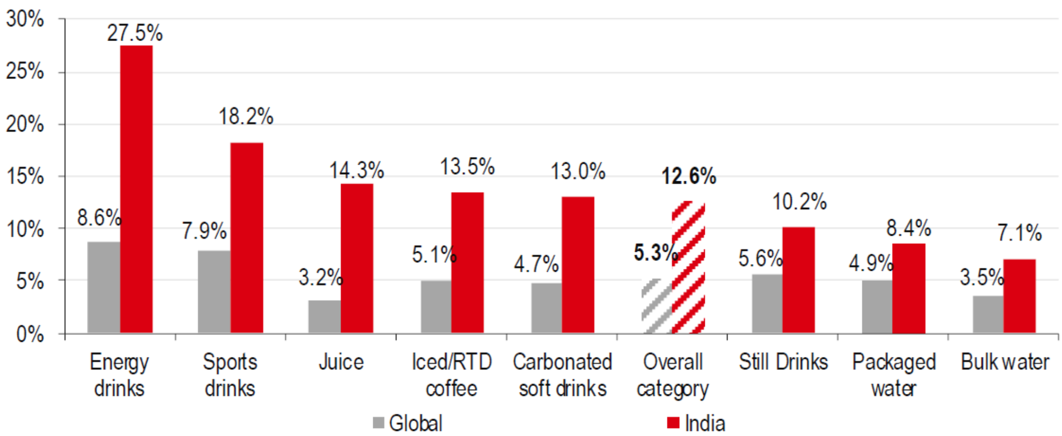
Trend	Positioning	Product	Packaging
Added functionality	Companies should position soft drinks as healthy refreshments with additional functional benefits to attract health-conscious consumers.	Soft drinks with functional benefits through added vitamins, minerals, branched-chain amino acids, botanicals, and prebiotic fiber, among many other ingredients, are gaining popularity.	Manufacturers need to focus on attractive packaging for their drinks, which should also provide descriptive labeling of the functional ingredients within.
Environmental responsibility	Manufacturers should position their offerings as sustainable, recyclable, and carbon-neutral, and discourage littering.	Manufacturers also need to focus on eco-friendly production processes with zero carbon emissions.	Packaging materials need to be easily degradable to minimize waste in landfills. Virgin plastic should be replaced with recyclable plastic or biodegradable materials.

India ranks low in per-capita consumption of CSDs versus the global EMs in 2023



Market potential in carbonated beverages, energy and sports drinks, juices, and RTD coffee looks attractive for India

(industry growth forecast by revenue in USD, 2024e-28e CAGR)



OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 21 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations" on pages 55 and 112, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our fiscal year ends on December 31 of each year, and references to a particular Fiscal are to the twelve-month period ended December 31 of that year. In this section, unless otherwise indicated or the context otherwise requires, a reference to "our Company" is a reference to Varun Beverages Limited on a standalone basis, while any reference to "we", "us", "our" or "Group" is a reference to Varun Beverages Limited, its Subsidiaries, its Associates and Joint Venture on a consolidated basis.

Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on our Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results. For further information, see "Financial Information" on page 276.

*The Sales Volume information presented in this section represents sales to our customers in our licensed territories but does not include any sales to PepsiCo or any other franchisees of PepsiCo. Sales to PepsiCo and/ or other PepsiCo franchisees are reflected in our revenues from operations. However, such sales have not been significant in the last three Fiscals and in the nine months ended September 30, 2024. We do not make any such sales other than in India. Sales Volume information in any Fiscal period included in this section cannot be directly correlated to our revenues from operations in the respective Fiscal. Further, the Sales Volume is calculated and presented on the basis that each unit case consists of 24 units of beverages of approximately 236.58 ml each, aggregating to 5.678 litres of beverage per unit case ("**Unit Case**").*

*Unless otherwise indicated, industry and market data used in this section has been derived from the report "India Soft Drinks Market Insights 2023 and Global Market Data Insights" dated October 2024 (the "**GlobalData Report**") prepared and released by GlobalData Plc and commissioned by us. Unless otherwise indicated, all financial, operational, industry and other related information derived from the GlobalData Report and included herein with respect to any particular year refers to such information for the relevant calendar year.*

Overview

We are one of the largest franchisees in the world (outside USA) of carbonated soft drinks ("**CSDs**") and non-carbonated beverages ("**NCBs**") sold under trademarks owned by PepsiCo Inc., PepsiCo India, Stokely-Van Camp Inc. ("**SVC**"), and/ or their affiliates (collectively, "**PepsiCo**"). We manufacture, sell and distribute a wide range of CSDs, as well as a large selection of NCBs, including packaged drinking water. PepsiCo CSD brands produced and sold by us include Pepsi, Pepsi Zero, Mountain Dew, Sting, Seven-Up, Seven-Up Zero, Mirinda, Seven-Up Nimbooz Masala Soda, Evervess and Rockstar (with Rockstar present only in South Africa). PepsiCo NCB brands produced and sold by us include Slice, Tropicana, Tropicana Frutz, Tropicana Juices (100% and Delight), Nimbooz, Gatorade, Lipton Ice Tea, as well as packaged drinking water under the brand Aquafina and Aquavess. In addition, we sell and distribute PepsiCo snacks brands such as Lay's, Cheetos and Doritos in Morocco, as well as Simba in Zambia and Zimbabwe. We have also acquired certain brands of CSDs that include Refreshhh, Reboost, Coo-ee and Jive in South Africa and NCBs that include Refreshhh in South Africa. We manufacture, distribute and sell Aquaclear Packaged Water in Zambia and Zimbabwe. We have also obtained a license from Devyani Food Industries Limited to manufacture, sell and distribute Cream Bell value-added dairy-based beverages in India.

As of September 30, 2024, we have been granted franchises for various PepsiCo products across 26 States and six Union Territories in India. India is our largest market and contributed 79.87%, 81.34%, 80.77%, 82.46% and 77.28% of our total Sales Volume (in million Unit Cases) in Fiscal 2021, 2022 and 2023, and in the nine months ended September 30, 2023 and 2024, respectively. We have also been granted the franchise for various PepsiCo products for the territories of Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa (including Lesotho and Eswatini) and Democratic Republic of Congo and distribution rights for Namibia and Botswana, and TDRs effective April 1, 2024 in Mozambique and Madagascar. On April 1, 2024, we completed the acquisition of The

Beverage Company (Proprietary) Limited, South Africa ("**BevCo**") in South Africa, pursuant to which we have been able to establish our presence in franchised territories in South Africa, Lesotho and Eswatini, as well as territories with distribution rights in Namibia and Botswana, and TDRs effective April 1, 2024 in Mozambique and Madagascar. We have been associated with PepsiCo for over 32 years since the 1990s and have consolidated our business association with PepsiCo over these three decades, increasing the number of licensed territories and sub-territories covered by us, producing and distributing a wider range of PepsiCo beverages and soft drinks, introducing various SKUs in our portfolio, and expanding our distribution network. Our demonstrated ability to grow PepsiCo product sales in our territories and sub-territories has led to PepsiCo and/ or the PepsiCo International Entities licensing additional franchises to us, including sub-territories in India that were earlier directly operated by PepsiCo or by third-party bottlers. For further information on our franchise arrangements with PepsiCo India/ PepsiCo Inc./ SVC and/ or the PepsiCo International Entities, see "– *Relationship with PepsiCo*" on page 182.

According to the GlobalData Report, the soft drinks industry in India is expected to grow at a CAGR of 13.4% (in ₹ terms) and 9.9% (in volume terms) from 2024 to 2029. Further, the market share for soft drinks in India was 24.6% among all commercial beverages in 2023. (*Source: GlobalData Report*) PepsiCo was the third largest company in the soft drinks industry in India with a volume share (in terms of million litres) of 9.6% in 2023. (*Source: GlobalData Report*) Further, PepsiCo was the second-largest company in the CSD category in India, with a volume share (in million litres) of 25.5% in 2023. (*Source: GlobalData Report*) In Fiscal 2023, our Company accounted for more than 90% of PepsiCo's beverage sales volume in India. Our Sales Volumes in our sub-territories in India have increased at a CAGR of 27.26% from 455.05 million Unit Cases in Fiscal 2021 to 736.94 million Unit Cases in Fiscal 2023 and was 702.47 million Unit Cases in the nine months ended September 30, 2024. As of September 30, 2024, our licensed sub-territories in India included Arunachal Pradesh, Assam, Chandigarh Union Territories ("**UT**"), Bihar, Chhattisgarh, Delhi UT, Goa, Haryana, Himachal Pradesh, Jharkhand, Madhya Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Punjab, Rajasthan, Uttarakhand, Uttar Pradesh, Tripura, West Bengal as well as certain designated parts of the following sub-territories: Maharashtra and Karnataka. We have also been granted franchises for the following sub-territories in India: Andaman and Nicobar Islands UT, Dadra and Nagar Haveli and Daman and Diu UT, Gujarat, Kerala, Lakshadweep UT, Tamil Nadu, Telangana (except district of Khammam), Puducherry UT (except Yanam), as well as the remaining parts of Maharashtra and Karnataka, and certain designated parts of Andhra Pradesh. According to us, our operational experience, widespread integrated distribution network and market knowledge adds significant value to the distribution and sale of PepsiCo products in India, and we continue to leverage our long association with PepsiCo to evaluate new beverages, packaging, SKUs and markets as consumer preferences evolve. We stand to benefit from our association with PepsiCo in terms of development of brands and marketing, product innovation and potentially entering into licensing agreements with PepsiCo in international markets.

As of September 30, 2024, we operated 36 beverage production facilities across India and 12 beverage production facilities in our international licensed territories. The peak month production capacity in the month of May 2024 of our production facilities in India and international territories was 154.54 million Unit Cases and 62.91 million Unit Cases, respectively. In addition, our production facilities in Pathankot, Hardoi, Guwahati, Sricity, Kota, Begusarai, Supa, Gorakhpur and Khurdha in India, and our production facilities in Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe manufacture preforms while three of our production facilities dedicated to backward integration located at Jammu, Jaipur and Alwar manufacture preforms, crowns, shrink-wrap films, plastic shells and corrugated boxes and pads. We have over the years developed a wide-spread, integrated distribution network across our licensed territories and sub-territories. As of September 30, 2024, our distribution network included over 2,840 owned delivery vehicles. Our distribution network covers urban, semi-urban and rural markets, targeting a wide range of consumers. As of September 30, 2024, we had 2,275 primary distributors (*i.e.*, parties to whom sales in excess of 10,000 unit cases of our PepsiCo beverages in month of May 2024 (our peak month) were recorded) in India and 559 distributors in our international territories. The primary distributors in India accounted for 106.53 million Unit Cases, which represented 90.30% of our aggregate Sales Volumes in India in the month of May 2024.

In Fiscal 2021, 2022 and 2023, and in the nine months ended September 30, 2023 and 2024, our CSD Sales Volumes were 399.95 million Unit Cases, 561.25 million Unit Cases, 654.45 million Unit Cases, 548.67 million Unit Cases and 675.03 million Unit Cases, respectively, our NCB Sales Volumes (excluding packaged drinking water) were 37.22 million Unit Cases, 57.62 million Unit Cases, 58.93 million Unit Cases, 50.56 million Unit Cases and 62.02 million Unit Cases, respectively, while our packaged drinking water Sales Volumes were 132.56 million Unit Cases, 183.73 million Unit Cases, 199.01 million Unit Cases, 157.11 million Unit Cases and 171.92 million Unit Cases, respectively.

We are part of the RJ Corp Limited group, a diversified business conglomerate with interests in beverages, quick-service restaurants, dairy and healthcare. Ravi Kant Jaipuria is the Chairman and Non-Executive Director of our Company. He is the promoter of our Company and has over three decades of experience in developing and expanding food, beverages and dairy business in South Asia and Africa. He is an entrepreneur and business leader. He was awarded the 'PepsiCo International Bottler of the Year' in 1997 and 2022, and PepsiCo's Best Bottler in the AMESA Region in 2020, 2021 and 2022. He was also awarded the 'Distinguished Entrepreneurship Award' at the PHD Chamber Annual Awards for Excellence 2018.

Our revenue from operations have increased at a CAGR of 34.98% from ₹89,582.91 million in Fiscal 2021 to ₹163,210.63 million in Fiscal 2023 and was ₹135,900.81 million and ₹166,637.13 million in the nine months ended September 30, 2023 and 2024, respectively. In Fiscal 2021, 2022 and 2023, and in the nine months ended September 30, 2023 and 2024, EBITDA was ₹16,546.45 million, ₹27,881.05 million, ₹36,094.85 million, ₹31,911.98 million and ₹41,311.00 million, respectively. We recorded a net profit after tax of ₹7,460.52 million, ₹15,501.14 million, ₹21,018.13 million, ₹19,580.51 million and ₹24,386.41 million, in Fiscal 2021, 2022 and 2023 and in the nine months ended September 30, 2023 and 2024, respectively.

Recent Developments

As part of our efforts to expand our geographic footprint in Africa, we have recently entered into a share purchase agreement with Tanzania Bottling Company SA to acquire 100% of the share capital of SBC Tanzania Limited ("**SBCT**", and such agreement, "**SBCT Agreement**"), which is expected to be completed on or before March 31, 2025. We have also entered into a share purchase agreement with Ghana Bottling Company Limited to acquire 100% of the share capital of SBC Beverages Ghana Limited ("**SBCG**" and such agreement, "**SBCG Agreement**"), which is expected to be completed on or before February 28, 2025. In addition, we have also entered into a share purchase agreement to acquire the balance 39.93% of the equity share capital of our Subsidiary, Lunarmech Technologies Private Limited, post which it will become a wholly-owned Subsidiary of our Company.

Our Strengths

Demonstrated ability to achieve scale and volume growth

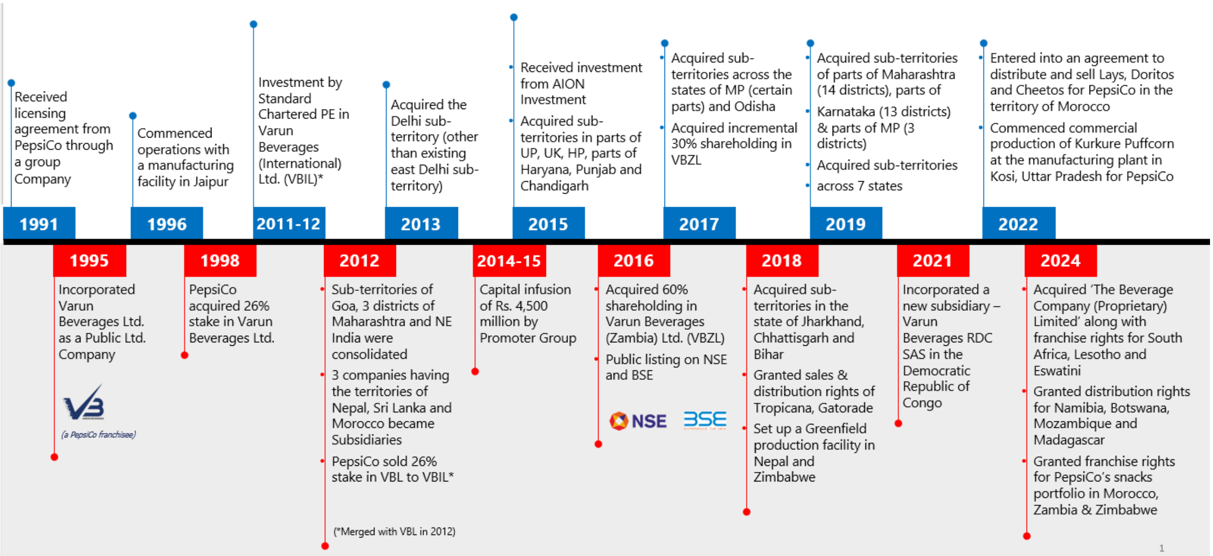
We have been associated with PepsiCo since the 1990s and have over three decades consolidated our business association with PepsiCo, increasing the number of licensed territories and sub-territories covered by us, producing and distributing a wider range of PepsiCo beverages, introducing various SKUs in our portfolio, and expanding our distribution network. As of September 30, 2024, we have been granted franchises for various PepsiCo products across 26 States and six Union Territories. We have also successfully leveraged our association with PepsiCo to expand our operations internationally and have been granted franchises for PepsiCo products in the following nine countries, namely, Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa (including Lesotho and Eswatini) and Democratic Republic of Congo and have distribution rights for Namibia and Botswana, and TDRs effective April 1, 2024 in Mozambique and Madagascar. Our total Sales Volumes in India and in international territories have grown at a CAGR of 26.55% from 569.73 million Unit Cases in Fiscal 2021 to 912.39 million Unit Cases in Fiscal 2023 and was 756.34 million Unit Cases and 908.96 million Unit Cases in the nine months ended September 30, 2023 and 2024, respectively.

We work closely with PepsiCo to implement operational best practices, garner supply chain efficiencies from our large production capacities and distribution network, and implement dynamic "push" marketing strategies taking PepsiCo products directly to customers through retailers and point-of-sale displays, and "pull" marketing initiatives through advertisement and promotional offers. According to the GlobalData Report, the soft drinks industry in India is expected to grow at a CAGR of over 13.4% (in ₹ terms) and 9.9% (in volume terms) from 2024 to 2029. Our demonstrated ability to grow PepsiCo product sales has led to PepsiCo and/ or the PepsiCo International Entities licensing additional territories to us, including those that were earlier directly operated by PepsiCo or by third-party bottlers. In particular, as part of PepsiCo strategy of consolidating certain PepsiCo-operated sub-territories in India under long-term bottling partners, we entered into the PepsiCo India BTA pursuant to which we were granted the franchise for certain additional territories in India. As these territories were geographically contiguous with existing sub-territories, we have been able to benefit from cost and operational efficiencies as well as benefits of economies of scale. We are able to optimize the freight, transportation and distribution costs over a larger territory base which helps increase our margins. The increase in scale of our operations provides us with better bargaining power with our suppliers and ensures better working capital management. As an added advantage, we are able to get benefits of operating leverage through improved asset-utilization and are able to amortize head office expenses on a wider base.

Creating value through strategic alignment with PepsiCo

PepsiCo was the third largest company in the soft drinks industry in India with a volume share (in terms of million litres) of 9.6% in 2023. (*Source: GlobalData Report*) PepsiCo has presence in several categories, including carbonated beverages, packaged water and bulk home and office delivery water, energy drinks, juice, nectars, still drinks, and sports drinks categories. (*Source: GlobalData Report*) PepsiCo CSD brands produced and sold by us include Pepsi, Pepsi Zero, Mountain Dew, Sting, Seven-Up, Seven-Up Zero, Mirinda, Seven-Up Nimbooz Masala Soda, Evervess and Rockstar (with Rockstar present only in South Africa). PepsiCo NCB brands produced and sold by us include Slice, Tropicana, Tropicana Frutz, Tropicana Juices (100% and Delight), Nimbooz, Gatorade, Lipton Ice Tea, as well as packaged drinking water under the brand Aquafina and Aquavess. In addition, we are one of the co-manufacturers of Kurkure Puffcorn in India and we sell and distribute Lay's, Cheetos and Doritos in Morocco. We have also entered into an agreement with PepsiCo for the franchise rights to manufacture, sell and distribute Simba in Zambia and Zimbabwe.

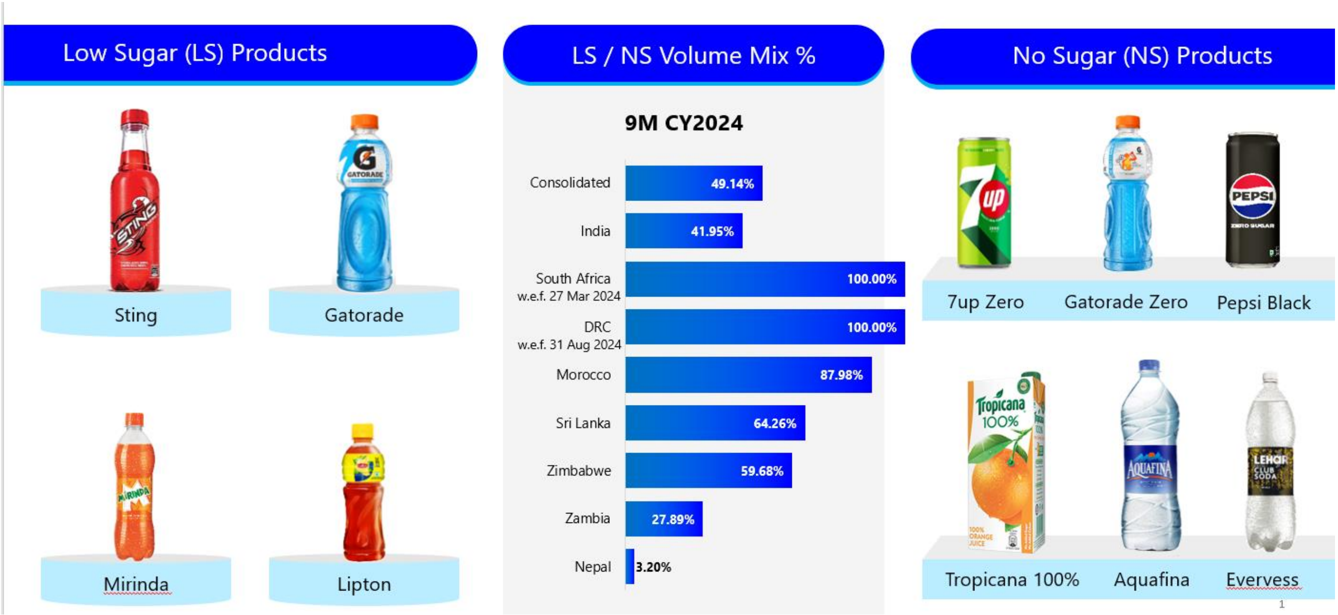
We have been associated with PepsiCo since the 1990s and believe that our strong relationship with PepsiCo is one of our key strengths.



MP refers to Madhya Pradesh; HP refers to Himachal Pradesh; NE refers to North East; UP refers to Uttar Pradesh; and UK refers to Uttarakhand.

Our operations benefit from our long association with PepsiCo, including access to modern technology, marketing leverage, operational know-how, industry best practices, access to key raw materials and equipment at competitive prices as well as access to experienced personnel. We have developed a strategic and operational alignment with PepsiCo across all our functions and organization levels. PepsiCo was the second largest company in the carbonated beverages category in India, with a volume share (in million litres) of 25.5% in 2023. (*Source: GlobalData Report*) In 2023, PepsiCo's total soft drinks volume was 4,923.42 million litres in India. (*Source: GlobalData Report*) In Fiscal 2023, our Sales Volume for CSDs, NCBs and packaged drinking water in our sub-territories in India were 544.08 million Unit Cases, 55.07 million Unit Cases and 137.79 million Unit Cases, respectively, while, in the nine months ended September 30, 2023 and 2024, the Sales Volumes were 623.64 million Unit Cases and 702.47 million Unit Cases, respectively.

We have developed sales teams that work closely with PepsiCo to develop and implement local advertising and marketing strategies and special sales schemes. PepsiCo also has an active product development team that we work with to strategize new product launches in India. For instance, to align with consumer preferences and health choices, we have introduced a number of low sugar and no sugar products.



DRC: Democratic Republic of Congo

According to us, our wide consumer base and strong distribution chain relationships enable us to contribute effectively to PepsiCo's marketing strategy and implement these initiatives at the local distribution and consumer level. In addition, we work closely with PepsiCo on production techniques, quality control, environmental matters as well as new packaging and product development initiatives. We source high quality raw materials such as concentrate, sweeteners, purified water and carbon dioxide from reputed suppliers that are pre-approved from quality perspective by PepsiCo India/ PepsiCo Inc./ SVC and/ or PepsiCo International Entities. Our key employees also attend management and staff development programs organized by PepsiCo. For further information relating to our relationship with PepsiCo, see "– *Relationship with PepsiCo*" on page 182.

Established track record of successful acquisition and integration

We have established a track record of acquiring and successfully integrating new territories, additional franchisee rights as well as additional businesses through strategic acquisitions to supplement our business verticals, grow and further strengthen our product portfolio, increase our Sales Volume and increase our market share. We believe that using our experience we were able to improve the performance of majority of these new territories as well as grow our scale of business and operations, achieve economies of scale, increase Sales Volume and increase our operating efficiency, thereby further improving our market position.

We have concluded the following acquisitions as on the date of this Placement Document:

S. No.	Acquisition	Territory/ Production Facility	Completion Date
1.	The Beverage Company (Proprietary) Limited, South Africa	South Africa, Lesotho, and Eswatini, as well as territories with distribution rights in Namibia and Botswana, and TDRs effective April 1, 2024 in Mozambique and Madagascar	April 1, 2024

We have also successfully leveraged our association with PepsiCo India and PepsiCo Inc. to expand our operations internationally and have been granted franchisees for PepsiCo beverages in Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa (including Lesotho and Eswatini) and Democratic Republic of Congo. With our proposed acquisition of SBC Tanzania Limited ("**SBCT**") and SBC Beverages Ghana Limited ("**SBCG**"), we intend to expand our operations in Tanzania and Ghana, respectively. SBCT is engaged in the manufacturing and distribution of PepsiCo-owned non-alcoholic beverages in Tanzania such as Pepsi, Pepsi Max, Seven-Up, Seven-Up FREE, Mirinda, Mountain Dew and Everess. It also manufactures and sells an energy drink under its own brand 'Supa Komando'. On the other hand, SBCG is engaged in the manufacturing and distribution of PepsiCo-owned non-alcoholic beverages in Ghana such as Pepsi, Pepsi Max, Seven-Up, Seven-Up FREE, Mirinda, Mountain Dew and Everess. It also manufactures and sells an energy drink under its own brand 'Cheetah'.

We believe that, using our execution expertise, we were able to successfully integrate these acquired businesses in our portfolio by bringing in industry best practices to these acquired businesses including standard operating procedures, in a phased manner, resulting in efficiency and distribution enhancement.

Significant market opportunity with high growth potential

India remains one of the fastest growing economies worldwide, and is set to become the third largest consumer market worldwide in the future due to factors such as increasing incomes, rising consumer spending, rapid urbanization, and growing rural consumption along with growth in related industries including retail and e-commerce, which means further growth in consumer spending is likely, which would in turn result in an increase in demand for soft drinks (*Source: GlobalData Report*). As per the World Bank, India's GDP growth is expected to be approximately between 7.3% and 7.5% during the next three fiscals, which means further growth in consumer spending is likely, which would in turn result in an increase in demand for soft drinks (*Source: GlobalData Report*). Further, the Indian soft drinks market volume was 51,257.6 million litres in 2023 and is expected to record the highest volume growth among all commercial beverages with a CAGR of 9.90% during 2024 and 2029 as well as an incremental volume of 36,579.5 million litres during 2024 and 2029 (*Source: GlobalData Report*). The availability of a wide range of products online, coupled with a rising preference for convenient home deliveries, enabled the ecommerce sub-channel to record robust growth of 33.1% annually (*Source: GlobalData Report*). PepsiCo has also started labelling Pepsi packages in popular colloquial words in multiple regional languages in order to attract consumers across India and compete with the local and regional brands (*Source: GlobalData Report*). Accordingly, there is significant growth potential for PepsiCo's beverages in India.

With rising health awareness levels prompting consumers to seek healthier variants of beverages, various leading producers, including PepsiCo, are focusing on offering low sugar beverages (*Source: GlobalData Report*). The juice category is expected to grow at a CAGR of 14.3% in terms of volume share during 2024 and 2028 (*Source: GlobalData Report*). PepsiCo under the Tropicana banner is among the leaders in this category in India with a share of 11.2% (in terms of million litres) in 2023. Packaged water category is expected to record a CAGR of 8.4% in terms of volume share during 2024 and 2028 in India, as consumers are expected to prefer packaged water to tap water (*Source: GlobalData Report*). Further, the energy drinks and enhanced water categories were among the leading categories of beverages in terms of volume growth (in million litres) in 2023 (*Source: GlobalData Report*). We expect this trend of seeking healthier variants of beverages to continue as consumer disposable income increases further and we are well positioned to capitalize on the market growth in such categories owing to PepsiCo's presence in several categories of such beverages.

In addition, we are also well positioned to address the market opportunity with our portfolio of CSD brands that include Refreshhh, Reboost, Coo-ee and Jive, NCB brands that include Refreshhh and Aquaclear Packaged Water and Cream Bell value-added dairy based beverages.

Strategically located large and technologically advanced production capabilities

As of September 30, 2024, we operated 36 beverage production facilities across India and 12 beverage production facilities in our international licensed territories. The peak month production capacity in the month of May 2024 of our manufacturing facilities in India and international territories was 154.54 million Unit Cases and 62.91 million Unit Cases, respectively. We use advanced machinery and production techniques in our manufacturing process for, amongst others, water treatment and packing, in certain of our production facilities. We have implemented smart factory initiatives at our Sandila and Paithan facilities, focusing on enhancing utility efficiency, increasing production line efficiencies, and reducing downtime through predictive maintenance. Our digital supply chain initiatives include real-time demand forecasting, order management, and logistics optimization, ensuring timely product availability and delivery. We have also developed a digital control tower for complete visibility across our supply chain operations, and have implemented our own learning management solution through the HURIX platform as part of our human resource infrastructure. Additionally, our Sales

Planning Execution Engagement and Delivery ("**SPEED**") platform integrates geocoding, geofencing, and algorithm-based continuous replenishment systems to enhance sales productivity and market execution. Our analytics engine combines data from various functions to enable data-driven decisions. Our analytics engine is key to our digital transformation strategy, enabling us to harness the power of data for sustained growth and operational excellence. In Fiscal 2021, 2022 and 2023, we incurred capital expenditure (purchase of property, plant and equipment, right of use assets and intangible assets, including adjustment on account of capital work-in-progress, capital advances and capital creditors) of ₹8,348.00 million, ₹18,009.92 million and ₹32,640.49 million, respectively, primarily in connection with acquisition of new territories and sub-territories, in order to increase production capacities and modernise our production facilities, as well as on visi-coolers and other chilling equipment placed with retailers and other points of sale.

Our production facilities across India are strategically located in geographical proximity to various target markets, which results in lower transportation and distribution expenses and enable us to leverage economies of scale. In addition, our production facilities in Pathankot, Hardoi, Guwahati, Sricity, Kota, Begusarai, Supa, Gorakhpur, Khurdha in India, and our production facilities in Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe manufacture preforms. Additionally, three of our production facilities located in Jammu, Jaipur, and Alwar, are completely dedicated to backward integration and manufacture preforms, closures or crowns, shrink films, plastic shells and crates, and corrugated boxes and pads. In Fiscal 2023, we commissioned two greenfield production facilities in India at Bundi, Rajasthan and Jabalpur, Madhya Pradesh and carried out brownfield expansion at six production facilities. In Fiscal 2024, we have commissioned three greenfield production facilities in India at Supa, Maharashtra, Gorakhpur, Uttar Pradesh and Khordha, Odisha. Further, we have set-up / expanded backward integration facilities at various plants including at all the three greenfield plants at Supa, Maharashtra, Gorakhpur, Uttar Pradesh, and Khordha, Odisha. In addition, we have entered into a joint venture with the Indorama Group, Thailand to establish several greenfield PET recycling facilities in India. The joint venture has already begun construction of two PET recycling facilities in Jammu and Odisha, which are expected to be completed in 2025. We have also commenced commercial production of CSD and packaged drinking water at our production facility in Kinshasa, Democratic Republic of Congo on July 22, 2024. The plant has two CSD/Water PET lines with an installed capacity of 550 Bottles Per Minute each. Our large and technologically advanced production capabilities provide cost and operational efficiencies, and we comply with quality standards consistent with PepsiCo's global production standards and regulatory compliance policies. Our large scale of operations offers significant synergies including market knowledge operational best practices, economies of scale, optimal investment planning and capital expenditure.

Widespread and integrated sales and distribution network that ensures effective market penetration

Our widespread and integrated sales and distribution network enables us to reach a wide range of consumers and ensure effective market penetration. Points of sale for our products include traditional retail points, such as grocery stores, as well as modern retail outlets including e-commerce, supermarkets, hypermarkets, convenience stores, bars and restaurants. As of September 30, 2024, our distribution network included over 2,840 owned delivery vehicles. As of September 30, 2024, we had 2,275 primary distributors (*i.e.*, parties to whom sales in excess of 10,000 unit cases of our PepsiCo beverages in month of May 2024 (our peak month) were recorded) in India and 559 distributors in our international territories. The primary distributors in India accounted for 106.53 million Unit Cases, which represented 90.30% of our aggregate Sales Volumes in India in the month of May 2024. Our distribution network covers urban, semi-urban and rural markets, targeting a wide range of consumers. Our distribution network is strategically located to maximize market penetration across our licensed sub-territories in India, with an increased focus on higher growth markets such as semi-urban and rural sub-territories. Over the years, we have successfully managed our large distribution network and developed strong supply and distribution chain relationships across our licensed sub-territories in India.

Our production capabilities and distribution network enables us to effectively respond to competitive pressures, market demand and evolving consumer preferences in our territories. Our supply chain management systems enable us to efficiently and cost effectively manage our distribution network and allows us to introduce additional products in our markets and implement marketing campaigns initiated by PepsiCo. We believe that our large production capacities and distribution infrastructure will enable us to address volume growth at a relatively low incremental capital cost.

Commitment towards Environmental, Social, and Governance ("ESG") excellence

We are dedicated to embedding ESG principles into each aspect of our operations Our ESG initiatives are designed to create a positive impact on the environment and society while ensuring robust governance practices.

Environmental Stewardship. We prioritize water conservation, energy efficiency, and waste management. As part of our water conservation efforts, in Fiscal 2023, we have dedicated resources to maintain 124 water bodies in India (namely ponds and check dams) and have endeavored to use only half of the recharged water procured by us in our manufacturing operations. We have reduced our water usage per liter of beverage produced from 1.89 liters in 2021 to 1.54 liters in 2023 through over 150 process improvements. Our smart factory initiatives include the use of renewable energy sources and advanced water recycling technologies, significantly reducing our environmental footprint. Additionally, till Fiscal 2023, we have planted over 249,000 trees and deployed more than 1,200 electric vehicles in trade. We increased the contribution of renewable energy from 7.40% in Fiscal 2020 to 13.12% in Fiscal 2023 across our operations. Our efforts to reduce plastic usage include increasing the recycling rate and using recycled PET in our packaging. We recycled 150,982 MT of PET bottles in our packaging in Fiscal 2023. From 2010 until date, we have reduced the use of plastic in the manufacturing of bottle closures for CSD, NCB and packaged water beverages by 20% to 25%, as well as in preforms by 10% to 20%.

Social Responsibility. We are committed to diversity, equality, and inclusion, with a goal to increase diversity hiring. We have engaged a third-party to enhance workplace safety by implementing safety best practices, providing 200,000 man-hours of training. Our health initiatives include the VISIT Health App, which offers free doctor consultations, full body checkups, discounted medicines and health seminars, benefiting our employees. Our community outreach programs such as AARU Clinics, Shiksha Kendra, and Pravah Skill Development Centre have significantly impacted local communities, providing free education to over 32,500 underprivileged students and upskilling over 17,000 youth till Fiscal 2023. The AARU Clinics have treated over 110,000 patients through 11 clinics, demonstrating our commitment to social responsibility and community well-being.

Governance Excellence. Our governance framework ensures transparency, accountability, and ethical business practices, which is evidenced by our diverse Board of Directors, multiple governance committees, robust corporate policies, comprehensive risk management and compliance frameworks and strong relationships with stakeholders. We have established an ESG Committee at the Board level to oversee our ESG strategy and its implementation. This committee is responsible for identifying risks and opportunities, setting strategic priorities, and ensuring compliance with regulatory requirements. We have received #2 in MSCI rating in beverages and Best Corporate Governance Practices Award under Business Brand Awards 2023 which reflect our strong focus on corporate governance.

Through these efforts, we strive to build a sustainable future for our stakeholders. We have also received certain awards and accolades for our commitment to our ESG initiatives, which include PepsiCo's AMESA 'Better' Category Award in 2023 and PepsiCo's AMESA 'Faster' Category Award in 2024, other than that Best Corporate Governance Practices Award under the Business Brand Awards 2023.

Experienced management team

We have a qualified and professional management team with significant experience in all operational aspects of our business. The industry experience of our management team and their ability to deliver consistent sales growth are our significant strengths. Our senior management team has extensive experience in the food and beverage industry in India. Our Promoter, Chairman and Non-Executive Director, Ravi Kant Jaipuria has over three decades of experience in developing and expanding food, beverages and dairy business in South Asia and Africa. He is an entrepreneur and business leader. He was awarded the 'PepsiCo International Bottler of the Year' in 1997 and 2022, and PepsiCo's Best Bottler in the AMESA Region in 2020, 2021 and 2022. He was also awarded the 'Distinguished Entrepreneurship Award' at the PHD Chamber Annual Awards for Excellence 2018. Ravi Kant Jaipuria provides strategic leadership to our Company and is also closely involved in our operations. Our Executive Vice-Chairman and Whole-time Director, Varun Jaipuria was recognized as one of the young business leaders by the Economic Times in their ET 40 Under Forty Awards in 2024. According to us, our management team's in-depth understanding of target markets and consumer demand and preferences has enabled us to continue to grow our business and expand our operations internationally. This experience has also enabled us to develop a business model that incorporates aspects of both multinational as well as local beverage company operating structures.

Our Strategy

Grow our business by capitalizing on established brand strength and further diversifying our product portfolio

In 2023, PepsiCo was among the largest companies in the soft drinks industry, including in specific categories such as carbonated beverages, packaged drinking water, energy drinks, juices, nectars, still drinks, and sports drinks categories, in India (*Source: GlobalData Report*). We intend to continue to leverage PepsiCo's brand portfolio to increase market penetration in our licensed territories. Mountain Dew and Aquafina were among the leading brands in carbonated beverages and packaged drinking water in India, respectively, and accounted for a volume share (in million litres) of 2.5% and 2.4%, respectively, in 2023 (*Source: GlobalData Report*). In Fiscal 2021, 2022 and 2023 and in the nine months ended September 30, 2023 and 2024, Mountain Dew was our largest selling CSD beverage brand by volume and value. We believe that the relative under-penetration of some of our brands in certain markets and distribution channels presents significant growth opportunities. For instance, we aim to further increase penetration of Mountain Dew. In addition, we also aim to continue to focus on growing Aquafina and Aquavess sales as the packaged drinking water segment in India is highly fragmented and provides significant growth opportunities. We have been growing our Sales Volumes across our NCD and packaged drinking water segments and our Sales Volume have increased from 37.22 million Unit Cases and 132.56 million Unit Cases, respectively, in Fiscal 2021 to 58.93 million Unit Cases and 199.01 million Unit Cases, respectively in Fiscal 2023 and was 62.02 million Unit Cases and 171.92 million Unit Cases, respectively, in the nine months ended September 30, 2024.

Further, with rising health and weight consciousness along with obesity-related diseases prevailing among consumers, the demand for low-calorie, non-alcoholic beverages and sugar-free beverages is increasing in India (*Source: GlobalData Report*). Manufacturers are constantly formulating non-alcoholic beverages with 'sugar free' and 'zero calorie' variants in order to gain consumer attention towards their brand (*Source: GlobalData Report*). Accordingly, we intend to capitalize on this changing market sentiment by focusing on improving the market share of Pepsi Zero, Sting, Seven-Up Zero and Seven-Up Nimbooz Masala Soda, and our relatively newer NCB brands, such as Tropicana Juices, Nimbooz and Gatorade by expanding our distribution network and increasing production volumes. In this regard, we have recently commenced production in our backward integrated production facility at Pathankot particularly for manufacturing Tropicana juices as well as manufacturing of preforms and CSD products in aluminium cans. As consumer preferences evolve, we intend to continue to leverage our ability to implement new brand and product launches as well as new flavours, packages and SKUs for PepsiCo, particularly in the fast-growing NCB space, to further grow our business. We also manufacture, sell and distribute Tropicana Juices and Gatorade. In addition, we intend to diversify our product portfolio to include value-added dairy beverages.

In addition, we have recently forayed into the snacks segment. As part of our focus on the snacks segment, we have entered into franchise agreements with PepsiCo to exclusively sell and distribute PepsiCo snacks brands such as Lay's, Cheetos and Doritos in Morocco until December 31, 2027 and Simba in Zimbabwe and Zambia until January 31, 2028. We have entered into a non-exclusive agreement with PepsiCo India to co-manufacture Kurkure Puffcorn in India with effect from October 25, 2022 for a period of five years on a contract manufacturing basis, subject to the terms and conditions of the agreement. We have also entered into snacks franchise agreements with Premier Nutrition Trading LLC, a subsidiary of PepsiCo, to exclusively manufacture, package and sell Cheetos in Morocco until April 30, 2029, Simba in Zimbabwe until September 30, 2029 and Simba in Zambia until March 31, 2030.

We continue to, by expanding our product portfolio and distribution reach, focus on increasing consumption volumes, particularly in markets and demographic segments with relatively low per capita consumption, as well as address changing consumer preferences. We continue to leverage our in-depth understanding of local markets and produce and distribute beverages that address clearly identified market opportunities. In addition, we intend to launch certain of our products and brands in smaller packages to target the semi-urban and rural markets in India. We believe that our increased focus on semi-urban and rural markets, and ability to understand consumer preferences in such markets, will enable us to further increase market penetration in these markets and segments, resulting in organic growth.

Focus on integrating additional franchise rights and businesses along with expansion through strategic inorganic and organic opportunities

In recent years, as part of PepsiCo strategy of consolidating certain PepsiCo-operated territories in India under long-term bottling partners, we have expanded our operations in India through the acquisition of additional territories, with PepsiCo granting license for additional territories to us, including territories operated directly by PepsiCo as well as third-party bottlers. We believe we have successfully integrated such territories and sub-territories into our existing operations. We have completed the acquisition of The Beverage Company (Proprietary) Limited, South Africa. This acquisition has allowed us to consolidate our presence in franchised territories in South Africa, Lesotho, and Eswatini, as well as territories with distribution rights in Namibia and Botswana, and TDRs effective April 1, 2024 in Mozambique and Madagascar. We intend to continue to focus on the successful integration of operations of any licensed territories or sub-territories we acquire in the future with our existing production and distribution operations to benefit from operational efficiencies and derive business synergies.

In addition, we intend to continue to play a significant role in the consolidation of PepsiCo's production and distribution operations in other parts of Africa. Our recent announcements in relation to the proposed acquisitions of SBCT and SBCG in Tanzania and Ghana, respectively, are indicative of our intent to expand our geographic footprint in Africa. In our experience, the fragmented nature of the industries we operate in will continue to offer consolidation opportunities, and we intend to continue our strategic expansion plans through inorganic and organic growth opportunities in underserved markets and geographies that complement our existing operations. We continue to work closely with PepsiCo to identify such strategic consolidation opportunities. We may also consider acquisition of other third-party bottlers of PepsiCo, which will require PepsiCo's prior consent. We strategically target territories that either have significant growth opportunities for PepsiCo products or are located contiguous or in close proximity to our existing licensed territories and sub-territories such that we can benefit from operating and freight, transportation and distribution cost efficiencies. We also continue to explore expansion opportunities into new geographical markets, licensed territories and jurisdictions, where we can leverage our operational experience or where low per capita consumption levels for beverages present opportunities for volume growth. Through such strategic expansion plans, we intend to increase our market share, enable access to new clients and enter high-growth geographies in a cost-effective manner. According to us, strategic acquisitions are effective catalysts for business growth, and take into account strategic considerations to make investments that are complementary to our existing operations, focused on expanding our reach in India and internationally in other parts of Africa.

Integrate and expand our distribution network as well as optimise distribution operations

We continue to focus on increasing Sales Volumes in our licensed territories and sub-territories by expanding and integrating our distribution network, optimizing our distribution operations and increasing product supply to under-penetrated markets, particularly to semi-urban and rural areas. We are currently in the process of integrating our existing distribution network with the territories we have acquired in South Africa, Lesotho, and Eswatini, as well as territories with distribution rights in Namibia and Botswana, and TDRs effective April 1, 2024 in Mozambique and Madagascar and believe that we will be able to ensure cost and operational efficiencies as well as economies of scale. We focus on optimal utilization of our existing distribution infrastructure by implementing effective brand and product promotion strategies through intensive interaction with distributors, effective involvement of our sales team at points of sale, and expanding the range of product offerings in certain markets and areas to specifically cater to regional and local consumer preferences. As of September 30, 2024, we had 2,275 primary distributors (*i.e.*, parties to whom sales in excess of 10,000 unit cases of our PepsiCo beverages in month of May 2024 (our peak month) were recorded) in India and 559 distributors in our international territories. The primary distributors accounted for 106.53 million Unit Cases, which represented 90.30% of our aggregate Sales Volumes in the month of May 2024. We intend to further expand our distribution network by setting up additional distribution centers, consolidating existing distributors and increasing the number of distributors in under-penetrated markets. We believe that these measures will enable us to increase the availability of our beverages across our licensed territories and sub-territories, which will in turn increase brand awareness and sales of PepsiCo beverages. We seek to develop long-term relationships with our distributors by supporting the growth of their businesses, focusing on exclusive distributor relationships and providing support services for their business such as visi-coolers, delivery vehicles and marketing material.

We continue to focus on increasing retail presence of our licensed PepsiCo products, through increased brand promotion activities, increased in-store product inventory as well as price competitiveness. We continue to evaluate strategic placement of vending machines and visi-coolers at high density consumer areas such as malls, super-markets and large stores, multiplexes and airports. The market for beverages sold from vending machines and visi-coolers for immediate consumption is a fast-growing segment, resulting from an emerging on-the-go lifestyle and consumer convenience. Single-serve SKU (which refer to SKUs that are less than 1,000 milliliters) sales typically involve higher margins compared to sales of multi-serve SKUs. Sales in this segment depend on strategic inventory management, rapid inventory deployment, and effective availability and placement of relevant chilling equipment such as vending machines, visi-coolers and fountain dispensers in close proximity to high-density consumer areas. We continuously focus on placement of chilling equipment, and make significant investment annually on chilling equipment to be placed in the market, and intend to continue to make significant investments on such equipment as we expand into new markets and consolidate our position in existing licensed territories and sub-territories.

Continue to focus on cost efficiencies and invest in technology to improve operational efficiency

As an integral part of our continuing efforts targeted at ensuring cost efficiencies, we have undertaken a number of initiatives aimed at reduction of cost of goods sold, effective management of operating expenses and improvement in cash flows. These initiatives include backward integration of production facilities and having a centralised procurement team. We continue to focus on consolidation of our production activities to ensure all components of our products are supplied internally. We have introduced lower weight plastic bottles and decreased size of bottle caps, which has enabled us to reduce polyethylene terephthalate ("**PET**") costs. We also target increased margins through a reduction in freight and distribution costs, for example, consolidation of production facilities and depots post implementation of GST in India. As part of our efforts, we have recently announced the proposed acquisition of the balance 39.93% of the equity share capital of our Subsidiary, Lunarmech Technologies Private Limited, which through its facility in Jaipur is engaged in the manufacturing of plastic closures for PET bottles, so as to make it a wholly-owned Subsidiary of our Company.

We continue to plan our capital expenditure carefully by focusing our investments on more profitable areas of our business, such as chilled equipment for use in immediate-consumption channels. Through strategic capital investments for efficient deployment of assets such as chilled equipment and distribution infrastructure, we intend to optimize the utilization of our capital. Our digital roadmap includes transitioning from GPRS-enabled handheld devices and systems, to 'SAMNA' or Sales Automation Management for the New Age to SPEED, a user-friendly, engaging, and new-age interface designed to boost PSR productivity. These initiatives underscore our commitment to leveraging technology for enhanced productivity and market responsiveness.

Relationship with PepsiCo

We are a strategic franchisee partner for PepsiCo in India and have over the years developed a significant and mutually beneficial business association with ongoing operational synergies. Our association with PepsiCo has developed over the years and this strong relationship is reflected in the large number of franchisee territories and sub-territories granted to us.

PepsiCo controls the global marketing of PepsiCo's brands and PepsiCo supplies us with relevant concentrates for the production of its CSD and NCB products in our licensed territories and sub-territories. As a franchisee of PepsiCo products, we produce, package and sell the beverage products of PepsiCo; engage in local marketing and promotional activities customized to specific markets; develop business relationships with local customers and develop local distribution channels, for example through investment in chilling equipment such as visi-coolers, ice chests, bottle coolers and delivery vehicles; and distribute PepsiCo products to retailers, which include traditional and modern retail outlets, either directly or indirectly, through distributors and wholesalers.

Our franchisee arrangements with (a) PepsiCo India/ PepsiCo Inc./ SVC for India are granted under three bottling appointment and trademark license agreements: (i) effective May 1, 2019 executed with PepsiCo India; (ii) effective May 1, 2019 executed with PepsiCo Inc.; and (iii) effective May 1, 2019 executed with SVC, specifically for Gatorade, (collectively, the "**PepsiCo India Agreements**"); and (b) PepsiCo Inc. (formerly Tropicana Products, Inc.) for India are granted under a bottling appointment and trademark license agreement effective from June 25, 2019 executed with PepsiCo Inc., as amended from time to time, specifically for Tropicana and Tropicana Frutz ("**Tropicana India Agreement**"), for the various licensed sub-territories in India. For our international operations, we have been granted franchisee arrangements under 13 country specific bottling agreements, vis-à-vis, (i) exclusive bottling appointment agreement dated November 7, 2013 between PepsiCo Inc. and VBL Lanka; (ii) exclusive bottling appointment agreement dated August 1, 2011 between PepsiCo Inc. and VBL Lanka; (iii) exclusive bottling appointment agreement dated August 1, 2011 between Portfolio Concentrate Solutions Unlimited Company and VBL Lanka; (iv) bottling appointment and trademark license agreement dated October 30, 2013 between PepsiCo Inc. (formerly Tropicana Products, Inc.) and VBL Lanka; (v) exclusive bottling appointment agreement dated December 1, 2011 between PepsiCo Inc. and VBNPL, (vi) exclusive bottling appointment agreement dated December 1, 2011 between Portfolio Concentrate Solutions Unlimited Company and VBNPL; (vii) exclusive bottling appointment agreement dated September 1, 2010 between Portfolio Concentrate Solutions Unlimited Company and VBZPL; (viii) exclusive bottling appointment agreement dated

September 1, 2010 between PepsiCo Inc. and VBZPL; (ix) exclusive bottling appointment agreement dated February 1, 2011 between PepsiCo Inc. and VBM; (x) exclusive bottling appointment agreement dated February 1, 2011 between Portfolio Concentrate Solutions Unlimited Company and VBM; (xi) exclusive bottling appointment agreement dated June 14, 2024 between PepsiCo Inc., Portfolio Concentrate Solutions Unlimited Company and VBZPL; (xii) exclusive bottling appointment agreement effective from March 1, 2024 between PepsiCo Inc., Portfolio Concentrate Solutions Unlimited Company and VBRDC; (xiii) exclusive bottling appointment agreement effective from April 1, 2024 between PepsiCo Inc., Portfolio Concentrate Solutions Unlimited Company and BevCo. Further we have also entered into a temporary sales and distribution authorisation dated April 1, 2024 for distribution of PepsiCo beverages in the territories of Mozambique and Madagascar ("**BevCo TSDA**") (collectively, the "**PepsiCo International Agreements**") with PepsiCo entities in the respective jurisdictions; Our PepsiCo International Agreements relate to our franchise operations in Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, Democratic Republic of Congo and South Africa.

Further, we have entered into franchise agreements with PepsiCo to exclusively sell and distribute PepsiCo snacks brands such as Lay's, Cheetos and Doritos in Morocco until December 31, 2027 and Simba in Zimbabwe and Zambia until January 31, 2028 ("**PepsiCo Snacks Distribution Agreements**"). We have entered into a non-exclusive agreement with PepsiCo India to co-manufacture Kurkure Puffcorn in India with effect from October 25, 2022 for a period of five years on a contract manufacturing basis, subject to the terms and conditions of the agreement. We have also entered into snacks franchise agreements with Premier Nutrition Trading LLC, a subsidiary of PepsiCo, to exclusively manufacture, package and sell Cheetos in Morocco until April 30, 2029, Simba in Zimbabwe until September 30, 2029 and Simba in Zambia until March 31, 2030 (collectively, "**PepsiCo Snacks Manufacturing Agreements**").

Pursuant to the PepsiCo India Agreements and Tropicana India Agreement applicable to the sub-territories in India and the PepsiCo International Agreements for the territories of Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, Democratic Republic of Congo and South Africa, as well as the PepsiCo Snacks Distribution Agreements and PepsiCo Snacks Manufacturing Agreements, we are licensed by PepsiCo (the relevant PepsiCo entity in the respective jurisdiction) to use PepsiCo trademarks and brands in the relevant licensed territories and sub-territories. These agreements enable us to use only those trademarks and brands that have been specifically licensed by PepsiCo India/ PepsiCo Inc./ SVC and/ or the PepsiCo International Entities to us with respect to the relevant licensed territory or sub-territory.

With respect to our licensed territories and sub-territories, PepsiCo India/ PepsiCo Inc./ SVC and/ or the PepsiCo International Entities reserves the right for themselves and authorised third parties to undertake the production, sale and distribution of beverage products for the relevant territories and sub-territories. However, historically, we have been the sole franchisee and licensee with respect to our licensed territories and sub-territories. Our business operations are therefore entirely dependent on the continuation of the relevant franchise arrangement and license to use PepsiCo trademarks and brands granted by PepsiCo India/ PepsiCo Inc./ SVC and/ or the PepsiCo International Entities in our favour with respect to a specific territory or sub-territory. See "*Risk Factors - Termination or non-renewal of the PepsiCo India Agreements or the PepsiCo International Agreements or the Tropicana India Agreement by PepsiCo India/ PepsiCo Inc./ SVC/ PepsiCo International Entities or any material modification to the existing terms under such agreements adverse to our interest will materially and adversely affect our ability to continue our business and operations and our future financial performance.*" on page 56.

PepsiCo India/ PepsiCo Inc./the PepsiCo International Entities and/or SVC will be entitled to set terms and conditions related to our purchase of concentrates from PepsiCo India and/ or the relevant PepsiCo International Entities or their authorised suppliers including the price of such concentrates. Historically, in practice, the price of beverage concentrate is determined by PepsiCo India and/ or PepsiCo International Entities in discussions with us, after taking into account the selling price, taxation, input cost and market and other relevant conditions. In the last three years, the variance in the concentrate price purchased by us has been lower than the increase in India's consumer price index (CPI). CPI measures changes in the prices paid by consumers for a basket of goods and services where such yearly (or monthly) growth rates represent the inflation rate in such period. See "*Risk factors - We are subject to various obligations under the PepsiCo India Agreements and the PepsiCo International Agreements, including the obligation to purchase PepsiCo beverage concentrate exclusively from PepsiCo or PepsiCo approved manufacturers, on terms and conditions set by PepsiCo India/ PepsiCo Inc. and the PepsiCo International Entities. In the event any such terms and conditions are set in a manner adverse to our business interest, our business prospects and future financial performance will be materially and adversely affected.*" on page 59.

We along with PepsiCo review various aspects of our operations which includes review by PepsiCo of our supply chain operations, information services and sales organizations. In addition, our objective is to further strengthen our relationship with PepsiCo and better align our economic interests and to drive growth.

Research and Development

We also get the benefit of PepsiCo's various research and development initiatives and its continued investment into research and development. PepsiCo's research and development activities principally involve: development of new ingredients and products; reformulation and improvement in the quality and appeal of existing products; improvement and modernization of manufacturing processes; improvements in product quality, safety and integrity; development of, and improvements in, dispensing equipment, packaging technology, package design and portion sizes; and efforts focused on identifying opportunities to transform, grow and broaden its product portfolio, including by developing products with improved nutrition profiles that reduce sodium, saturated fat or added sugars, including through the use of sweetener alternatives and flavour modifiers and innovation in existing sweeteners, and by offering more options with fruits and vegetables. We are also able to draw such research and development benefits from their various research centers including the one in India.

- **Franchise Arrangements for India Sub-Territories**

  Pursuant to the PepsiCo India Agreements and the Tropicana India Agreements, we have been granted the license to manufacture, sell and distribute PepsiCo products under trademarks and brands owned by PepsiCo in certain specified sub-territories within the territory of India. The PepsiCo India Agreements are valid for a period of 20 years commencing from May 1, 2019, and PepsiCo India, PepsiCo Inc. and SVC may renew their respective agreements for successive terms of five years each. Further, the Tropicana India Agreement is valid for a period of approximately 20 years commencing from June 25, 2019 and PepsiCo Inc. may renew the agreement for five years. The PepsiCo India Agreements and Tropicana India Agreements specify the PepsiCo brands licensed to us for the specific territories in India, and applicable royalty fee, if any, payable by us to PepsiCo India in this connection. The PepsiCo India Agreements also stipulate certain performance parameters required to be maintained by us with respect to the relevant licensed sub-territories, including certain quality and market share parameters. The PepsiCo India Agreements and Tropicana India Agreement are non-exclusive franchisees granted in our favour by PepsiCo India/ PepsiCo Inc./ SVC, and PepsiCo India/ PepsiCo Inc./ SVC have under such arrangements reserved the right to, without our consent, undertake production and distribution activities within our licensed sub-territories in India either directly themselves or through third-party bottlers.

  Key terms of the PepsiCo India Agreements, Tropicana India Agreement, PepsiCo Snacks Distribution Agreements and PepsiCo Snacks Manufacturing Agreements as applicable, include the following:

  - **Purchase of Concentrate**. Concentrate cost represents our most significant raw material expenditure, and under the PepsiCo India Agreements and Tropicana India Agreement, our Company is required to purchase the relevant concentrate for all PepsiCo products produced by us exclusively either from PepsiCo India or PepsiCo approved manufacturers at a price and at terms and conditions determined from time to time by PepsiCo India or such other approved manufacturer. However, in practice, the concentrate price is determined by PepsiCo India in discussions with us, after taking into account the selling price, taxation, input cost and market and other relevant conditions.

  - **Production Facilities and Quality Control**. We are required to install and maintain adequate production and distribution capacity to ensure that we are able to match the demand of PepsiCo products at any time. We are required to establish, maintain and operate in our licensed territories, one or more production facilities, adequately equipped and staffed for production, selling and distribution of PepsiCo products. Such agreements also stipulate that in preparing, bottling and distributing PepsiCo brand products, we will conform to the production standards specified by PepsiCo and that PepsiCo representatives will be entitled to inspect our production facilities at any time. We are required to filter all water used in our production of beverages through activated carbon and sand filters or through such other methods as specified by PepsiCo as well as install, maintain and operate all water treating and water purifying equipment as specified by PepsiCo from time to time. PepsiCo is also entitled to require us to rectify any deficiency in our production process, or cease production of PepsiCo products at non-compliant facilities, until such deficiencies in such production processes have been rectified. Under the

PepsiCo India Agreements and Tropicana India Agreement, PepsiCo has all the rights to monitor and control quality and undertake standard checks in relation to PepsiCo's trademarks and beverages, monitor performance parameters and all miscellaneous activities undertaken by us in connection, whether on behalf of PepsiCo or for ourself, as contained in the PepsiCo India Agreements and Tropicana India Agreement.

- **Intellectual Property and Royalty**. Under the franchise granted by PepsiCo, we have been licensed certain PepsiCo owned trademarks, including Pepsi, Pepsi Zero, Diet Pepsi, Pepsi Max, Mirinda Lemon, Mirinda Orange, Mountain Dew, Slice Fizzy, Seven-Up, Seven-Up Nimbooz Masala Soda, Teem, Sting, Evervess, Tropicana Slice, Tropicana Frutz (Lychee, Apple and Mango), Tropicana Juices (100% and Delight), Seven-Up Zero, Nimbooz, Gatorade, Aquafina flavour splash, Aquafina, Aquavess, Simba, Lay's, Cheetos and Doritos. PepsiCo India is entitled to revise the royalty rates from time to time. We are currently not required to pay royalty for the use of any other PepsiCo trademarks, except, "DUKES", "AQUAFINA", "AQUAVESS" and "EVERVESS SODA", as the licenses for the other products are governed under the separate terms of the respective PepsiCo International Agreements, Tropicana India Agreement and PepsiCo India Agreements and for which the concentrate is supplied by PepsiCo India and/ or the PepsiCo International Entities for the other products.

- **Promotional and Marketing Support.** PepsiCo India continues to provide extensive advertising and marketing support through ongoing brand promotion campaigns pan India. Our business benefits from the various marketing campaigns implemented by PepsiCo India. The PepsiCo India Agreement stipulates that all advertising, marketing and promotion of PepsiCo's trademarks and beverages in India shall be directed by PepsiCo India, and we are entitled to use only the advertisement and promotion strategies and materials approved by PepsiCo India. For promoting sale of goods in local areas and increasing the brand footprint, we also undertake joint promotion campaigns with PepsiCo India. In relation to the above, we may be required to provide logistics support and storage materials for such marketing and brand promotional initiatives. We along with PepsiCo India are required to incur the advertising and marketing expenditures as mutually agreed between us, however, currently we do not make significant contribution to the brand marketing costs in India. Further, we are required to purchase adequate visi-coolers, which may be independently verified by PepsiCo India, to ensure that we have at least the same number of visi-coolers as PepsiCo's competitors. We endeavor to maximize visibility of PepsiCo trademarks and brands in order to maximize sales of PepsiCo beverages in our licensed sub-territories.

- **Annual Operating Plan.** We discuss and exchange business information with PepsiCo on a regular basis, including with respect to production, marketing and distribution, and PepsiCo provides us significant support including market strategies and best practices. We discuss with PepsiCo on an annual operating plan relating to the Sales Volume targets for the relevant fiscal year, based on which we determine proposed capital expenditure, volume capacity, distribution capacity and other operational resources. PepsiCo continues to undertake extensive product development activities, and we are able to access new products that PepsiCo develops. In addition, we are required to report to PepsiCo from time to time the sales information of each of the PepsiCo products sold by us in the form requested by PepsiCo.

- **Performance Parameters**. Under the PepsiCo India Agreements, we are required to achieve and/or maintain certain performance parameters stipulated for each calendar year agreed between us and PepsiCo India. These parameters relate to the Sales Volumes, market share, cooling equipment penetration levels as well as quality standards for PepsiCo products produced by us. Any non-compliance with these performance parameters beyond the stipulated period results in a default of the terms of the PepsiCo India Agreements and provides PepsiCo India/ PepsiCo Inc. and/or SVC the option to terminate the PepsiCo India Agreements.

- **Financial Covenants**. Under the PepsiCo India Agreements, our Company is required to maintain a minimum financial capability that is reasonably required to ensure the performance of our obligations to PepsiCo under the franchise arrangements. Our Company is required to ensure that the debt to equity ratio for our Company does not exceed 2:1 or such other ratio as agreed with PepsiCo India/ PepsiCo Inc./ SVC, failing which PepsiCo India/ PepsiCo Inc./ SVC is entitled to terminate the PepsiCo India Agreements, subject to a cure period of six months.

- **Packaging and Trademarks**. We are required to distribute all PepsiCo products we produce in SKUs that are designed in accordance with specifications stipulated by PepsiCo. PepsiCo must approve all packaging and SKUs for PepsiCo beverages, including the size, shape, design and other attributes, and we are restricted from producing other products or packages that imitate, infringe on, or may cause confusion with, PepsiCo products, containers, trademarks or brands.

- **Non-Compete.** Our Company and any entity of the 'Promoter Group' (as defined in the PepsiCo India Agreements) is prohibited, during the term of our PepsiCo India Agreements, from bottling, distributing or selling, directly or indirectly, any beverage which is an imitation of any PepsiCo products and/ or licensed trademarks or is likely to be confused as a substitute of PepsiCo products and/ or licensed trademarks or which competes or is likely to compete with the PepsiCo products, unless approved in writing by PepsiCo.

- **Termination.** PepsiCo may terminate the PepsiCo India Agreements and the Tropicana India Agreements prior to the expiry of the specified term in the event of certain conditions, including, among others, insolvency, bankruptcy, change of ownership, control or management of our Company or Promoter Group (as defined in the PepsiCo India Agreements). PepsiCo India/ PepsiCo Inc./ SVC may terminate PepsiCo India Agreements in the event that the terms and conditions of such arrangements, including the debt to equity ratio provided in such agreements are breached by us or if we discontinue the production of the PepsiCo beverages which results in our failure to serve all or any part of the territory as measured by the planned volumes for the impacted part of the territory to the extent of 50% or more of the planned volumes for a period of 30 days in other than on account of force majeure which shall be rectified within six months. The PepsiCo India Agreements may also be terminated by PepsiCo in the event of a default that is not remedied within the default cure period specified under the relevant bottling agreement. In case of the PepsiCo Snacks Manufacturing Agreements, in India, PepsiCo India has the right to recover liquidated damages from us if we are unable to meet the requisite quantity requirements for manufacturing Kurkure Puffcorn, other than on account of force majeure or reasons attributable to PepsiCo India.

The PepsiCo India Agreements may also be terminated, among other grounds, if any competitor of PepsiCo or its affiliates (i) acquires, directly or indirectly, shareholding or voting rights in any unlisted entity of the Promoter Group (as defined in the PepsiCo India Agreements) which holds, directly or indirectly, any share or voting rights of our Company; (ii) acquires shareholding or voting rights in any listed entity comprising the Promoter Group (as defined in the PepsiCo India Agreements) which gives the acquirer indirect ownership or voting rights equal to or in excess of 15% of the total outstanding shares of our Company; or (iii) acquires, directly or indirectly, any shareholding or voting rights in our Company equal or in excess of 15% of the total outstanding shares of our Company. In the PepsiCo India Agreements, 'Promoter Group' comprises of entities controlled by Ravi Kant Jaipuria, Varun Jaipuria, Dhara Jaipuria, Devyani Jaipuria, RJ Corp Limited, Ravi Kant Jaipuria & Sons (HUF) ("**Shareholding Entities**") including spouses and lineal descendants of Ravi Kant Jaipuria, Varun Jaipuria, Dhara Jaipuria, Devyani Jaipuria and companies and entities controlled by the Shareholding Entities and their affiliates (as defined in the PepsiCo India Agreements). These agreements may also be terminated if similar agreements with PepsiCo are terminated. Further, PepsiCo India/ PepsiCo Inc./ SVC are entitled to terminate their respective agreements without cause by providing 12 months' notice to us. However, in the event of such termination, the price of exercising the assets call option rights or shares call option rights by PepsiCo India and/ or PepsiCo Inc. will be based on the agreed price (as defined in the PepsiCo India Agreements) plus premium of 30%. Further, in the event the PepsiCo India Agreements are terminated due to any competitor of PepsiCo acquiring shares in our Company beyond the thresholds provided in the PepsiCo India Agreements or due to the discontinuation of production of PepsiCo beverages due to force majeure event, as specified in the PepsiCo India Agreements, the price of exercising the assets call option rights or shares call option rights by PepsiCo India and/ or PepsiCo Inc. will be based on the agreed price (as defined in the PepsiCo India Agreements). In addition, in the event the PepsiCo India Agreements are terminated due to a breach of the PepsiCo India Agreements for any other reason apart from the reasons mentioned above, the price of exercising the assets call option rights or shares call option rights will be based on the agreed price (as defined in the PepsiCo India Agreements) less discount of 30%. See "*Risk Factors - Termination or non-renewal of the PepsiCo India Agreements or the PepsiCo International Agreements or the Tropicana India Agreement by PepsiCo India/ PepsiCo*

Inc./ SVC/ PepsiCo International Entities or any material modification to the existing terms under such agreements adverse to our interest will materially and adversely affect our ability to continue our business and operations and our future financial performance." and "*Risk Factors - We are subject to various obligations under the PepsiCo India Agreements, Tropicana India Agreement and the PepsiCo International Agreements, including the obligation to purchase PepsiCo beverage concentrate exclusively from PepsiCo or PepsiCo approved manufacturers, on terms and conditions set by PepsiCo India/ PepsiCo Inc./ SVC and the PepsiCo International Entities. In the event any such terms and conditions are set in a manner adverse to our business interest, our business prospects and future financial performance will be materially and adversely affected."* on pages 56 and 59, respectively.

- **Franchisee Arrangements for International Territories**

Through our subsidiaries, we have entered into PepsiCo International Agreements with the PepsiCo International Entities in Sri Lanka, Morocco, Nepal, Zambia, Zimbabwe and South Africa. Under the PepsiCo International Agreements, PepsiCo International Entities retain the right to undertake the production and distribution of PepsiCo products either directly or through other third-party bottlers. These agreements do not grant the franchise for all PepsiCo products for all the licensed territories, but for specific PepsiCo products for specified licensed territories.

We have been granted franchise for certain PepsiCo products in Morocco until January 31, 2026, in Nepal until November 30, 2026, in Zambia until May 31, 2027, in Zimbabwe until April 30, 2029, in Democratic Republic of Congo until February 28, 2039, in South Africa until March 31, 2034. In Sri Lanka, we have been granted the franchise for Aquafina and Tropicana products until July 31, 2026, and certain other PepsiCo products for 5 years until July 31, 2026. The PepsiCo International Agreements do not contemplate franchisee rights of all PepsiCo products for all the licensed territories. The franchises are granted for certain identified PepsiCo products in these particular territories. The PepsiCo International Agreements, apart from the exclusive bottling appointment agreement dated June 14, 2024 between PepsiCo Inc. and VBZPL and the exclusive bottling appointment agreement dated March 1, 2024 between PepsiCo Inc and VBRDC, are automatically renewed for successive five year terms if neither party provides notice of termination. Pursuant to the PepsiCo Snacks Distribution Agreements, we have been granted franchise for PepsiCo snacks brands such as Lay's, Cheetos and Doritos in Morocco until December 31, 2027 and Simba in Zimbabwe and Zambia until January 31, 2028. Further, pursuant to the PepsiCo Snacks Manufacturing Agreements, we have been granted the non-exclusive right to co-manufacture Kurkure Puffcorn in India with effect from October 25, 2022 for a period of five years on a contract manufacturing basis subject to the terms and conditions of the agreement, and manufacture, distribute and sell Cheetos in Morocco until April 30, 2029, Simba in Zimbabwe until September 30, 2029 and Simba in Zambia until March 31, 2030.

In each of these international territories, we are obliged to purchase all required concentrate from PepsiCo International Entities or authorized suppliers at specified terms and conditions. An indicative annual operating plan is agreed upon for each licensed territory. The marketing and sales promotion activities in these territories are executed by PepsiCo. However, in certain of these territories, we share the marketing and advertising expenditure incurred. In addition, under the PepsiCo International Agreements, if there is discontinuation of our production process of the bottling of the beverages for a period of 30 consecutive days other than on account of annual maintenance or any other reason subject to the approval of the PepsiCo International Entities, the PepsiCo International Entities may exercise their right to terminate the said agreements. Further, under the PepsiCo Snacks Distribution Agreements and the PepsiCo Snacks Manufacturing Agreements, if we are unable to manufacture or distribute PepsiCo snacks products for a continuous period of 60 days, except due to force majeure or due to reasons attributable to PepsiCo, PepsiCo may exercise its right to terminate the said agreements.

We believe that we have at all times complied with the PepsiCo India Agreements, Tropicana India Agreement, PepsiCo International Agreements, the PepsiCo Snacks Distribution Agreements and the PepsiCo Snacks Manufacturing Agreements. We have not received any intimation to the contrary from PepsiCo India / PepsiCo Inc./ SVC and/ or the PepsiCo International Entities.

Product Portfolio

Our product portfolio includes various PepsiCo brands under the CSD, NCB and packaged drinking water categories, as well as our own portfolio of CSD and NCB brands.

Consistent with industry practice, we measure Sales Volume of our products in terms of million Unit Cases sold annually, a unit case of 8oz consists of 5.678 litres of beverage divided in 24 bottles of approximately 236.58 ml each.

The following tables set forth certain information relating to Sales Volume (in million Unit Cases) of various products in our portfolio, presented as a percentage of total Sales Volumes for all PepsiCo products sold by us in India and international territories in the periods indicated:

Product	Fiscal 2021		Fiscal 2022		Fiscal 2023		Nine months ended September 30, 2023		Nine months ended September 30, 2023	
	Sales Volume[1]	Percentage of Total Sales Volume	Sales Volume[1]	Percentage of Total Sales Volume	Sales Volume[1]	Percentage of Total Sales Volume	Sales Volume[1]	Percentage of Total Sales Volume	Sales Volume[1]	Percentage of Total Sales Volume
	(million Unit Cases)	(%)	(million Unit Cases)	(%)	(million Unit Cases)	(%)	(million Unit Cases)	(%)	(million Unit Cases)	(%)
CSDs	399.95	70.20%	561.25	69.93%	654.45	71.73%	548.67	72.54%	675.03	74.26%
NCBs	37.22	6.53%	57.62	7.18%	58.93	6.46%	50.56	6.69%	62.02	6.82%
Packaged Drinking Water	132.56	23.27%	183.73	22.89%	199.01	21.81%	157.11	20.77%	171.92	18.92%
Total	**569.73**	**100.00%**	**802.60**	**100.00%**	**912.39**	**100.00%**	**756.54**	**100.00%**	**908.97**	**100.00%**

(1) Calculated and presented on the basis that each unit case consists of 24 units of beverages of approximately 236.58 ml each, aggregating to 5.678 litres of beverage per unit case.

- **Carbonated Soft Drinks**

  The following table sets forth certain information relating to the most significant PepsiCo brands we produce and distribute:

Carbonated Soft Drinks

Club Soda

Energy Drink

Note: All products and product variants/ flavours are not sold and manufactured in all territories.

CSDs continue to represent the significant majority of our aggregate Sales Volume, although NCB Sales Volumes have grown significantly in recent periods as we continue to expand our product portfolio. In Fiscal 2021, 2022 and 2023 and in the nine months ended September 30, 2023 and 2024, our CSDs Sales Volume represented 70.20%, 69.93%, 71.73%, 72.54% and 74.26%, respectively, of the Sales Volume in such periods. We have also introduced Pepsi Zero and Sting, a caffeinated beverage. In our CSD product category, we focus on maintaining Sales Volume and value growth by ensuring availability of our CSD products; ensuring efficient distribution and logistics support; implementing effective marketing and product promotion measures and consumer engagement; managing effective market and segment-based pricing and packaging; and maintaining our market share and presence across the range of CSDs by introducing new flavours targeted at expanding the consumer segment and demography.

- **Non-Carbonated Beverages**

The following table shows our major non-carbonated beverage brands:

Fruit Pulp / Juice Based Drinks

Sports Drink	Carbonated Juice Based Drinks	Ice Tea

Note: All products and product variants/ flavours are not sold and manufactured in all territories.

Our NCB range of licensed PepsiCo beverages includes fruit juice based drinks. In Fiscal 2021, 2022 and 2023 and in the nine months ended September 30, 2023 and 2024, our NCBs Sales Volume accounted for 6.53%, 7.18%, 6.46%, 6.69% and 6.82%, respectively, of our total Sales Volume in such periods. We have differentiated Tropicana Slice and Seven-Up Nimbooz from other brands in the NCB segment by introducing new flavours in a range of attractive packaging. We have also introduced Tropicana Juices (100% and Delight) and Gatorade (sports drink). In the NCB segment, we pursue a strategy of continuing to develop our market share and brand recognition on our position by introducing new flavours and innovative packages. We have also expanded our range of PepsiCo licensed NCB products in recent years to target consumers who prefer to drink new, alternative beverages. Our future strategy for the NCB segment includes ensuring market penetration and availability through an expanded distribution network, developing brand preferences through sampling and visibility programs as well as launching new and novel flavours as introduced by PepsiCo.

- **Packaged Drinking Water**

The packaged drinking water brands of PepsiCo, which we franchise, are Aquafina and Aquavess. The following table shows our packaged drinking water brands:

Note: All products and product variants/ flavours are not sold and manufactured in all territories.

In Fiscal 2021, 2022 and 2023 and in the nine months ended September 30, 2023 and 2024, our packaged drinking water Sales Volume accounted for 23.27%, 22.89%, 21.81%, 20.77% and 18.92%, respectively, of our total Sales Volume in such periods.

- **Own Brands**

The following shows our own brands of CSDs and NCBs as part of our growing portfolio:

Carbonated Soft Drinks

Energy Drink

Packaged Water

Dairy Based Beverages*

Sales and Marketing

PepsiCo controls the global marketing of its brands; however, we dedicate significant resources to the local marketing of PepsiCo's beverages throughout our licensed territories and sub-territories. We work closely with PepsiCo India to develop marketing plans specifically tailored for each country or market. We strive to drive profitable volume growth by creating and fulfilling demand for the products we sell. Accordingly, we aim to reach consumers wherever they are, with the right mix of brands, in the right packages (including availability of cold drinks for immediate consumption) and with a meaningful brand message that is relevant for the particular market. As we also work closely with our distributors for the sale of PepsiCo products, we are also able to provide local and regional market knowledge to the marketing teams of PepsiCo India on consumer preferences, feedback on specific marketing campaigns and analysis of competition. We have designated sales regions in our licensed territories and sub-territories with a dedicated sales manager responsible for implementing our marketing and distribution strategies at the local level, supported by a team of sales representatives responsible for sales, customer relations, merchandising and individual account management. We have also invested in various types of visi-coolers from local and international suppliers. As of September 30, 2024, we owned 1.12 million visi-coolers placed across our various territories and sub-territories in India and internationally.

Our marketing efforts can be divided into consumer marketing (targeting the ultimate individual consumers) and customer marketing (targeting the retailers and distributors we sell our products to). PepsiCo India focuses on consumer marketing, which involves strengthening brand equity, analyzing consumer preferences, formulating brand marketing strategies and media advertisements. PepsiCo India's consumer marketing initiatives are typically executed and funded by PepsiCo India and includes television, radio and other media advertisement, particularly around significant sporting events or music festivals. As a franchisee, we focus primarily on customer-level marketing, including managing distributor and retailer relationships, special occasion-based marketing at points of sale, and implementing promotional activities to strengthen a strong distribution network. We undertake promotional activities that are pre-approved from quality perspective by PepsiCo India, to increase the number of points of sale for our beverages and to increase the attractiveness and visibility of our products at such points of sale. In-store point-of-sale advertisement is used extensively to reinforce national and local media advertisement and to stimulate demand. Further, we provide creative displays and point-of sale advertisement materials, as well as specifically designed visi-coolers and branded refrigerators and other cooling equipment, to distributors and retailers to further strengthen our brand and local presence. We also sponsor sports, cultural and community events in our various markets from time to time. We have also developed large marketing teams for each of our territories and sub-territories who work closely with PepsiCo India's marketing teams to enable us to ensure that our marketing efforts are tailored to specific markets and demographics.

Our sales and marketing initiatives can broadly be divided into two channels: "future consumption" (*i.e.* beverages purchased for future consumption) and "immediate consumption" (*i.e.* purchases of chilled beverages for immediate consumption). Immediate consumption typically takes place away from home, particularly in restaurants, bars, petrol stations, sports, theatres and entertainment centers, offices and hotels. Our account managers focus on developing key customer relationships which also enable us to improve merchandising at the relevant points of sale, which is critical to our business success, particularly in the case of future consumption channels. Beverages for future consumption are produced in multi-serve containers (one litre or more), and in smaller containers which are sold together in multi-packs. Future consumption sales typically represent higher Sales Volume but lower margins per retail outlet compared to immediate consumption sales. Future consumption customers include hypermarkets, supermarkets, discount stores, small retail stores, specialty food stores and open markets. In India, hypermarket and supermarket chains have undergone growth and consolidation in recent years and, as a result, are increasing their share within the retail sector. Because of their high Sales Volume, these retailers have greater bargaining power with respect to the prices of our products than our other customers. However, we benefit from economies of scale through such sales. Beverages for immediate consumption include those served in single-serve containers (less than one litre) and fountain products. Single-serve packages sold for immediate consumption usually generate relatively higher margins than multi-serve packages sold for future consumption. This is primarily due to consumers' willingness to pay a premium to purchase our products chilled, in a convenient size and at a convenient location.

The following tables set forth a breakdown of our historical Sales Volume (in million Unit Cases) for within India and outside India in the periods indicated:

Territories	Fiscal 2021		Fiscal 2022		Fiscal 2023		Nine months ended September 30, 2023		Nine months ended September 30, 2024	
	Sales Volume[(1)]	Percentage of Total Sales Volume	Sales Volume[(1)]	Percentage of Total Sales Volume	Sales Volume[(1)]	Percentage of Total Sales Volume	Sales Volume[(1)]	Percentage of Total Sales Volume	Sales Volume[(1)]	Percentage of Total Sales Volume
	(million Unit Cases)	(%)	(million Unit Cases) [(1)]	(%)	(million Unit Cases) [(3)]	(%)	(million Unit Cases) [(3)]	(%)	(million Unit Cases) [(3)]	(%)
Within India	455.05	79.87%	652.84	81.34%	736.94	80.77%	623.64	82.46%	702.47	77.28%
Outside India	114.68	20.13%	149.76	18.66%	175.45	19.23%	132.70	17.54%	206.49	22.72%

(1) Calculated and presented on the basis that each unit case consists of 24 units of beverages of approximately 236.58 ml each, aggregating to 5.678 litres of beverage per unit case.

Production Process

- **Beverage Production**

  The production process of our CSDs involves mixing concentrate, sugar and treated water. The mixture is carbonated and filled in containers such as bottles (PET and glass) or cans on automated filling lines. The production process for NCB products involves a similar process, except that the beverage is pasteurized and the beverage is filled in tetra packs in addition to bottles. Aquafina and Aquavess are packaged drinking water processed using the water filtration process specified by PepsiCo India. Similarly, the processed water is carbonated to produce Evervess.

- **Container Production**

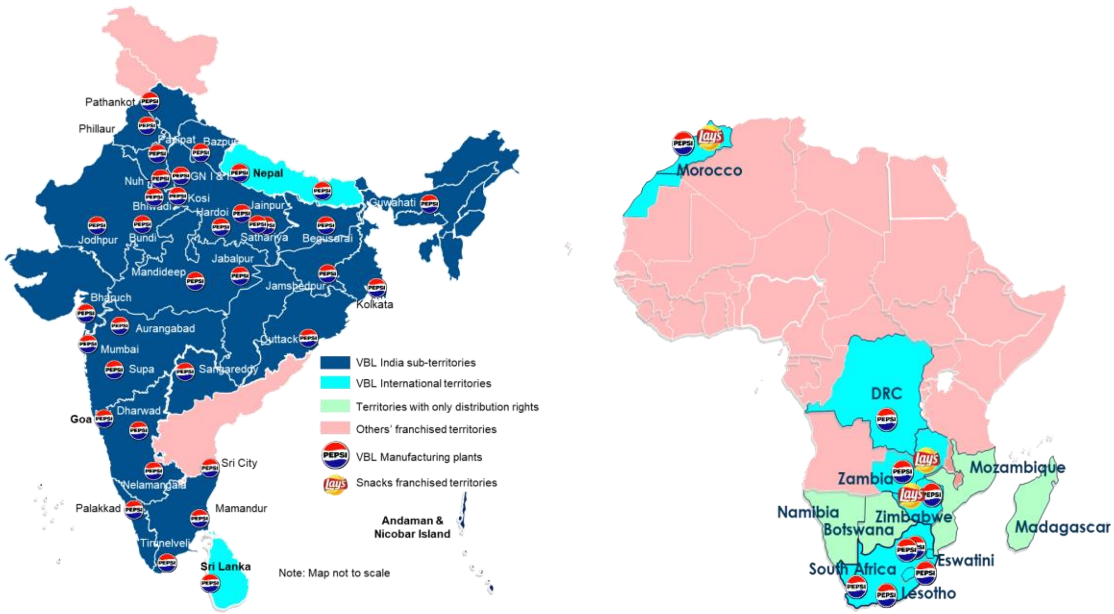
  In order to manufacture PET bottles, injection moulding machines are used to melt PET resin and form "preforms" through injection moulding. Preforms are hollow PET tubes. In blow moulding machines, hot preforms are blown with air flow in two stages, low pressure and high pressure, while preforms are stretched with stretch rod, converting them into hollow PET bottles inside a fixed mould in the shape of the desired bottle design and size. This process makes it possible to manufacture PET bottles of high quality surface finish, with uniformity in thickness and consistent dimension. Our production facilities in Pathankot, Hardoi, Guwahati, Sricity, Kota, Begusarai, Jammu, Supa, Gorakhpur and Khurdha in India, and our production facilities in Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe manufacture preforms preform for use in our operations in India and in our international licensed territories. In all of our production facilities that include PET filling lines, preforms are blown into PET bottles.

- **Labelling and Packaging**

  Sealed cans, tetrapaks, corked glass bottles and capped PET bottles are labelled with the relevant brand and PepsiCo logo. After labelling, the containers are imprinted with date codes in our production facilities that enable us to monitor and ensure smooth supply of inventory. Following labelling and imprinting, these containers are wrapped in shrink wrap or cardboard cartons on automated packaging lines. This final stage in the production process may involve packaging into packs of various sizes ranging from four to 30 units.

Production Facilities

As of September 30, 2024, we operate 36 beverage production facilities across India and 12 beverage production facilities in international territories. In addition, we have 17 facilities dedicated to backward integration which manufacture crowns, plastic shells, corrugated boxes, crates and pads and shrink wrap film. The map below shows our India Sub-territories and our production facilities located across India as well as our international territories and international production facilities as of September 30, 2024:



[Map not to scale]

The table below sets forth certain information regarding our production facilities located across India as well as our international production facilities as of September 30, 2024:

S. No.	Production Facility	Preform Production	PET Bottle Filling	Glass Bottle Filling	Can Filling
1.	Greater Noida – 1	-	√	√	-
2.	Greater Noida – 2	-	√	√	-
3.	Kosi	-	√	√	-
4.	Nuh	-	√	√	-
5.	Bhiwadi	-	√	√	√
6.	Panipat	-	√	√	-
7.	Jodhpur	-	√	√	-
8.	Bazpur	-	√	-	-
9.	Satharia -1	-	√	-	-
10.	Satharia -2	-	-	√	-
11.	Jainpur	-	√	√	-
12.	Sonarpur	-	√	√	-
13.	Hardoi	√	√	√	-
14.	Phillaur	-	√	√	-
15.	Guwahati Unit-1	-	√	√	-

S. No.	Production Facility	Preform Production	PET Bottle Filling	Glass Bottle Filling	Can Filling
	Guwahati Unit-2	√	√	-	-
16.	Goa	-	√	√	-
17.	Pathankot	√	√	√	√
18.	Bharuch	-	√	√	-
19.	Mahul	-	√	√	-
20.	Paithan	-	√	√	-
21.	Nelamangala	-	√	√	-
22.	Palakkad	-	√	√	-
23.	Sricity	√	√	-	√
24.	Mamandur	-	√	√	-
25.	Sangareddy	-	√	√	-
26.	Mandideep	-	√	√	-
27.	Cuttack	-	√	√	-
28.	Jamshedpur	-	√	√	-
29	Begusarai	√	√	√	-
30.	Gorakhpur	√	√	-	-
31.	Khurdha	√	√	-	-
32.	Supa-Parner	√	√	-	-
33.	Kota	√	√	-	-
34.	Jabalpur	-	√	-	-
35.	Tirunelveli	-	√	-	-
36.	Dharwad	-	√	√	-
37.	Nepal	-	√	√	-
38.	Nepal - 2	√	√	√	-
39.	Sri Lanka	√	√	√	-
40.	Morocco	√	√	√	√
41.	Zambia	√	√	√	-
42.	Zimbabwe	√	√	√	√
43.	South Africa – Johannesburg	-	√	-	-
44.	South Africa – Johannesburg 2	-	√	-	√
45.	South Africa – Durban	-	√	-	√
46.	South Africa – East London	-	√	-	-
47.	South Africa – Cape Town	-	√	-	-
48.	Democratic Republic of Congo	-	√	-	-

The peak month production capacity in the month of May 2024 of our production facilities in India and international territories was 154.54 million Unit Cases and 62.91 million Unit Cases, respectively. The following table sets forth certain information relating to our peak month production capacity for the period indicated:

Particulars	Number of lines	Peak month production capacity (1)(2) (in million Unit Cases)(3)
India		
CSD	94	113.06
NCB	46	21.55
Packaged Drinking Water	23	19.93
Total	**163**	**154.54**
International		
CSD	38	49.52
NCB	2	0.60
Packaged Drinking Water	11	12.80
Total	**51**	**62.91**

(1) As certified by GCA Technical Consultants, Chartered Engineer, by certificate dated October 16, 2024.

(2) The information relating to the peak month production capacities of our production facilities included above and elsewhere in this Placement Document is based on a number of assumptions and estimates of our management that have been taken into account by the

chartered engineer in the calculation of our peak month production capacity. In particular, the following assumption has been made in the calculation of the peak month production capacity of our production facilities included above and elsewhere in this Placement Document: a line is assumed to run for 20 hours in a day, 28 days in the peak month at an efficiency of 90%. Capacity additions to our production facilities have also been made on an incremental basis, including through expansion of our production facilities as well as de-bottlenecking exercises and improved material handling and other operational efficiencies in the production process. Actual production levels and utilization rates may therefore vary significantly from the peak month production capacities of our production facilities. Due to the highly seasonal nature of our business, we have in this Placement Document included only the peak month production capacity of our production facilities. Please note that the peak month identification for purposes of calculation of peak month production capacities (including that for production facilities located in international territories) may vary, depending on the geographical position of the relevant production facility/ sub-territories served by such production facility, as well as changes in climatic conditions and seasonality factors that could from vary from year to year. Such peak month production capacity of our production facilities has been included in this Placement Document for the limited purpose of providing information on peak month operations in our business. Such peak month capacity information is based on various assumptions and estimates, and does not purport to predict, and cannot be relied on as a substitute for, annual production capacity information for our production facilities. Undue reliance should not be placed on the peak month production capacity information for our production facilities included in this Placement Document. In addition, capacity utilization is calculated differently in different countries, industries and for the different kinds of products we manufacture. Given the highly seasonal nature of our business, and the complexities associated with peak month capacity information for our production facilities, capacity utilisation information has minimal relevance as a measure of our business operations and financial performance in any particular fiscal year or period. See "Risk Factors – Information relating to the peak month production capacities of our production facilities included in this Placement Document is based on various assumptions and estimates. Actual production rate may vary from such peak month production capacity information and historical capacity utilization rates." and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations - Production capacities, backward integration and operating efficiencies" on pages 68 and 115, respectively.

(3) Calculated and presented on the basis that each unit case consists of 24 units of beverages of approximately 236.58 ml each, aggregating to 5.678 litres of beverage per unit case.

Our production facilities typically consist of two or more production lines dedicated to a particular package format and size and either for CSDs or NCBs. Certain of our production facilities are focused on filling of aluminium cans, and all of our canned beverages are produced at these production facilities and then distributed across our licensed sub-territories in India. We plan our production capacities in a manner such that we are able to bring a production line early enough to provide a buffer for potential additional sales during peak seasons. All of our production facilities also include warehousing facilities.

Distribution Network and Infrastructure

As of September 30, 2024, our distribution network included over 2,840 owned delivery vehicles. Our sales and distribution network is spread strategically across different parts within our licensed sub-territories in India, and we continue to strengthen our distribution network semi-urban and rural areas and markets. Our expansive distribution network enables us to reach a wide range of consumer segments and ensures effective market penetration.

We deliver our products from our manufacturing facilities to our distribution depots, from where our distributors pick up consignments of stock and deliver it to sales outlets in our licensed territories and sub-territories. The depots and distributors in a sub-territory serve sales outlets in such sub-territory and as a result transportation distances, and consequently transportation costs, are reduced. Points of sale for our products include traditional retail points, such as grocery stores, and modern retail outlets including e-commerce, supermarkets, hypermarkets, convenience stores, bars and restaurants. For our returnable glass bottle products, our distributors pick up empty glass bottles when delivering fresh stock, returning the bottles to our distribution depots, from where they are then returned to our manufacturing facilities.

Quality Control

We place significant importance on quality control, which is in line with the specifications laid down by PepsiCo. Our comprehensive quality standards cover the entire value chain, from the purification of water to the production of the finished product, up to and including the point where the product ultimately reaches the consumer. In our experience, the quality of the products manufactured by us is critical to our success, and are committed to maintaining quality standards with respect to the purity of our water and the quality of the raw materials we use. Our production facilities are all equipped with quality control laboratories for testing raw materials, packaging and finished products.

Our PepsiCo India Agreements, Tropicana India Agreement and PepsiCo International Agreements stipulate stringent quality standards with respect to the entire production process as well as the sales and distribution process. In addition, we are required to obtain raw materials, including concentrates and packaging, only from suppliers that have been pre-approved from quality perspective by PepsiCo India and/ or PepsiCo International Entities. We follow specific water filtration processes as prescribed by PepsiCo to ensure quality control. In addition, we furnish samples of water and beverages every month to PepsiCo for their inspection. PepsiCo regularly undertakes quality checks of our distribution channels to monitor compliance with packaging and product standards. In these checks, random samples of PepsiCo beverages produced by us from the various channels are taken and tested in PepsiCo's laboratories. PepsiCo provides us with monthly reports with our product and packaging quality scores.

We continue to closely monitor our compliance with quality control standards. We have sophisticated control equipment to monitor the key areas of the production process in our production facilities and as well as testing laboratories within our production facilities. We monitor the functioning of these control systems on a regular basis. Both PepsiCo and as well as local regulatory authorities in each of our licensed territories and sub-territories in which we operate also check our facilities and production and distribution processes to ensure that independent validation of key control points. In certain instances, our control systems conduct monitoring on a continuous basis while the beverages are being manufactured. We also use a sampling procedure for certain tests. The objective of our production quality monitoring is to ensure that any beverage that does not conform to our exact specifications is removed prior to being placed in the market.

Procurement and Raw Materials

In the production of PepsiCo products, we use raw materials and ingredients that have been reviewed and pre-approved from quality perspective by PepsiCo India/ PepsiCo Inc./ SVC and/ or PepsiCo International Entities, and relevant regulatory agencies responsible for food safety. Our raw material requirements include ingredients required for production of beverages, as well as processing aid materials and packaging and labelling materials. The key ingredients and raw materials required for the production of our PepsiCo beverages include concentrate, sweeteners, purified water and carbon dioxide. Processing aid materials are used in syrup preparation, glass bottle washing, cleaning-in-place, conveyor lubrication. Processing aid materials are indirect materials but are required to complete processing cycle. Packaging materials include preform, cans, can ends, tetra pack, returnable glass bottles, PET resin, labels, plastic caps, crowns, cardboard and plastic film.

Other than Aquafina, Aquavess, Evervess and Teem Soda, our other CSD and NCB products requires flavour concentrates, which is diluted with water and, in the case of non-low-calorie beverages, sweetened with sugar. PepsiCo's 'diet' and 'black' beverage flavour concentrates already contain artificial sweeteners and therefore do not require additional sweetening. For our carbonated beverages, we inject carbon dioxide during blending.

Our principal raw materials include the following:

- **Concentrate.** Concentrate costs represent our most significant raw materials expense. Pursuant to the terms of our PepsiCo India Agreements, Tropicana India Agreement and PepsiCo International Agreements, concentrate is supplied directly by PepsiCo India and/ or other relevant PepsiCo entities or their approved manufacturers at a specified price. For India, we typically purchase our concentrates requirements from PepsiCo India's concentrate manufacturing facility in Patiala, Punjab. Although the concentrate price could be set by PepsiCo India/ PepsiCo Inc./ SVC and/ or PepsiCo International Entities at their discretion, in practice, the concentrate price is determined by PepsiCo India and/ or PepsiCo International Entities in discussions with us, after taking into account the selling price, taxation, input cost and market and other relevant conditions.

  In our international operations, we import the concentrate required for our operations in Sri Lanka and Nepal from India, whereas for Zambia, Morocco, Zimbabwe, Democratic Republic of Congo and South Africa we import concentrate from PepsiCo facilities in Ireland. For our international operations, PepsiCo International Entities specify a fixed price denominated in United States Dollars for concentrate, except for Nepal, which is denominated in Indian Rupees. These specified prices are typically fixed for a period of one year, and such prices are subject to annual review by PepsiCo International Entities.

- **Sugar**. In India, we procure sugar from various sugar mills and wholesale distributors. Sugar prices tend to be volatile, and we do not enter into any long-term supply contracts in place. We place orders depending on our production requirements at negotiated prices, and typically procure sugar from a few key suppliers in India. For our international operations, we procure sugar from various local/global suppliers through short term or spot purchase agreements. As a result of the significant increase in our operations, we benefited from economies of scale by negotiating favourable prices from our suppliers.

- **Packaging Material**. The principal packaging materials used by us include preforms for PET bottles, cans, tetra packs, shrink-wrap films, crowns, plastic closures, labels and corrugated boxes. Our production facilities in Pathankot, Hardoi, Guwahati, Sricity, Kota, Begusarai, Supa, Gorakhpur and Khurdha in India, and our production facilities in Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe manufacture preforms, our production facility in Jaipur manufactures crowns, our production facility in Jammu manufactures preforms and closures and our production facility in Alwar manufacture shrink-wrap films, plastic shells and corrugated boxes and pads. Preforms, crowns, corrugated boxes and shrink-wrap films from these facilities are then transported to, and used in production in, our other production facilities in India. Accordingly, a majority of our packaging requirements are produced internally. For labels, we source our requirements from local suppliers with whom we have developed long-term relationships, to ensure quality and uninterrupted supply. We typically order the materials required by us on negotiated terms and prices that are fixed between our head office and the suppliers, in advance of our production requirements. A drop in PET resins, including preform, prices, which is a key raw material for our packaging material has led to a decrease in our cost towards the packaging material over the past three fiscals.

  A majority of our products are packaged in PET bottles in both single-serve and multi-serve sizes and single-serve aluminium cans and returnable glass bottles. We also sell Tropicana variants including Tropicana Slice in tetrapak cartons. We sell post-mix syrup to restaurants, bars and convenience stores in "bag in a box" format. We print each packaged container with information relating to the manufacturer, expiry date and bar codes for identification in accordance with various regulatory requirements.

Competition

The soft drinks industry has been witnessing increasing competition in India (*Source: GlobalData Report*). Further, across various categories of soft drinks, regional businesses have a considerable presence in India with such companies capitalizing on better distribution network in specific regions, smaller packs, and affordable price points (*Source: GlobalData Report*). In practice, the franchise rights are granted for a particular sub-territory on an exclusive basis by PepsiCo subject to PepsiCo's right to unilaterally suspend or terminate the arrangement. This ensures that there is no competition among other PepsiCo's franchisees. However, we compete with other globally recognized brands in the CSDs and NCBs industry with an established brand and extensive market presence in India. Similarly, in our international markets, we have entered into distribution arrangements with PepsiCo in connection with our licensed territories. In our international markets, we compete with various global brands in the beverage industry as well as several regional competitors in the CSD or NCB industries. As a significant portion of marketing activity for the PepsiCo beverages we sell is undertaken by PepsiCo India directly, we have only a limited ability to affect the competitive position of such products and enhance brand recognition. We believe that brand recognition is a primary factor affecting our competitive position. If the reputation of the PepsiCo brands were to be damaged, it could significantly reduce our competitiveness. See "*Risk Factors - We are dependent on PepsiCo for brand promotion and the protection of the PepsiCo trademarks and brands in India and in international jurisdictions. An inability by PepsiCo to adequately promote its brands and/ or adequately protect its trademarks and brands may result in loss of goodwill and business and adversely affect our business prospects, results of operations and financial condition.*" on page 67.

Certain significant competitive factors that impact our business operations and prospects include the scale of our distribution network, distribution chain management ensuring timely supply and availability of our PepsiCo products, as well as advertising and marketing, brand image, product offerings that meet consumer preferences and trends, new product and package innovations, pricing, and cost inputs. Other competitive factors include supply chain (procurement, manufacturing, and distribution) and sales methods, customer service, and the management of sales and promotional activities. Management of chilled drink equipment, including visi-coolers and vending machines, is also a competitive factor. According to us, our most favourable competitive factor is the consumer and customer goodwill associated with the PepsiCo brand portfolio.

In addition, we compete with a number of smaller manufacturers, including regional competitors that compete principally on price. In particular, we face price competition from local non-premium brand producers and distributors, which typically produce, market and sell CSDs and NCBs at prices lower than ours, especially during the summer months. However, in our experience, substantial investment in multiple production facilities, distribution infrastructure and systems is required to operate a nation-wide beverage production and distribution business and create significant entry barriers to potential competitors.

See "*Risk Factors - An inability to maintain our competitive position in India and in our other markets may adversely affect our business, prospects and future financial performance.*" on page 67.

Health and Safety

We are subject to applicable environmental and other regulatory restrictions in each of the jurisdictions in which we operate. In addition, in all our facilities we have adopted PepsiCo's stringent environmental standards and implemented its stringent control procedures.

We continue to ensure compliance with applicable health and safety regulations and other requirements in our operations and maintain adequate workmen's compensation policies for our licensed sub-territories in India. In India, some of our production facilities have received quality certifications, confirmed through annual audits by independent consultants. We have to also ensure waste minimization with respect to our usage of raw materials, consumption of energy and discharge of water.

According to us, the environmental and associated regulatory climate in all our markets will become increasingly stringent. We believe that we have complied, and will continue to comply, with all applicable environmental and associated laws, rules and regulations. We have obtained, or are in the process of obtaining or renewing, all material environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. Our activities are subject to various environmental laws and regulations applicable to our licensed territories and sub-territories, which govern, among other matters, air emissions, waste water discharges, the handling, storage and disposal of hazardous substances and wastes, the remediation of contaminated sites, natural resource damages, and employee health and employee safety.

Insurance

We believe we are adequately insured against all losses and risks involving property and third-party liability. For our operations in India, we have obtained insurance coverage for group personal accidental policy, group term insurance, comprehensive general liability on occurrence basis, group medi-claim insurance policies and fleet insurance. We also maintain standard insurance policies for burglary insurance as well as standard fire and special perils insurance and marine cargo insurance. We also maintain comprehensive general liability insurance. In addition, we have also obtained a directors and officers liability and company reimbursement insurance. We have established risk control guidelines, which are applied and audited at all of our production facilities.

Human Resources

As of September 30, 2024, we employed 11,087 full time employees in India, and 5,247 full time employees in our international operations. In addition, we contract with third-party manpower and services firms for the supply of contract labour. The number of contract labourers varies seasonally, with generally higher numbers during our peak summer months. Our employees are represented by labour or workers' unions in the various jurisdictions. We have not experienced any major work stoppages due to labour disputes or cessation of work in the recent past.

We place significant emphasis on training our personnel and increasing their skill levels, and fostering ongoing employee engagement in our Company. We organize in-house training for our employees through skill building programs and professional development programs at all levels and across all functions. Our key employees also attend management and staff development programs organized by PepsiCo.

Intellectual Property

We have secured registration with the Trademarks Registry of India for 'VARUN BEVERAGES', 'Varun Bev' and our logo, under class 32. VBZPL has secured registration with the Trade Marks Office, Lusaka, Zambia for 'FONTAINE' in class 32 under number 722/2011. In addition, pursuant to the acquisition of BevCo, we have secured registrations with the African Regional Intellectual Property Organization and the trademark offices of certain African countries for certain trademarks and logos in relation to 'Jive', 'Coo-ee', 'Reboost' and 'Refreshhh'.

As a franchisee of PepsiCo, we have been awarded the franchise to certain licensed brands of PepsiCo in 26 States and six Union Territories in India. We have also been granted the franchise rights for the production and distribution of certain licensed brands of PepsiCo in Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa, Lesotho, Eswatini & Democratic Republic of Congo and distribution rights for Namibia and Botswana, and TDRs effective April 1, 2024 for Mozambique and Madagascar.

PepsiCo owns or licenses all the trademarks and brands for products that we produce, sell and distribute, and it has the responsibility for protecting its trademarks in India, Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa (including Lesotho and Eswatini) and Democratic Republic of Congo, as well as the territories in which we have distribution rights, namely Namibia and Botswana, and TDRs effective April 1, 2024 in Mozambique and Madagascar. All the trademarks owned and licensed by PepsiCo are registered with the national trademark registry offices, or are subject of a pending application, in the name of PepsiCo, as applicable. Historically, PepsiCo has borne all the legal costs of initiating proceedings against infringement of PepsiCo trademarks.

Accordingly, our business and operations are significantly dependent on the intellectual property rights, particularly PepsiCo's CSD and PepsiCo's NCB brands as well as packaged drinking water, and the nature of our agreements with PepsiCo with respect to such rights. See "*Our Business - Relationship with PepsiCo*" and "*Risk Factors - We are dependent on PepsiCo for brand promotion and the protection of the PepsiCo trademarks and brands in India and in international jurisdictions. An inability by PepsiCo to adequately promote its brands and/ or adequately protect its trademarks and brands may result in loss of goodwill and business and adversely affect our business prospects, results of operations and financial condition.*" on pages 182 and 67, respectively.

Information Technology

Information technology systems are crucial in the management of our business. We use advanced information technology systems to schedule production, procure raw materials, route delivery vehicles and invoice customers. We have introduced SPEED, a user-friendly, engaging, and new-age interface designed to boost PSR productivity. Key productivity and control capabilities of SPEED include:

- Geocoding and Geofencing: Implementing a "Map Guided" Beat plan.
- Supervisor WorkWith: Facilitating CE order taking and market working with the team.
- Execution KPI: Performance-based incentives.
- Green Call Algorithms: MSL and suggested orders.
- Brand Pack/SKU Level VPO Lock: Ensuring precise inventory management.
- In-Market Outlet Opening: Approval workflow for new outlets.
- Algorithm-Based CRS: Continuous Replenishment System for DBRs.
- Integration with SAP and AX: For all master data and VISI deployment.
- Cloud-Based Solution: Access and update data from any device, anywhere, anytime.

We have developed a robust analytics engine that plays a crucial role in driving data-driven decisions across various functions within the company. This engine integrates data from multiple sources to provide comprehensive insights that enhance operational efficiency and strategic planning. Key aspects of our analytics capabilities include:

- *Data Integration*: The analytics engine combines data from different functions such as production, supply chain, sales, and inventory management. This holistic approach ensures that decisions are based on a complete and accurate picture of the company's operations.

- *Predictive Analytics*: By leveraging advanced algorithms, our analytics engine can predict future trends and outcomes. This capability is particularly useful for demand forecasting, inventory management, and maintenance scheduling, helping the company to optimize resources and reduce costs.

- *Real-Time Insights*: The engine provides real-time data analysis, allowing us to respond quickly to changing market conditions and operational challenges. This agility is crucial for maintaining high levels of efficiency and customer satisfaction.

- *Performance Monitoring*: We uses our analytics engine to monitor key performance indicators across various departments. This continuous monitoring helps in identifying areas for improvement and implementing corrective actions promptly.

- *Strategic Decision-Making*: The insights generated by the analytics engine support strategic decision-making at the executive level. By providing detailed and actionable information, the engine helps in formulating strategies that align with the company's long-term goals.

- *Enhanced Productivity*: The analytics engine contributes to higher productivity by identifying bottlenecks and inefficiencies in the production and supply chain processes. This enables us to streamline operations and improve overall performance.

We also invest in information systems across India in order to ensure that detailed, useful information on sales, customer performance and consumer preferences and behavior is regularly available. We use this information to perform a comprehensive and detailed analysis of the purchasing patterns and preferences of various groups of soft drink consumers in each of the types of channels where they might potentially purchase our beverages. Based on this analysis, we tailor our product, pricing, packaging and distribution strategies to maximize the growth potential of each distribution channel. Our use of information technology allows us to react quickly and effectively to consumer trends, which may differ in each channel.

Corporate Social Responsibility

We have set up a corporate and social responsibility ("**CSR**") committee of our Board of Directors (the "**CSR Committee**") comprising of Ravi Kant Jaipuria, Varun Jaipuria, Raj Pal Gandhi and Rashmi Dhariwal, and have adopted and implemented a CSR policy pursuant to which we undertake our CSR activities. Our recent CSR activities have been focused on promoting animal welfare, education, providing safe drinking water, promoting preventive healthcare, environment sustainability and slum are development.

Property

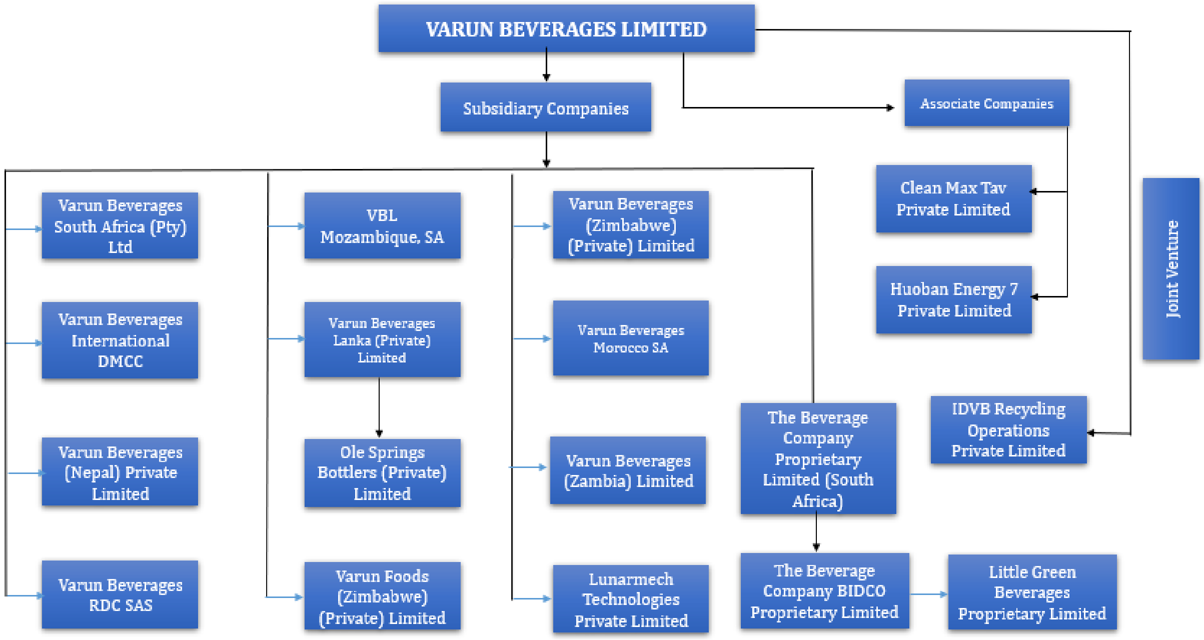
Our registered office is situated at F-2/7, Okhla Industrial Area Phase – I, New Delhi and our corporate office is situated at Plot number 31, Institutional Area, Sector 44, Gurgaon, Haryana, both of which have been taken on lease by our Company for a period of 11 months, each beginning from February 1, 2024. As of September 30, 2024, we operated 36 beverage production facilities across India and 12 beverage production facilities in our international licensed territories. Some of the land for these production facilities, including our international production facilities, are held by our Company and/ or Subsidiaries on freehold basis and some are held by our Company and/ or Subsidiaries on leasehold basis.

ORGANISATIONAL STRUCTURE

Our Company was incorporated as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated June 16, 1995 issued by the Registrar of Companies, Delhi and Haryana at New Delhi and commenced our business pursuant to a certificate for commencement of business dated July 4, 1995.

The Registered Office of our Company is located at F-2/7, Okhla Industrial Area, Phase I, New Delhi – 110 020, Delhi, India, and the Corporate Office of our Company is located at Plot No. 31, Institutional Area, Sector – 44, Gurgaon – 122 002, Haryana, India.

The organisational structure of our Company as on the date of this Placement Document is as follows:



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, the SEBI Listing Regulations and our Articles of Association. As per the provisions of our Articles of Association read with the applicable provisions of the Companies Act, the minimum and maximum number of Directors of our Company shall be as per the provisions of the Companies Act and / or any other applicable laws for the time being in force. Currently, there are 10 Directors on our Board, out of which three are Executive Directors, two are Non-Executive Non-Independent Directors and five are Independent Directors.

The following table sets forth details regarding our Board as of the date of this Placement Document:

Name, date of birth, address, occupation, nationality, current term and DIN	Age (in years)	Designation
Ravi Kant Jaipuria *Date of birth:* November 28, 1954 *Address:* 7A, Aurangzeb Road, Delhi 110 011, India *Occupation*: Business *Nationality:* Indian *Current term*: Liable to retire by rotation *DIN*: 00003668	69	Chairman and Non-Executive Director
Varun Jaipuria *Date of birth:* November 10, 1987 *Address*: 7A, Aurangzeb Road, Delhi 110 011, India *Occupation*: Business *Nationality*: Indian *Current term:* Five years with effect from November 1, 2024 until October 31, 2029 (liable to retire by rotation) *DIN*: 02465412	37	Executive Vice-Chairman and Whole-time Director
Raj Pal Gandhi *Date of birth:* June 7, 1957 *Address*: C-15/10, DLF Phase-1, Chakarpur (74), Gurgaon, Haryana – 122 002. *Occupation*: Service *Nationality*: Indian *Current term:* Five years with effect from November 1, 2024 until October 31, 2029 (liable to retire by rotation) *DIN:* 00003649	67	Whole-time Director
Rajinder Jeet Singh Bagga *Date of birth:* July 5, 1963 *Address:* 1402, Block B-1, The World SPA West, Sector-30, Gurgaon, Haryana – 122 001 *Occupation:* Service	61	Whole-time Director

Name, date of birth, address, occupation, nationality, current term and DIN	Age (in years)	Designation
Nationality: Indian *Current term:* Five Years with effect from May 2, 2024 until May 1, 2029 (liable to retire by rotation) *DIN:* 08440479		
Naresh Trehan *Date of birth:* August 12, 1946 *Address*: 26, Golf Links, New Delhi, Golf Links, Pandara Road, Central Delhi, Delhi 110003 *Occupation*: Professional *Nationality*: Indian *Current term*: Five years with effect from April 21, 2024 until April 20, 2029 (liable to retire by rotation) *DIN:* 00012148	78	Non-Executive Non-Independent Director
Sita Khosla *Date of birth:* May 1, 1962 *Address:* B - 8/17, Vasant Vihar, Delhi 110 057, India *Occupation*: Professional *Nationality*: Indian *Current term*: Five years with effect from February 16, 2023 until February 15, 2028 *DIN:* 01001803	62	Independent Director
Ravi Gupta *Date of birth:* October 21, 1954 *Address:* B-41, Second Floor, Kailash Colony, Delhi – 110 048, India *Occupation:* Service *Nationality:* Indian *Current term:* Five years with effect from March 19, 2023 until March 18, 2028 *DIN:* 00023487	70	Independent Director
Rashmi Dhariwal *Date of birth:* June 2, 1956 *Address:* Aashray Farms, Opp NV Farms, Sub PO, SP School, Bhati Mines Asola Village, Delhi – 110 074, India *Occupation:* Professional *Nationality:* Indian *Current term:* Five years with effect from March 19, 2023 until March 18, 2028	68	Independent Director

Name, date of birth, address, occupation, nationality, current term and DIN	Age (in years)	Designation
DIN: 00337814		
Abhiram Seth *Date of birth:* December 9, 1951 *Address:* 18, Anand Lok, Delhi – 110 049, India *Occupation:* Professional *Nationality:* Indian *Current term:* Five years with effect from May 2, 2023 until May 1, 2028 *DIN:* 00176144	72	Independent Director
Anil Kumar Sondhi *Date of birth:* January 31, 1956 *Address:* B2-301, Parsvnath Exotica, Golf Course Road, Sector 53, Gurgaon 122 011, Haryana *Occupation:* Professional *Nationality:* Indian *Current term:* Five years with effect from May 2, 2023 until May 1, 2028 *DIN:* 00696535	68	Independent Director

Brief profiles of our Directors

Ravi Kant Jaipuria is the Chairman and Non-Executive Director of our Company. He is the promoter of our Company and has over three decades of experience in developing and expanding food, beverages and dairy business in South Asia and Africa. He is an entrepreneur and business leader. He was awarded the 'International Bottler of the Year' in 1997. He was also awarded the 'Distinguished Entrepreneurship Award' at the PHD Chamber Annual Awards for Excellence 2018.

Varun Jaipuria is Executive Vice-Chairman and Whole-time Director of our Company. He attended bachelor's degree program in international business from the Regent's University London. He has completed the program for leadership development from Harvard Business School, Boston. He has been associated with our Company since 2009 and has been instrumental in comprehensive development of our business including acquisitions and integration of acquired territories. Under his leadership, our Company was awarded the Best Bottler in AMESA (Africa, Middle East and South Asia) sector in 2021.

Raj Pal Gandhi is a Whole-time Director of our Company. He is a member of the Institute of Chartered Accountants of India. He has been associated with the RJ Corp Group for the last 31 years. He is instrumental in formulating our Company's strategy towards diversification, expansion, mergers and acquisitions, capex planning including capital/fund raising and investor relations.

Rajinder Jeet Singh Bagga is a Whole-time Director of our Company. He holds a degree of master's in technology in mechanical engineering from the Indian Institute of Technology, Kanpur. He has been associated with our Company since 1996 and is currently its heading technical operations since 2003.

Naresh Trehan is a Non-Executive and Non-Independent Director of our Company. He holds a bachelor's degree in medicine and surgery from the University of Lucknow. He is certified in thoracic and cardiac surgery by the American Board of Thoracic Surgery. He was certified by the New York University Medical Center at Manhattan, United States of America. He was elected as a fellow of the American Society of Angiology. Further, he was elected as a fellow of the Indian Association of Cardiovascular-thoracic Surgeons. He is an honorary fellow at the

Royal Australasian College of Surgeons. He has received the Padma Bhushan Award from the Government of India.

Sita Khosla is an Independent Director of our Company. She holds a degree in Bachelor of Arts in history from the University of Delhi and a degree in Bachelor of Laws from the University of Delhi. She enrolled with the Bar Council of Delhi in 1987.

Ravi Gupta is an Independent Director of our Company. He holds a degree in Bachelor of Commerce and a degree in Master of Commerce from the University of Delhi. He holds a doctorate in philosophy for his thesis on 'Country Risk Analysis in Investment Financing Decision Making' from the University of Delhi. Further, he holds a degree in Bachelor of Law from the University of Delhi. He holds a diploma in labour law from the Indian Law Institute. He has been enrolled with the Bar Council of Delhi. He was employed as an associate professor in the commerce department of Shri Ram College of Commerce, University of Delhi.

Rashmi Dhariwal is an Independent Director of our Company. She holds a degree in Bachelors of Arts in philosphy from the University of Delhi. She enrolled in the Bar Council of West Bengal in 1978. She is on the board of Prayatn (Registered Charitable Trust) as a trustee since 2003.

Abhiram Seth is an Independent Director of our Company. He holds a degree of Bachelor of Arts in economics from the University of Delhi. Prior to joining our Company, he was previously associated with Aquagri Processing Private Limited.

Anil Kumar Sondhi is an Independent Director of our Company. He holds a degree in Bachelor of Technology in chemical engineering from the Indian Institute of Technology, Delhi and a degree of master of business administration from the University of Delhi. Prior to joining our Company, he was previously associated with Pepsi Foods Limited, NourishCo Beverages Private Limited.

Relationship between Directors

Except for Varun Jaipuria, our Executive Vice-Chairman and Whole-time Director, who is the son of Ravi Kant Jaipuria, the Chairman and Non-Executive Director of our Company, none of our Directors are related to each other.

Shareholding of our Directors

As on the date of this Placement Document, except as stated below, none of our Directors hold Equity Shares in our Company:

Name	Designation	Number of Equity Shares	Percentage of the pre-Offer paid up share capital (%)
Ravi Kant Jaipuria	Non-executive Chairman	564,736,222	17.38
Varun Jaipuria	Executive Vice-Chairman and Whole-time Director	520,859,870	16.03
Raj Pal Gandhi	Whole-time Director	6,561,122	0.20
Rajinder Jeet Singh Bagga	Whole-time Director	1,459,685	0.04
Abhiram Seth	Independent Director	7,380	0.00

Interest of Directors of Company

All our Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to them, as well as the sitting fees and commission, if any, payable to them for attending meetings of our Board and/or committees thereof as approved by our Board and Shareholders and other benefits to which they are entitled as per their respective terms of appointment.

Certain of our Directors may also be interested to the extent of their shareholding in our Company, if any, already held by them or their relatives in our Company, to the extent of any options granted and to the extent of any dividend payable to them and other distributions in respect of such shareholding held by them, any other benefit arising out of such holding and transactions with the companies with which they are associated as directors or members. For details of the Equity Shares and options held by our Directors, see "*– Shareholding of the Directors" and "– Employees Stock Option Scheme*" on pages 204 and 208, respectively.

Except as stated in "*Related Party Transactions*" on page 54, we have not entered into any contract, agreements, arrangements during the preceding three years from the date of this Placement Document in which our Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements, arrangements which are proposed to be made with them. Further, our Company has neither availed of any loans from, nor extended any loans to the Directors which are currently outstanding.

Borrowing powers of the Board of Directors

Pursuant to the Board resolution dated March 28, 2016 and Shareholders resolution dated April 27, 2016, the Board of Directors of our Company are authorized to borrow any sum or sums of money from time to time at its discretion, for the purpose of the business of the Company, from any one or more banks, financial institutions and other persons, firms, body corporate, notwithstanding that the monies to be borrowed together with the monies already borrowed by our Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may, at any time, not exceed ₹50,000.00 million over and above the aggregate of the paid-up share capital and free reserves of our Company.

Terms of Employment and Remuneration

Terms of appointment and remuneration of our Executive Directors

Pursuant to the resolution passed by the Nomination and Remuneration Committee on May 13, 2024, Varun Jaipuria is entitled to a basic salary of ₹6.00 million per month and bonus/performance linked perquisites and allowances as may be determined by the Board from time to time, apart from our Company's contribution to provident fund.

Furthermore, pursuant to the shareholders resolutions dated April 3, 2024, Raj Pal Gandhi and Rajinder Jeet Singh Bagga, are each entitled to a basic salary of ₹2.76 million per month and ₹2.85 million per month and benefits, perquisites and allowances as may be determined by the Board from time to time, apart from our Company's contribution to provident fund and other similar benefits. However, the total remuneration payable to them shall not exceed the limit prescribed under the applicable provisions of the Companies Act, as amended.

The following table sets forth the remuneration paid by our Company to our existing executive Directors for the previous three Fiscals and the nine months ended September 30, 2024:

(₹ in million)

Name of Director	Remuneration			
	Nine months ended September 30, 2024	Fiscal 2023	Fiscal 2022	Fiscal 2021
Varun Jaipuria	54.02	54.02	54.69	48.39
Raj Pal Gandhi	53.08	62.45	56.60	63.47
Rajinder Jeet Singh Bagga	45.91	57.66	52.45	38.80

Remuneration of our Non-Executive Directors

Pursuant to the resolution dated March 20, 2015, as passed by our Board, our Non-Executive Directors are entitled to a sitting fee of ₹0.10 million for attending each meeting of our Board or any of the committees of Directors of our Company.

The following table sets forth the sitting fees paid by our Company to our existing non-executive Directors for the previous three Fiscals and the nine months ended September 30, 2024.

(₹ in million)

Name of Director	Total sitting fees			
	Nine months ended September 30, 2024	Fiscal 2023	Fiscal 2022	Fiscal 2021
Naresh Trehan	Nil	Nil	Nil	Nil
Ravi Gupta	1.20	1.40	1.70	1.30
Sita Khosla	0.80	1.00	1.00	0.90
Rashmi Dhariwal	2.30	1.80	1.80	1.20
Abhiram Seth	0.40	0.40	N.A.*	N.A.*
Anil Kumar Sondhi	0.50	0.40	N.A.*	N.A.*

**Abhiram Seth and Anil Kumar Sondhi were appointed as independent directors on the Board of our Company on May 2, 2023.*

Corporate Governance

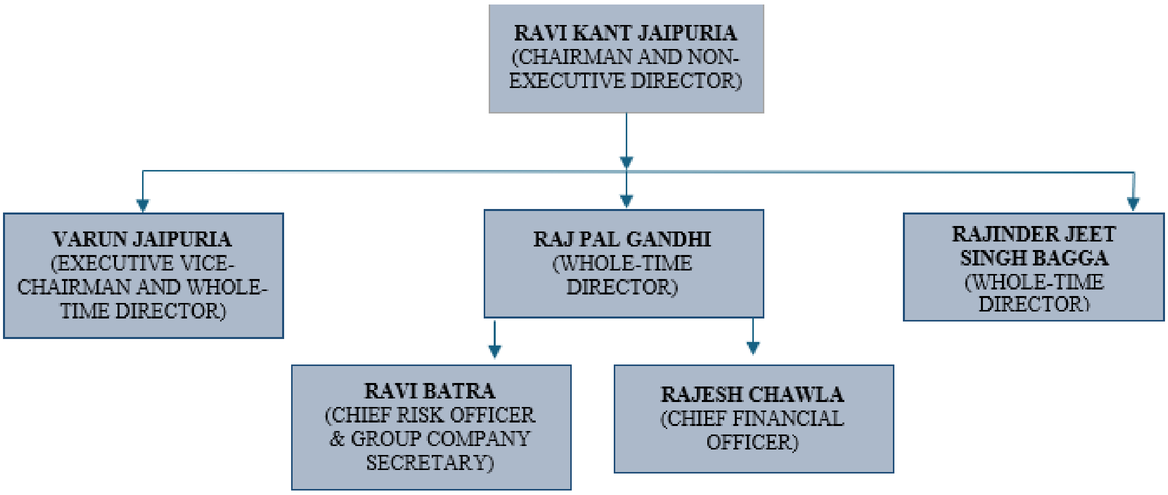
Our Board is in compliance with the corporate governance requirements, as prescribed under the SEBI Listing Regulations and under the Companies Act.

Committees of the Board of Directors

Our Board has constituted following committees in accordance with the relevant provisions of the Companies Act, SEBI ICDR Regulations, and other applicable laws. The following table sets forth the members of the aforesaid committees as of the date of this Placement Document:

S. No	Name of the Committee	Name of Director	Position in the committee
1.	Audit, Risk Management and Ethics Committee	Ravi Gupta	Chairman
		Rashmi Dhariwal	Member
		Sita Khosla	Member
2.	Nomination and Remuneration Committee	Rashmi Dhariwal	Chairperson
		Ravi Kant Jaipuria	Member
		Ravi Gupta	Member
3.	Stakeholders' Relationship Committee	Sita Khosla	Chairperson
		Raj Pal Gandhi	Member
		Rashmi Dhariwal	Member
4.	Corporate Social Responsibility Committee	Rashmi Dhariwal	Chairperson
		Ravi Kant Jaipuria	Member
		Varun Jaipuria	Member
		Raj Pal Gandhi	Member
5.	Investment And Borrowing Committee	Raj Pal Gandhi	Chairman
		Rajinder Jeet Singh Bagga	Member
		Rashmi Dhariwal	Member
6.	Share Allotment Committee	Raj Pal Gandhi	Chairman
		Varun Jaipuria	Member
		Rashmi Dhariwal	Member
7.	Environment Social and Governance Committee	Varun Jaipuria	Chairman
		Raj Pal Gandhi	Member
		Rajinder Jeet Singh Bagga	Member
8	Management Committee	Varun Jaipuria	Chairman
		Raj Pal Gandhi	Member
		Rajinder Jeet Singh Bagga	Member
		Ravi Gupta	Member
		Sita Khosla	Member

Organisation structure of our Company



Key Managerial Personnel of our Company

In addition to Raj Pal Gandhi, the Whole-time Director of our Company, whose details are provided in "– *Brief profiles of our Directors*" on page 203, the details of our other Key Managerial Personnel as on the date of this Placement Document are as set forth below:

Name of the Key Managerial Personnel	Designation
Rajesh Chawla	Chief Financial Officer
Ravi Batra	Chief Risk Officer & Group Company Secretary

Brief profiles of our Key Managerial Personnel

Ravi Batra is the Chief Risk Officer & Group Company Secretary of our Company. He was admitted as a member of the Institute of Company Secretaries of India in 1998 and was admitted as an associate member of Institute of Chartered Secretaries of London in 2003. He has been associated with our Company since 2017. He is responsible for the governance, compliance and secretarial functions of our Company. Under his leadership, our Company has won various awards in relation to its corporate governance practices.

Rajesh Chawla is the Chief Financial Officer of our Company. He is an associate of the Institute of Chartered Accountants of India. He has been associated with our Company since February 1, 2021, originally in the capacity of Senior Vice President – Finance. In his current role, he is responsible for leading the finance function of our organization. His responsibilities encompass the digitization and automation of processes, management reporting, corporate social responsibility, cost optimization, cash flow management, and the enhancement of internal processes and compliances. Additionally, he ensures the accuracy and timely completion of our Company's financial reports.

Members of Senior Management of our Company

In addition to Varun Jaipuria, the Executive Vice-Chairman and Whole-time Director, Raj Pal Gandhi, the Whole-time Director, and Rajinder Jeet Singh Bagga, the Whole-time Director of our Company, whose details are provided in "– *Brief profiles of our Directors*" on page 203, and Rajesh Chawla, our Chief Financial Officer and Ravi Batra, our Chief Risk Officer & Group Company Secretary of our Company, whose details are set out in "-*Key Managerial Personnel of our Company*" on page 207, the details of other members of Senior Management are given below:

S. No.	Name of the members of Senior Management	Designation
1.	Vivek Gupta	Executive Director (Non-Board Member)
2.	Kamlesh Kumar Jain	Executive Director & Chief Operating Officer (International)
3.	Rajeshwar Tripathi	Group Chief Human Resources Officer

S. No.	Name of the members of Senior Management	Designation
4.	Manmohan Rupal Paul	Chief Operating Officer
5.	Rishi Kumar Agarwal	Regional Chief Financial Officer
6.	Deepak Sharma	Chief Operating Officer
7.	Sudin Kumar Gaunker	Chief Operating Officer
8.	Pradeep Kumar Goyal	Regional Chief Financial Officer
9.	Saurabh Agrawal	Chief Strategy Officer
10.	Vikas Bhatia	Group Environment, Social & Governance Head
11.	Sumit Luthra	Chief Operating Officer
12.	Rajesh Kumar	Technical Head – India Operations
13.	Devyani Kiran Khankhoje	President - Corporate Affairs
14.	Kamal Karnatak	Senior Vice President
15.	Ganesh Kumar Velu	Senior Vice President
16.	Sanjay Mukherjee	Chief Supply Chain Officer
17.	Suresh Ramakrishnan Panicker	Senior Vice President & Head – Organized Trade
18.	M J Faridi	Market Unit General Manager
19.	Deepak Dabas	Senior Vice President – Investor Relations
20.	Rohit Vishal Gupta	Chief Human Resources Officer
21.	Vishwas Agarwal	Chief Operating Officer
22.	Sharad Kumar Garg	Senior Vice President – Procurement

Status of Key Managerial Personnel and Senior Management

As on the date of this Placement Document, all Key Managerial Personnel and members of our Senior Management are permanent employees of our Company.

Relationship among Key Managerial Personnel, Senior Management and Directors

As on the date of this Placement Document, none of our Key Managerial Personnel or the Senior Management are related to each other or to the Directors of our Company.

Shareholding of the Key Managerial Personnel and Senior Management

As on the date of this Placement Document, except as disclosed under "– *Shareholding of our Directors in our Company*" on page 204, and as disclosed below, none of our other Key Managerial Personnel and Senior Management hold any Equity Shares in our Company:

Name	Designation	Number of Equity Shares	Percentage of the pre-Offer paid up share capital (%)
Ravi Batra	Chief Risk Officer & Group Company Secretary	22,500	Negligible
Rajesh Chawla	Chief Financial Officer	12,500	Negligible
Vivek Gupta	Executive Director (Non-Board Member)	23,26,500	0.07
Kamlesh Kumar Jain	Executive Director & Chief Operating Officer (International)	2,88,390	0.01
Rajeshwar Tripathi	Group Chief Human Resources Officer	1,750	Negligible
Manmohan Rupal Paul	Chief Operating Officer	2,50,785	0.01
Rishi Kumar Agarwal	Regional Chief Financial Officer	47,815	Negligible
Deepak Sharma	Chief Operating Officer	82,685	Negligible
Sudin Kumar Gaunker	Chief Operating Officer	10,17,695	0.03
Pradeep Kumar Goyal	Regional Chief Financial Officer	515	Negligible
Saurabh Agrawal	Chief Strategy Officer	52,815	Negligible
Vikas Bhatia	Group Environmental, Social, Governance Head	1,21,250	Negligible
Sumit Luthra	Chief Operating Officer	560	Negligible
Devyani Kiran Khankhoje	President - Corporate Affairs	84,250	Negligible
Kamal Karnatak	Senior Vice President	4,24,730	0.01
Ganesh Kumar Velu	Senior Vice President	25,181	Negligible
Suresh Ramakrishnan Panicker	Senior Vice President & Head - Organizational Trade	1,500	Negligible

Deepak Dabas	Senior Vice President - Investor Relations	22,500	Negligible
Sharad Kumar Garg	Senior Vice President - Procurement	23,685	Negligible

Interests of Key Managerial Personnel and Senior Management

Other than as disclosed in "*Related Party Transactions*" and "- *Interest of Directors of Company*" on pages 54 and 204, respectively, and the extent of (a) their shareholding in our Company; (b) the options under the ESOS 2016 held by them; (c) their remuneration and benefits to which they are entitled to as per their terms of appointment; and (d) reimbursement of expenses incurred by them during the ordinary course of business our Key Managerial Personnel or members of our Senior Management do not have any other interest in the Company.

Other than as disclosed in "*Related Party Transactions*", on page 54 of this Placement Document, our Key Managerial Personnel or members of our Senior Management are not interested in any contract, agreement or arrangement entered into by the Company and no payments have been made in respect of these contracts, agreements or arrangements or are proposed to be made.

Employees stock option schemes

There are no outstanding options granted to our Directors. Except as disclosed below, our Key Managerial Personnel and members of Senior Management do not hold any outstanding stock options under the ESOS 2016, as on the date of this Placement Document:

Name	Designation	Stock options granted	Stock options outstanding
Ravi Batra	Chief Risk Officer & Group Company Secretary	45,000	22,500
Rajesh Chawla	Chief Financial Officer	25,000	12,500

Other confirmations

1. Except as otherwise stated above in "– *Interest of our Directors*" and "– *Interest of Key Managerial Personnel, and Senior Management*", none of the Directors, Key Managerial Personnel or members of the Senior Management, have any financial or other material interest in the Issue.

2. None of our Company, our Directors or Promoter has been identified as Wilful Defaulters.

3. Neither our Promoter nor our Directors has been declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

4. None of our Company, our Directors or Promoter is debarred from accessing capital markets under any order or direction made by SEBI.

5. No change in control in our Company will occur consequent to the Issue.

6. None of the Directors, Promoters, Key Managerial Personnel or members of the Senior Management of our Company intend to subscribe to the Issue.

Policy on disclosures and internal procedure for prevention of insider trading

The SEBI Insider Trading Regulations are applicable to our Company and our employees and requires our Company to formulate and implement a code of internal procedures and conduct for the fair disclosure of unpublished price sensitive information and the prevention of insider trading. In compliance with the same, our Company has adopted a code of conduct to regulate, monitor and report trading in securities of our Company by insiders, as approved by our Board on March 28, 2016 and as last amended by our Board on July 30, 2024, which lays down the procedure for prevention of insider trading and procedure for fair disclosure of unpublished price sensitive information in accordance with the SEBI Insider Trading Regulations. Our Company Secretary acts as the compliance officer of our Company under the aforesaid code of conduct for the prevention of insider trading.

SHAREHOLDING PATTERN OF OUR COMPANY

The following tables present information regarding the ownership of the Equity Shares by the Shareholders as of September 30, 2024:

Table I – Summary statement holding of specified securities:

Category of Shareholder	Number of Shareholders	Number of fully paid up Equity Shares held	Total number shares held	Shareholding as a % of total number of shares calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of voting rights	Total as a % of total voting rights	Number of Shares pledged or otherwise encumbered		Number of Equity Shares held in dematerialized form
							Number (a)	As a % of total Shares held (b)	
(A) Promoter & Promoter Group	15	2,035,716,889	2,035,716,889	62.66	2,035,716,889	62.66	793,205	0.04	2,035,716,889
(B) Public	698,744	1,212,960,516	1,212,960,516	37.34	1,212,960,516	37.34	0	0	1,212,839,839
(C) Non Promoter - Non Public	-	-	-	-	-	-	-	-	-
(C1) Shares underlying DRs	-	-	-	-	-	-	-	-	-
(C2) Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-
Total	**698,759**	**3,248,677,405**	**3,248,677,405**	**100.00**	**3,248,677,405**	**100.00**	**793,205**	**0.04**	**3,248,556,728**

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group:

Category and name of the Shareholder	Entity type	Number of Shareholders	Number of fully paid-up Equity Shares held	Total number shares held	Shareholding % calculated as per SCRR, 1957	Number of voting rights held in each class of securities		Number of shares pledged or otherwise encumbered		Number of Equity Shares held in dematerialised form
						Number (a)	As a % of total shares held (b)	Number (a)	As a % of total shares held (b)	
Indian		15								
Individuals/Hindu undivided Family		11								
Ravi Kant Jaipuria	Individual		564,736,222	564,736,222	17.38	564,736,222	17.38	0	0.00	564,736,222
Varun Jaipuria	Individual		520,859,870	520,859,870	16.03	520,859,870	16.03	0	0.00	520,859,870
Vivek Gupta HUF	Hindu undivided Family		33,750	33,750	0.00	33,750	0.00	0	0.00	33,750
Madhav Hansraj Mariwala HUF	Hindu undivided Family		4,150	4,150	0.00	4,150	0.00	0	0.00	4,150
Madhav H Mariwala	Individual		7,560	7,560	0.00	7,560	0.00	310	4.10	7,560
Madhu Rajendra Jindal	Individual		12	12	0.00	12	0.00	0	0.00	12
Nandini Madhav Mariwala	Individual		1,250	1,250	0.00	1,250	0.00	0	0.00	1,250
Dhara Jaipuria	Individual		33,995	33,995	0.00	33,995	0.00	0	0.00	33,995
Vivek Gupta	Individual		2,326,500	2,326,500	0.07	2,326,500	0.07	750,000	32.24	2,326,500
Devyani Jaipuria	Individual		78,779,775	78,779,775	2.42	78,779,775	2.42	0	0.00	78,779,775
Bela Jyotikumar Saha	Individual		2,500	2,500	0.00	2,500	0	0	0.00	2,500
Any other										
RJ Corp Limited	Body Corporate	4	868,877,060	868,877,060	26.75	868,877,060	26.75	0	0.00	868,877,060
Marison Finvest Pvt Ltd	Body Corporate		2,185	2,185	0.00	2,185	0.00	2,185	100.00	2,185
SFT Technologies Private Limited	Body Corporate		33,210	33,210	0.00	33,210	0.00	33,210	100.00	33,210
Lotus Holdings	Partnership Firm		18,850	18,850	0.00	18,850	0.00	7500	39.79	18,850

Table III - Statement showing shareholding pattern of the public shareholders:

Category and name of the Shareholder	Number of Shareholders	Number of fully paid-up Equity Shares held	Total number shares held	Shareholding % calculated as per SCRR, 1957	Number of voting rights	Total as a % of total voting rights	Number of Equity Shares held in dematerialised form
Institutions (Domestic)							
Mutual Funds	34	85532892	85532892	2.63	85532892	2.63	85532892
Venture Capital Funds	0	0	0	0.00	0	0.00	0
Alternate Investment Funds	39	9659067	9659067	0.30	9659067	0.30	9659067
Banks	4	1348570	1348570	0.04	1348570	0.04	1348570
Insurance Companies	18	54959380	54959380	1.69	54959380	1.69	54959380
Provident Funds/Pension Funds	1	10136980	10136980	0.31	10136980	0.31	10136980
Asset Reconstruction Companies	0	0	0	0.00	0	0.00	0
Soveregin Wealth Funds	0	0	0	0.00	0	0.00	0
NBFC Registered with RBI	9	55966	55966	0.00	55966	0.00	55966
Other Financial Insutitions	0	0	0	0.00	0	0.00	0
Institutions (Foreign)							
Foreign Direct Investment	0	0	0	0.00	0	0.00	0
Foreign Venture Capital	0	0	0	0.00	0	0.00	0
Sovereign Wealth Funds	0	0	0	0.00	0	0.00	0
Foreign Portfolio Investors Category I	957	763776133	763776133	23.51	763776133	23.51	763776133
Foreign Portfolio Investors Category II	66	21674471	21674471	0.67	21674471	0.67	21674471
Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0.00	0	0.00	0
Any Other							
FOREIGN INSTITUTIONAL INVESTORS	1	89391	89391	0.00	89391	0.00	89391
Central Government/State Government(s)/President of India							
Central Government / President of India	0	0	0	0	0	0	0
State Government / Governor	0	0	0	0	0	0	0
Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter	0	0	0	0	0	0	0
Non-Institutions							

Category and name of the Shareholder	Number of Shareholders	Number of fully paid-up Equity Shares held	Total number shares held	Shareholding % calculated as per SCRR, 1957	Number of voting rights	Total as a % of total voting rights	Number of Equity Shares held in dematerialised form
Associate companies / Subsidiaries	0	0	0	0.00	0	0.00	0
Directors and their relatives (excluding independent directors and nominee directors)	3	8028037	8028037	0.25	8028037	0.25	8028037
Key Managerial Personnel	2	35000	35000	0.00	35000	0.00	35000
Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)	0	0	0	0.00	0	0.00	0
Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust'	0	0	0	0.00	0	0.00	0
Investor Education and Protection Fund (IEPF)	0	0	0	0.00	0	0.00	0
Resident Individuals holding nominal share capital up to Rs. 2 lakhs	677224	146763864	146763864	4.52	146763864	4.52	146747769
Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs	108	44050386	44050386	1.36	44050386	1.36	44050386
Non Resident Indians (NRIs)	12305	12097074	12097074	0.37	12097074	0.37	12097074
Foreign Nationals	0	0	0	0.00	0	0.00	0
Foreign Companies)	0	0	0	0.00	0	0.00	0
Bodies Corporate	2241	49275168	49275168	1.52	49275168	1.52	49275168
Any Other							
CLEARING MEMBERS	16	10434	10434	0.00	10434	0.00	10434
VARUN BEVERAGES LIMITED-SUB-DIVISION/SPLIT: FRACTIONAL SHARES TRUST	1	104402	104402	0.00	104402	0.00	0
H U F	5698	5270852	5270852	0.16	5270852	0.16	5270672
TRUSTS	17	92449	92449	0.00	92449	0.00	92449

Table IV – Statement showing shareholding pattern of non-Promoter non-Public shareholders:

Category and name of the Shareholder	Number of Shareholders	Number of fully paid-up Equity Shares held	Total number shares held	Shareholding % calculated as per SCRR, 1957	Number of Equity Shares held in dematerialised form
Custodian/DR Holder	0	0	0	0	0
Employee Benefit Trust	0	0	0	0	0

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the Bidding, application, payment of Bid Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and Bidders are assumed to have apprised themselves of the same from our Company or the Lead Managers. Prospective investors are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Eligible QIBs that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Lead Managers and their respective directors, officers, employees, counsels, agents, affiliates, and representatives accept no responsibility or liability for advising any Eligible QIBs on whether such Eligible QIB was eligible to acquire the Equity Shares. Also see "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions" on pages 232 and 240, respectively.

Our Company, the Lead Managers and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

The Preliminary Placement Document and this Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act read with Rule 14 of the PAS Rules, and other applicable provisions of the Companies Act, our Company may issue equity shares to Eligible QIBs provided that certain conditions are met by our Company. Some of these conditions are set out below:

- the Shareholders have passed a special resolution approving the Issue. Such special resolution must *inter alia* specify that, (a) the allotment of the Equity Shares is proposed to be made pursuant to the QIP, and (b) the Relevant Date;

- the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered and the price at which they are offered, amount which our Company intends to raise by way of such securities and the material terms of raising such securities, proposed Issue schedule, the purpose or objects of Issue, the contribution made by the Promoters or Directors either as part of the Issue or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the Issue or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Company, which are proposed to be allotted through the Issue, are listed on Stock Exchanges for a period of at least one year prior to the date of issuance of notice to our Shareholders for convening the meeting to seek approval of our Shareholders for the above-mentioned special resolution. This is not applicable to such companies who propose to undertake qualified institutional placement for complying with the minimum public shareholding requirements specified in the SCRR;

- invitation to apply in the Issue must be made through a private placement offer-cum-application (i.e. the Preliminary Placement Document) and Application Form, serially numbered and addressed specifically to the Eligible QIBs to whom the offer is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;

- our Company shall have completed allotments with respect to any offer or invitation made by our Company or has withdrawn or abandoned any such invitation or offer made, except as permitted under the Companies Act, however, our Company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed under the Companies Act;

- our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of the previous QIP;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer-cum-application (i.e., the Preliminary Placement Document), our Company must prepare and record a list of Eligible QIBs to whom the Issue will be made. The Issue must be made only to such Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe;

- in accordance with the SEBI ICDR Regulations, the Equity Shares will be issued and Allotment shall be made only in dematerialized form to the Allottees;

- our Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited;

- our Company, our Promoters and Directors have not been declared as Wilful Defaulter and Fraudulent Borrower; and

- our Promoters and Directors are not Fugitive Economic Offender.

At least 10% of the Equity Shares issued to Eligible QIBs were made available for Allocation to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remained unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise their Bids downwards after the Bid / Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The floor price of the equity shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of the issuer's equity shares of the same class quoted on the stock exchanges during the two weeks preceding the relevant date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of up to 5% of the floor price is permitted in accordance with the provisions of the SEBI ICDR Regulations. Our Board through its resolution dated October 9, 2024, and our Shareholders by way of a special resolution through postal ballot passed on November 8, 2024, have authorised our Board to decide the quantum of discount of up to 5% of the Floor Price at the time of determination of the Issue Price. The Issue Price shall be subject to appropriate adjustments, if our Company makes any alteration to its share capital as per the provisions under Regulation 176(4) of the SEBI ICDR Regulations. Our Company has offered a discount of ₹29.56 per Equity Share, equivalent to 4.97% of the Floor Price in terms of Regulation 176(1) of the SEBI ICDR Regulations

The Equity Shares will be Allotted within 365 days from the date of the Shareholders' resolution approving the Issue, being November 8, 2024, and also within 60 days from the date of receipt of Bid Amount from the relevant Eligible QIBs.

The Equity Shares issued pursuant to the Issue must be issued on the basis of the Preliminary Placement Document and this Placement Document that shall contain all material information including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document addressed to you, you may not rely on the Preliminary Placement Document or this Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of allottees with respect to the QIP shall not be less than:

- two, where the issue size is less than or equal to ₹2,500.00 million; and

- five, where the issue size is greater than ₹2,500.00 million.

No single Allottee shall be Allotted more than 50% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "*– Bid Process - Application Form*" on page 222.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange.

We have applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. We have filed a copy of the Preliminary Placement Document and this Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsels and advisors as to investment in and related matters concerning the Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) within the United States, only to qualified institutional buyers (as defined in Rule 144A of the U.S. Securities Act) ("U.S. QIBs") pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act, and (b) outside the United States, in offshore transactions in reliance upon Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described under the sections titled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 232 and 240, respectively.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. On the Bid / Issue Opening Date, our Company and the Lead Managers have circulated serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, and shall circulate serially numbers copies of this Placement Document, either in electronic or physical form to Eligible QIBs and the Application Form has been specifically addressed to each such Eligible QIBs. In terms of Section 42(3) of the Companies Act, our Company shall maintain complete records of Eligible QIBs in the form and manner prescribed under the PAS Rules, to whom the serially numbered copies of the Preliminary Placement Document and this Placement Document and the serially numbered Application Form have been dispatched or circulated, as the case may be. Our Company will make the requisite filings with the RoC within the stipulated time period as required under the Companies Act and the PAS Rules.

2. The list of Eligible QIBs to whom the Preliminary Placement Document have been delivered have been determined by our Company in consultation with the Lead Managers. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes**

the details of the bank account wherein the Bid Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB was required to submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Bid / Issue Period. Once a duly filled Application Form was submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid / Issue Closing Date. In case of an upward revision before the Bid / Issue Closing Date, an additional amount was required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

4. Eligible QIBs were required to submit an Application Form, including any revisions thereof, along with the Bid Amount transferred to the Escrow Account specified in the application form and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Bid / Issue Period to the Lead Managers.

5. Bidders were required to indicate the following in the Application Form:

   - a representation that it is outside the United States acquiring the Equity Shares in an "offshore transaction", as defined in, and in reliance on Regulation S, and it has agreed to certain other representations set forth in the "*Representations by Investors*" on page 232 and "*Purchaser Representations and Transfer Restrictions*" on page 240 and certain other representations set forth in the Application Form;

   - full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details (if applicable), phone number and bank account details;

   - number of Equity Shares Bid for;

   - price at which they were agreeable to subscribe for the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;

   - equity shares held by the Bidder in our Company prior to the Issue;

   - details of the beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited pursuant to the Issue; and

   - it has agreed to certain other representations set forth in the Application Form and the Preliminary Placement Document.

   NOTE**:** *Eligible FPIs were required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds were required to specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund have not been treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that could be held by them under applicable laws.*

6. Eligible QIBs were required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name

of “***VARUN BEVERAGES LIMITED-QIP-ESCROW ACCOUNT***” with the Escrow Agent, within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares was required to be only made in electronic mode from the bank accounts of the relevant Bidders and our Company was required to keep a record of the bank account from where such payment has been received. No payment shall be made in the Issue by the Bidders in cash. The Bid Amount payable on Equity Shares to be held by joint holders was required to be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Bid Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act. Notwithstanding the above, in the event (a) any Bidder is not Allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which the Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowered or withdrew their Bid after submission of the Application Form but prior to the Bid / Issue Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in “– *Refunds*” on page 228.

7. Once a duly completed Application Form was submitted by a Bidder, whether signed or not, and the Bid Amount was transferred to the Escrow Account, such Application Form constituted an irrevocable offer and the Bid could not be withdrawn or revised downwards after the Bid / Issue Closing Date. In case of an upward revision before the Bid / Issue Closing Date, an additional amount was required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Bid / Issue Closing Date was notified to the Stock Exchanges and the Eligible QIBs were deemed to have been given notice of such date after receipt of the Application Form.

8. Upon receipt of the duly completed Application Form and the Bid Amount in the Escrow Account, on or before the Bid / Issue Closing Date, our Company, in consultation with Lead Managers determined the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the Lead Managers on behalf of our Company sent the serially numbered CAN and this Placement Document to the Successful Bidders. The dispatch of a CAN, and this Placement Document to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Bid / Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form. **Please note that the Allocation has been made at the absolute discretion of our Company and shall be in consultation with the Lead Managers.**

9. The Bidder acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company is required to disclose the names of proposed Allottees and the percentage of their post-Issue shareholding in this Placement Document and consents to such disclosure, if any Equity Shares are Allocated to it.

10. Upon determination of the Issue Price and issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the Lead Managers, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

11. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Company will inform the Stock Exchanges of the details of the Allotment.

12. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of

the depositories or as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

13. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

14. Our Company will then apply for the final trading approvals from the Stock Exchanges.

15. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

16. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

17. In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for, through the Application Form and towards which Bid Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in "– *Refunds*" on page 228.

Eligible QIBs

Only Eligible QIBs are eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Rules have been considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- Eligible FPIs;
- insurance companies registered with the Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Funds, VCFs, AIFs, each registered with SEBI;
- pension funds with minimum corpus of ₹250.00 million registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;
- provident funds with minimum corpus of ₹250.00 million;
- public financial institutions as defined under Section 2(72) of the Companies Act;
- scheduled commercial banks;
- state industrial development corporations;
- systemically important non-banking financial companies; and

- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005, of the Government published in the Gazette of India.

ELIGIBLE FPIs WERE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA RULES IN THIS ISSUE. ELIGIBLE FPIs WERE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI including its investor group (which means the multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) hall be treated as part of the same investor group and must be below 10% of the post-Issue Equity Share capital and the total holding of all FPIs, collectively, shall be below 24% of the paid-up equity share capital of our Company. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Further, in terms of the FEMA Rules, the total holding of each FPI or an investor group shall be below 10% of the post-issue total paid-up Equity Share capital of our Company on a fully diluted basis.

Further, with effect from April 1, 2020, the limit of total holdings of all Eligible FPIs put together shall be the sectoral cap applicable to our Company, currently being 100% under the automatic route. As of September 30, 2024, the aggregate FPI shareholding in our Company is 24.18% of our Company's paid-up Equity Share capital on a fully diluted basis. For further details, see "*Shareholding Pattern of our Company*" on page 210.

In case the holding of an FPI including its investor group increases to 10% or more of the total paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the above prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per the procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations and FEMA Rules. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (a) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable. As per the circular issued by SEBI dated November 5, 2019 (circular no. IMD/FPI&C/CIR/P/2019/124), these investment restrictions shall also apply to subscribers of Offshore Derivative Instruments. Two or more subscribers of Offshore Derivative Instruments having a common beneficial owner shall be considered together as a single subscriber of the Offshore Derivative Instruments. In the event an investor has investments as an FPI and as a subscriber of Offshore Derivative Instruments, these investment restrictions shall apply on the aggregate of the FPI and Offshore Derivative Instruments investments held in the underlying company.

Pursuant to the SEBI circular dated April 5, 2018 (circular no: IMD/FPIC/CIR/P/2018/61), our Company has appointed NSDL as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. SEBI however, pursuant to its circular dated May 17, 2018 (circular no: SEBI/HO/IMD/FPIC/CIR/P/2018/81), directed that this system of monitoring foreign investment limits in Indian listed companies be made operational with effect from June 1, 2018. The designated depository is then required to inform the Stock Exchanges about the activation of the red flag. The stock exchanges are then required to issue the necessary circulars / public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs were permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on page 232 and 240, respectively.

Please note that participation by non-residents in the Issue is restricted to participation by FPIs under Schedule II of the FEMA Rules, in the Issue subject to limit of the individual holding of an FPI below 10% of the post-Issue paid-up capital of our Company and the aggregate limit for FPI investment currently not exceeding 100% (sectoral limit of the sector in which our Company operates) of the paid-up capital of our Company. Other non-residents such as FVCIs are not permitted to participate in the Issue.

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being our Promoters, or any person related to, the Promoters. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group;

- veto rights; or

- a right to appoint any nominee director on the Board.

Provided, however, that an Eligible QIB which does not hold any Equity Shares and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

Our Company, the Lead Managers and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs were advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs were advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Preliminary Placement Document and this Placement Document. Further, Eligible QIBs were required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations, and ensure compliance with applicable laws.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the Lead Managers who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document and this Placement Document. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Issue Period.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document, the Eligible QIB have been deemed to have given or made all the following representations and warranties, acknowledgements and undertakings, and the representations, warranties and agreements made under the sections "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 4, 7, 232 and 240, respectively, including as follows:

1. Each Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. Each Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or members of the Promoter Group or persons related to the Promoters;

3. Each Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoters;

4. Each Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

5. Each Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Bid / Issue Closing Date;

6. Each Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

7. Each Eligible QIB confirms that the Eligible QIB were eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. Each Eligible QIB further confirms that the holding of the Eligible QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

8. The Bidder confirms that in the event it is resident outside India, it is not an FVCI;

9. Each Eligible QIB confirms that its Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations;

10. Each Eligible QIB agrees that it will make payment of its Bid Amount along with submission of the Application Form within the Issue Period. Each Eligible QIB agrees that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid / Issue Closing Date;

11. Each Eligible QIB agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Lead Managers. The Eligible QIB further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

12. Each Eligible QIB acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company has disclosed names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in this Placement Document and such QIB consents of such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees that, disclosure of such details as "proposed Allottees" in this Placement Document does not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Lead Managers.

13. Each Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

(a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other QIB; and

(b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

14. Each Eligible QIB acknowledges that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.

15. Each Eligible QIB confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

16. Each Eligible QIB acknowledges, represents and agrees that its total voting rights in our Company does not exceed 10% of the total issued share capital of our Company.

17. Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis.

18. Each Eligible QIB confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

19. The Eligible QIB confirms that:

(a) if it is within the United States, it is a U.S. QIB who is, or are acquiring the Equity Shares for its own account or for the account of an institutional investor who also meets the requirement of a U.S. QIB, for investment purposes only and not with a view to, or for resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part and are not our affiliate or a person acting on behalf of such an affiliate;

(b) If it is outside the United States, it is purchasing the Equity Shares in an "offshore transaction", as defined in, and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made, and is not our affiliate or a person acting on behalf of such an affiliate; and

(c) It has agreed to certain other representations set forth in the sections titled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 232 and 240, respectively, and other representations made in the Application Form.

ELIGIBLE QIBs WERE REQUIRED TO PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN OR PAN ALLOTMENT LETTER (AS THE CASE MAY BE), DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs WERE REQUIRED TO ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE LEAD MANAGERS, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE LEAD MANAGERS TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE LEAD MANAGERS, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY OR STOCK EXCHANGES IN THIS REGARD, INCLUDING AFTER BID / ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WERE ALSO REQUIRED TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form, whether signed or not, and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares and becomes a binding contract on a Successful Bidder upon issuance of the CAN and this Placement Document by our Company (by itself or through the Lead Managers) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms were required to be completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. The Bid Amount was to be deposited in the Escrow Account as is specified in the Application Form and the Application Form was to be submitted to the Lead Managers either through electronic form or through physical delivery at the following address(s):

Name	Address	Contact Person	Website and Email	Phone
Kotak Mahindra Capital Company Limited	1st Floor, 27 BKC, Plot No. C – 27 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051, Maharashtra, India	Ganesh Rane	**Website**: https://www.investmentbank.kotak.com **E-mail**: vbl.qip@kotak.com	**Tel**: +91 22 4336 0000
CLSA India Private Limited	8/F Dalamal House, Nariman Point, Mumbai – 400 021, Maharashtra, India	Prachi Chandgothia / Purab Sharma	**Website**: www.india.clsa.com **E-mail**: project.max@clsa.com	**Tel**: +91 22 6650 5050
IIFL Capital Services Limited (*formerly known as IIFL Securities Limited*)	24th Floor, One Lodha Place, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013, Maharashtra, India	Dhruv Bhavsar / Pawan Kumar Jain	**Website**: www.iiflcap.com **E-mail**: vbl.qip@iiflcap.com	**Tel**: + 91 22 4646 4728
Jefferies India Private Limited	Level 16, Express Towers, Nariman Point, Mumbai – 400 021, Maharashtra, India	Suhani Bhareja	**Website**: www.jefferies.com **E-mail**: Varun.Beverages.QIP@jefferies.com	**Tel**: +91 22 4356 6000
Motilal Oswal Investment Advisors Limited	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai – 400 025, Maharashtra, India	Kunal Thakkar	**Website**: www.motilaloswalgroup.com **E-mail**: vblqip@motilaloswal.com	**Tel**: + 91 22 7193 4380

The Lead Managers were not required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

Bidders Bidding in the Issue were required to pay the entire Bid Amount along with the submission of the duly completed Application Form, within the Issue Period.

Payment of Bid Amount

Our Company has opened the Escrow Account in the name of "VARUN BEVERAGES LIMITED-QIP-ESCROW ACCOUNT" with the Escrow Agent, in terms of the Escrow Agreements. Each Bidder was required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bid / Issue Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments were required to be made only through electronic fund transfer. Payments made through cash, demand draft or cheques are liable to be rejected. Further, if the payment was not made favouring the Escrow Account, the Application Form was liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in "VARUN BEVERAGES LIMITED-QIP-ESCROW ACCOUNT" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event, a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, the excess Bid Amount will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in "– *Refunds*" on page 228.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price is not less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchanges during the two weeks preceding the Relevant Date. However, our Company has offered a discount of ₹29.56 per Equity Share, equivalent to 4.97% of the Floor Price in accordance with the approval of our Shareholders, accorded by way of a special resolution through postal ballot passed on November 8, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

The "Relevant Date" referred to above will be the date of the meeting in which the Board or the Management Committee decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

Build up of the Book

The Eligible QIBs were required to submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Lead Managers. Such Bids could not be withdrawn or revised downwards after the Bid / Issue Closing Date. The book shall be maintained by the Lead Managers.

Method of Allocation

Our Company has determined the Allocation in consultation with the Lead Managers on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Application Forms received from the Eligible QIBs at or above the Issue Price were grouped together to determine the total demand. The Allocation to all such Eligible QIBs was made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size was undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, Company in consultation with Lead Managers had the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE LEAD MANAGERS IN RESPECT OF ALLOCATION IS FINAL AND BINDING ON ALL ELIGIBLE QIBs. ELIGIBLE QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE LEAD MANAGERS AND ELIGIBLE QIBs HAVE NOT RECEIVED ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE

PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CONFIRMATION OF ALLOCATION NOTE OR CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the Lead Managers, in their sole and absolute discretion, has decided the Successful Bidders to whom the serially numbered CAN has been dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Bid Amount for the Equity Shares Allocated to them has been notified to such Successful Bidders. Additionally, the CAN included the details of amount to be refunded, if any, probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders were sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and this Placement Document, to the Eligible QIBs shall be deemed to be a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees in consultation with the Lead Managers.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB was deemed to have made the representations and warranties as specified in "*Notice to Investors*" on page 4 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the successful Bidders' beneficiary accounts with the Depository Participants, our Company will apply for the final listing and trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with the Issue with the RoC within the prescribed timelines under the Companies Act.

7. After finalization of the Issue Price, our Company updated the Preliminary Placement Document with the Issue details and has filed it with the Stock Exchanges as this Placement Document, which includes names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, namely, the names of the Allottees, and number of Equity

Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with this Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price or Equity Shares are not Allocated to a Bidder for any reasons or the Issue is cancelled prior to Allocation, or a Bidder lowers or withdraws the Bid prior to the Bid / Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted as set out in the Application Form. The Refund Amount will be transferred to the relevant Bidders within three Working Days from the issuance of the CAN.

In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of application monies, our Company shall repay the application monies within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12% p.a. from expiry of the sixtieth day. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, the Depositories Act and other applicable laws.

Our Company, at its sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, our Company will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by our Company.

Release of Funds to our Company

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with the Issue with the RoC.

Other Instructions

Submission of Documents

A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.

Permanent Account Number ("PAN")

Each Bidder was required to mention its PAN (except Bids from any category of Bidders, which may be exempted from specifying their PAN for transacting in the securities market) allotted under the Income Tax Act, 1961, as amended. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information was considered incomplete and are liable to be rejected. It is to be specifically noted that applicants were not required to submit the General Index Registration number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder was required to mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to reject applications

Our Company, in consultation with the Lead Managers, could have rejected Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Lead Managers in relation to the rejection of Bids is final and binding. In the event the Bid was rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder as set out in the Application Form. For details, see "– *Bid Process*" and "– *Refunds*" on pages 222 and 228, respectively.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB who applied for Equity Shares to be issued pursuant to the Issue was required to have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Lead Managers shall not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT AND LOCK-UP

Placement Agreement

The Lead Managers has entered into the Placement Agreement with our Company, pursuant to which the Lead Managers has agreed to manage the Issue and to act as placement agent in connection with the proposed Issue and, subject to certain conditions procure subscription for the Equity Shares to be issued pursuant to the Issue, on a reasonable efforts basis.

The Equity Shares will be placed with the QIBs pursuant to this Issue under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder. The Placement Agreement contains customary representations, warranties and indemnities from our Company and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Lead Managers and their respective affiliates may engage in transactions with and perform services for our Company, our Subsidiaries, our Associates, our Joint Venture or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, our Subsidiaries, our Associates, our Joint Venture, for which they would have received compensation and may in the future receive compensation.

Affiliates of the Lead Managers which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. See "*Offshore Derivative Instruments*" and "*Representations by Investors*" on pages 14 and 7, respectively.

The Preliminary Placement Document and this Placement Document has not been, and will not be, filed as a prospectus with the RoC, and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) within the United States, only to persons who are U.S. QIBs pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act, and (b) outside the United States, in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described in the sections titled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 232 and 240, respectively.

Relationship with the Lead Managers

In connection with the Issue, the Lead Managers (or their respective affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Lead Managers may purchase the Equity Shares or be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of Offshore Derivative Instruments. Please see "*Offshore Derivative Instruments*" on page 14. From time to time, the Lead Managers, and their respective affiliates and associates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Company, our Subsidiaries, Associates, Joint Venture, affiliates and the Shareholders, as well as for their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Lead Managers and their respective affiliates and associates. For further details, see "*Use of Proceeds*" on page 91.

Lock-up

Our Company agrees, subject to the exceptions set out below, not to: (a) issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, issue right or warrant to purchase any interest in any Equity Shares, lend or otherwise transfer or dispose of, directly or indirectly, any equity shares, or any securities convertible into or exercisable or exchangeable for Equity Share; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise; or (c) publicly announce any intention to enter into any transaction described in (a) or (b) above, except the Equity Shares which are issued by our Company in accordance with its employee stock option schemes, for a period from the date hereof up to 180 days after the Closing Date without the prior written consent of the Lead Managers, however, the foregoing restriction shall not be applicable (i) to any transaction required by law or an order of a court of law or a statutory authority; and (ii) to any issuance of Equity Shares of our Company pursuant to conversion of stock options issued or to be issued by our Company.

Ravi Kant Jaipuria, Varun Jaipuria and RJ Corp Limited have agreed that, subject to the exceptions set out below, not to: (a) issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, issue right or warrant to purchase any interest in any Equity Shares, lend or otherwise transfer or dispose of, directly or indirectly, any equity shares, or any securities convertible into or exercisable or exchangeable for Equity Share; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise; or (c) publicly announce any intention to enter into any transaction described in (a) or (b) above, for a period from the date hereof up to 90 days after the date of Allotment of Equity Shares without the prior written consent of the Lead Managers. However, the foregoing restriction shall not be applicable (i) with respect to sale of up to 16,243,627 Equity Shares, amounting to 0.5% of the current issued and paid-up share capital of the Company, on an aggregate basis, by any member of the Promoter/Promoter Group of the Company; and (ii) to any transaction required by law or an order of a court of law or a statutory authority. The foregoing paragraph shall not apply to (a) any inter-se transfer of Equity Shares between the Promoters and Promoter Group, provided that the lock-in shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such Equity Shares till the Lock-in Period set out herein has expired and (b) bona fide pledge of lock-in Equity Shares, as collateral for loans as per the normal commercial terms entered into, in the ordinary course of business of the Company, where any arrangement for any such encumbrance as collateral is undertaken with the prior written approval of the Lead Managers.

SELLING RESTRICTIONS

The distribution of the Preliminary Placement Document and this Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of the Preliminary Placement Document and this Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. The Preliminary Placement Document and this Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

This Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations and the Companies Act. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under "Notice to Investors", "Representations by Investors" and "Purchaser Representations and Transfer Restrictions" on pages 4, 7 *and* 240, *respectively.*

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of the Preliminary Placement Document and this Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither the Preliminary Placement Document, this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder. Each purchaser of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described under "*Purchaser Representations and Transfer Restrictions*" on page 240.

Republic of India

The Preliminary Placement Document and this Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. The Preliminary Placement Document and this Placement Document has not been and will not be filed as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Australia

This Placement Document:

- does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include the information required of a disclosure document under the Australian Corporations Act.
- has not been, and will not be, lodged with the Australian Securities and Investments Commission ("ASIC"), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;
- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a "retail client" (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors ("**Exempt Investors**"), available under section 708 of the Corporations Act.

The Equity Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Equity Shares may be issued, and no draft or definitive Preliminary Placement Document, advertisement or other offering material relating to any Equity Shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Equity Shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of the Equity Shares under the Preliminary Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Equity Shares you undertake to us that you will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. This Placement Document has been prepared for private information purposes for intended investors only who will be high net worth individuals and institutions. Our Company has not made and will not make any invitation to the public in the Kingdom of Bahrain and this Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency ("BMA") has not reviewed, nor has it approved, the Preliminary Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, the Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

Canada

Prospective Canadian investors are advised that the information contained within this Placement Document has not been prepared with regard to matters that may be of particular concern to Canadian investors. Accordingly, prospective Canadian investors should consult with their own legal, financial and tax advisers concerning the information contained within this Placement Document and as to the suitability of an investment in the Equity Shares in their particular circumstances.

The Equity Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are both (i) accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and (ii) permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Such sales will be made only by a dealer duly registered under the applicable securities laws of the applicable province or in accordance with an exemption from the applicable registered dealer requirements. Any resale of the Equity Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Placement Document (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor. Under Canadian securities law, National Instrument 33-105 *Underwriting Conflicts* (NI 33-105) provides disclosure requirements with respect to potential conflicts of interest between an issuer and underwriters, dealers or placement agents, as the case may be. To the extent any conflict of interest between us and any of the underwriters (or any other placement agent acting in connection with this offering) may exist in respect of this offering, the applicable parties to this offering are relying on the exemption from these disclosure requirements provided to them by section 3A.3 of NI 33-105 (Exemption based on U.S. disclosure).

Upon receipt of this Placement Document, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque acheteur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières.*

European Economic Area

In relation to each Member State of the European Economic Area (each a "Relevant State"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation (as defined below), except that it may make an offer to the public in that Relevant State of any Equity Shares at any time:

- to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the LMs; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Equity Shares shall require the Issuer or any Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Hong Kong

The Lead Managers have represented, warranted and agreed that:
(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Equity Shares other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "CWUMPO") or which do not constitute an offer to the public within the meaning of the CWUMPO.
(ii) it has not issued or had in its possession for the purposes of the issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a "qualified institutional investor" (*tekikaku kikan toshika*), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the "**Qualified Institutional Investor**"), the Equity Shares will be offered in Japan by a private placement to small number of investors (*shoninzu muke kanyu*), as provided under Article 23-13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. If an offeree falls under the Qualified Institutional Investor, the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (*tekikaku kikan toshikamuke kanyu*), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To subscribe the Equity Shares (the "**QII Equity Shares**") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Equity Shares other than to another Qualified Institutional Investor.

Republic of Korea

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "**FSCMA**"), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "**FETL**"). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

Kuwait

This Placement Document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Equity Shares in the State of Kuwait. The Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait ("**Kuwait Securities Laws**"). No private or public offering of the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia ("**Commission**") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this Placement Document is subject to Malaysian laws. This Placement Document does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Placement Document nor any offering material or information contained herein relating to the offer of Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Placement Document does not constitute an offer to sell Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand

This Placement Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMC Act**"). This Issue is not an offer of financial products that requires disclosure under Part 3 of the FMC Act and no product disclosure statement, register entry or other disclosure document under the FMC Act will be prepared in respect of this Issue. The Equity Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act; or
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act.

If, in the future, any person in New Zealand to whom the Equity Shares are issued or sold elects to sell any Equity Shares, they must not do so in any manner which will, or is likely to, result in this Issue, or such sale, being viewed as an offer to which Part 3 of the FMC Act is applicable.

Sultanate of Oman

This Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in the Sultanate of Oman ("**Oman**") without the prior consent of the Capital Market Authority ("**Oman CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of the Equity Shares, no prospectus has been filed with the Oman CMA. The offering and sale of the Equity Shares described in this Placement Document will not take place inside Oman. This Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof does not constitute a public offer of the Equity Shares in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Authority Law (Royal Decree 80/98) (the "**CMAL**"), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations of CMA. Additionally, this Placement Document and the Equity Shares is not intended to lead to the conclusion of a contract for the sale or purchase of securities. The recipient of this Placement Document and the Equity Shares represents that it is a sophisticated investor (as described in Article 139 of the Executive Regulations of the Capital Market Law) and that it has experience in business and financial matters that they are capable of evaluating the merits and risks of investments.

Qatar (excluding the Qatar Financial Centre)

This Placement Document and the offering of the Equity Shares have not been, and will not be: (i) lodged or registered with, or reviewed or approved by, the Qatar Central Bank, the Qatar Financial Markets Authority the Ministry of Business and Trade or any other governmental authority in the State of Qatar or (ii) authorized, permitted or licensed for offering or distribution in Qatar, and the information contained in this document does not, and is not intended to, constitute a public or general offer or other invitation in respect to the Equity Shares in the State of Qatar. Accordingly, the Equity Shares are not being, and will not be, offered, issued or sold in the State of Qatar, and this document is not being, and will not be, distributed in the State of Qatar. The offering, marketing, issue and sale of the Equity Shares and distribution of this Placement Document is being made in, and is subject to the laws, regulations and rules of jurisdictions outside of the State of Qatar. No application has been or will be made for the Equity Shares to be listed or traded on the Qatar Exchange or the QE Venture Market.

This Placement Document is strictly private and confidential, and is being sent to a limited number of institutional and/or sophisticated investors (a) upon their request and confirmation that they understand the statements above; and (b) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Qatar Financial Centre

This Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Centre (the "**QFC**"), and accordingly should not be construed as such. This document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Bank has not been approved or licensed by or registered with any licensing authorities within the QFC.

Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires Equity Shares pursuant to the Issue should note that the offer of Equity Shares is an offer to "Sophisticated Investors" (as defined in Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated October 4, 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated August 18, 2008 (the "**KSA Regulations**")) for the purposes of Article 9 of the KSA Regulations. Each Lead Manager has represented, warranted and agreed that the offer of the Equity Shares will only be directed at Sophisticated Investors. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this document, you should consult an authorised financial adviser.

The offer of Equity Shares shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Equity Shares as a Sophisticated Investor may not offer or sell those Equity Shares to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and (a) the Equity Shares are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Equity Shares in any one transaction is equal to or exceeds Saudi Arabian Riyal 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Singapore

Each LM has acknowledged that this Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each LM has represented and agreed that it has not offered or sold any Equity Shares or caused the Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell any Equity Shares or cause the Equity Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
(2) where no consideration is or will be given for the transfer;
(3) where the transfer is by operation of law;
(4) as specified in Section 276(7) of the SFA; or
(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Equity Shares, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Equity Shares are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

South Africa

Due to restrictions under the securities laws of South Africa, no "offer to the public" (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted) (the "**South African Companies Act**")) is being made in connection with the issue of the Equity Shares in South Africa. Accordingly, this Placement Document does not, nor is it intended to, constitute a "registered prospectus" (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. The Equity Shares are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions stipulated in section 96 (1) applies:

i. the offer, transfer, sale, renunciation or delivery is to:
   (a) persons whose ordinary business is to deal in securities, as principal or agent;
   (b) the South African Public Investment Corporation;
   (c) persons or entities regulated by the Reserve Bank of South Africa;
   (d) authorised financial service providers under South African law;
   (e) financial institutions recognised as such under South African law;
   (f) a wholly-owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorised portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or
   (g) any combination of the person in (a) to (f); or
ii. the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR1,000,000 or such higher amount as may be promulgated by notice in the Government Gazette of South Africa pursuant to section 96(2)(a) of the South African Companies Act.

Information made available in this Placement Document should not be considered as "advice" as defined in the South African Financial Advisory and Intermediary Services Act, 2002.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Placement Document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Placement Document nor any other offering or marketing material relating to the offering, the Company, the Equity Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Equity Shares will not be supervised by, the Swiss Financial Market Supervisory Authority and the offer of Equity Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Equity Shares.

Taiwan

The Equity Shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorised to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Equity Shares in Taiwan.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Placement Document has not been, and is not intended to be, approved by the UAE Central Bank, the UAE Ministry of Economy, the Emirates Securities and Commodities Authority or any other authority in the UAE or any other authority in any of the free zones established and operating in the UAE. The Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the UAE in a manner which constitutes a public offering in the UAE in compliance with any laws applicable in the UAE governing the issue, offering and sale of such securities. This Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any other person other than the original recipient and may not be used or reproduced for any other purpose.

Dubai International Financial Centre

The Equity Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on that basis that an offer is:

1. an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the "**DFSA**"); and
2. made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module of the DFSA rulebook.

United Kingdom

The communication of this Placement Document and any other document or materials relating to the issue of the Equity Shares offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "**FSMA**"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. In the United Kingdom, this Placement Document is being distributed only to, and is directed only at those (i) who have professional experience in matters relating to investments and who fall within the definition of investment professionals in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons") or otherwise in circumstances which have not resulted and will not result in an offer to the public of the Equity Shares in the United Kingdom within the meaning of the FSMA. Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this Placement Document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this Placement Document relates to may be made or taken exclusively by relevant persons.

In addition, in relation to the United Kingdom, no offer of Equity Shares which are the subject of the offering contemplated by this Placement Document to the public may be made in the United Kingdom other than:

(i) to any legal entity which is a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 ("**EUWA**");

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA) in the United Kingdom subject to obtaining the prior consent of the LMs; or

(iii) in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Equity Shares shall require our Company or any LMs to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Equity Shares means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

United States

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. Accordingly, the Equity Shares offered in the Issue are being offered and sold (a) within the United States, only to persons who are U.S. QIBs pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act, and (b) outside the United States, in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For further information, please refer to the section titled "*Purchaser Representations and Transfer Restrictions*" on page 240.

PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to subscribing for Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, the Equity Shares Allotted in the Issue are not permitted to be sold for a period of one year from the date of Allotment, except on floor of the BSE or the NSE. Due to the following restrictions, investors are advised to consult their respective legal counsels prior to Bidding for the Equity Shares or making any offer, resale, pledge or transfer of the Equity Shares, except if the resale of the Equity Shares is by way of a regular sale on the BSE or the NSE. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" on page 232.

Transfer restrictions and purchaser representations for purchasers within the United States

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

If you purchase the Equity Shares offered in the United States pursuant to Section 4(a)(2) of the U.S. Securities Act, in reliance upon Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, by accepting delivery of this Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed to us and the Lead Manager as follows:

- You are authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations.

- You (A) are a "qualified institutional buyer" (as defined in Rule 144A) (a "U.S. QIB"), (B) are aware that the sale of the Equity Shares to you is being made pursuant to Section 4(a)(2) of the U.S. Securities Act or another available exemption from the registration requirements of the U.S. Securities Act, and (C) are acquiring such Equity Shares for your own account or for the account of a U.S. QIB.

- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States, (1) to a person who the seller reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A, (2) pursuant to an exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 under the U.S. Securities Act (if available), (3) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (4) pursuant to an effective registration statement under the U.S. Securities Act, or (ii) outside the United States in an offshore transaction in reliance upon Regulation S, as applicable, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdictions in which such offers or sales are made.

- You agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer agrees) that neither you, nor any of your affiliates, nor any person acting on your behalf, will make any "directed selling efforts" as defined in Regulation S, with respect to the Equity Shares. You acknowledge and agree that you are not purchasing any Equity Shares as a result of any directed selling efforts.

- The Equity Shares offered and sold in the United States as part of the Issue are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for re-sales of any Equity Shares.

- You will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act.

- You were provided access to the Preliminary Placement Document and this Placement Document, which you have read in its entirety. You will base your investment decision on a copy of the Preliminary Placement Document and this Placement Document. You acknowledge that neither our Company nor any of its affiliates nor any other person (including the Lead Manager) or any of its affiliates has made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Company, the Issue or the Equity Shares, other than (in the case of our Company only) the information contained in this Placement Document, as it may be supplemented.

- You are a sophisticated investor and possess such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in similar jurisdictions. You and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company or the LM or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) are seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and you or they have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment.

- You will notify any transferee to whom you subsequently offer, sell, pledge or otherwise transfer and the executing broker and any other agent involved in any resale of the Equity Shares of the foregoing restrictions applicable to the Equity Shares and instruct such transferee, broker or agent to abide by such restrictions.

- You acknowledge that if at any time your representations cease to be true, you agree to resell the Equity Shares at our Company's request.

- You agree that any offer, resale, pledge or other transfer, or attempted offer, resale, pledge or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions will not be recognised by the Company.

You acknowledge and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that the Company, the LMs and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgements, representations or agreements are no longer accurate you will promptly notify Company and the LMs; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgements, representations and agreements on behalf of each such account. You agree that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the Company, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. You understand that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorize the Company to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

Transfer restrictions and purchaser representations for purchasers outside the United States

If you purchase the Equity Shares offered outside the United States in reliance on Regulation S, by accepting delivery of this Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed as follows:

- You are authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations and will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to purchase and accept delivery of Equity Shares, and you acknowledge and agree that none of the Company or the LMs and their respective affiliates shall have any responsibility in this regard.

- You acknowledge (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges) that the Equity Shares are being issued in offshore transactions in reliance upon Regulation S and such Equity Shares have not been and will not be registered under the U.S. Securities Act.

- You certify that either (A) you are, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, are located outside the United States (within the meaning of Regulation S), and you have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States, or (B) you are a broker-dealer acting on behalf of your customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States (within the meaning of Regulation S), and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.

- You are aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S.

- You agree (or you are a broker-deal acting on behalf of a customer that has confirmed to you that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any "directed selling efforts" as defined in Regulation S. You acknowledge and agree that you are not purchasing any Equity Shares as a result of any "directed selling efforts" as defined in Regulation S.

- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and that such Equity Shares may be offered, resold, pledged or otherwise transferred except (A)(i) in the United States, (1) to a person who the seller reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A, (2) pursuant to an exemption from registration under the U.S Securities Act provided by Rule 144 under the U.S. Securities Act (if available), (3) pursuant to another available exemption from the registration requirements of the U.S Securities Act, or (4) pursuant to an effective registration statement under the U.S. Securities Act, or (ii) outside the United States in an "offshore transaction" complying with Rule 903 or Rule 904 of Regulation S, as applicable, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdictions in which such offers or sales are made.

- You are a sophisticated investor and possess such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company or the LMs or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) are seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and you or they have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment.

- You have been provided access to the Preliminary Placement Document and will be provided access to this Placement Document, which you have read in its entirety. You will base your investment decision on a copy of the Preliminary Placement Document and this Placement Document. You acknowledge that neither our Company nor any of its affiliates nor any other person (including the Lead Manager) or any of its affiliates has made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Company, the Issue or the Equity Shares, other than (in the case of our Company only) the information contained in this Preliminary Placement Document, as it may be supplemented.

- You agree to indemnify and hold the Company and the LMs harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. You will not hold any of the Company or the LMs liable with respect to its investment in the Equity Shares. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Where you are subscribing to the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts.

- You agree that any offer, resale, pledge or other transfer, or attempted offer, resale, pledge or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by the Company.

If such person is a dealer (as such term is defined under the U.S. Securities Act), it may not resell the Equity Shares in the United States prior to 40 days from the commencement of the offering of the Equity Shares. You acknowledge and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that the Company and the LMs and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agree that, if any of such acknowledgements, representations or agreements are no longer accurate, you will promptly notify the Company and the LMs; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgements, representations and agreements on behalf of each such account. You agree that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the Company, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. You understand that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorize the Company to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company, the Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the SCR (SECC) Regulations, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, the SEBI Act, SEBI Listing Regulations and various guidelines and regulations issued by the SEBI and the stock exchanges. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Further, the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, as amended, governs the voluntary and compulsory delisting of equity shares from the stock exchanges. Following a compulsory delisting of equity shares, a company, its whole-time directors, its promoters, person(s) responsible for ensuring compliance with the securities laws and the companies promoted by any of them cannot directly or indirectly access the securities market or seek listing of any equity shares for a period of 10 years from the date of such delisting. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

Pursuant to the provisions of the SCRR, all listed companies (except public sector undertakings) are required to ensure a minimum public shareholding at 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Further, where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. However, every public sector listed company whose public shareholding falls below 25% at any time after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25%, within a period of two years from the date of such fall, in the manner specified by SEBI. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Company is in compliance with this minimum public shareholding requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform, BOLT Plus through which all trades on the equity cash, equity derivatives and currency segments of the exchange are executed.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading (“**NEAT**”), which operates on strict time / price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Settlement

The stock exchanges in India operate on a trading day plus one, or T+1 rolling settlement system. At the end of the T+1 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Tuesday.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management’s discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the SEBI Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer.

The SEBI Takeover Regulations were further amended on June 22, 2020, to exempt any acquisitions by way of preferential issue from the obligation to make an open offer. Subsequently, the SEBI Takeover Regulations were amended on August 13, 2021 exempting (a) persons, together with persons acting in concert with him, holding shares or voting rights entitling him to exercise twenty-five per cent or more of the voting rights in a target company; and (b) promoter of the target company, together with persons acting in concert with him, from making continual disclosures in relation to aggregate shareholding and voting rights in the target company. Further, the amendment has also removed certain disclosure obligations for acquirers/promoters, pertaining to acquisition or disposal of shares aggregating to 5% and any change of 2% thereafter, annual shareholding disclosure and creation/invocation/release of encumbrance registered in depository systems under the SEBI Takeover Regulations. These relaxations have been given on account of implementation of the system driven disclosures.

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information (“**UPSI**”). The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations. The SEBI Insider Trading Regulations also provides for disclosure obligations for promoters, employees and directors, with respect to their shareholding in the company, and the changes therein. The board of directors of all listed companies are required to formulate and publish on the company’s website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations. Insider Trading Regulations prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database be maintained, containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details person with whom information is shared.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term “securities”, as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles and the Companies Act. Bidders are urged to read the Memorandum and Articles carefully, and consult with their advisers, as the Memorandum and Articles and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share capital

The authorised share capital of our Company is ₹10,000,000,000 divided into 5,000,000,000 Equity Shares having a face value of ₹2. For further details please see "*Capital Structure*" on page 105.

Dividends

Under the Companies Act, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013 no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous fiscal year(s) arrived at as laid down by the Companies Act. According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by the Board of Directors. In addition, as is permitted by the Articles of Association, the Board may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.

Further, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, in the absence of profits in any year, a company may declare dividend out of surplus, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; provided, this rule shall not apply to a company, which has not declared any dividend in each of the three preceding financial years; (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of the paid up share capital of the company and free reserves as per the most recent audited financial statement; (c) the amount so drawn shall be first utilised to set off the losses incurred by the company in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves of the company after such withdrawal shall not fall below 15% of the company's paid up share capital as per the most recent audited financial statement of the company.

Further, as per the Companies Act, 2013, bonus shares can only be issued if the company has not defaulted in payments of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus or principal/ interest payments on fixed deposits or debt securities issued by it. Bonus shares cannot be issued in lieu of dividend.

According to the Articles of Association, the Company may declare dividends to be paid to the members, according to their respective rights and interests in the profits. However, no dividends shall exceed the amount recommended by our Board of Directors.

The Equity Shares issued pursuant to this Preliminary Placement Document shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Capitalisation of profits and issue of bonus shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors of a company subject to approval of shareholders in a general meeting to issue fully paid up bonus shares to its members out of (a) the free reserves of the company, (b) the securities premium account, or (c) the capital redemption reserve account. However, a company may capitalize its profits or reserves for issue of fully paid up bonus shares, provided: (a) its authorised by articles, (b) it has been, on the recommendation of the board of directors, been authorised by the shareholders in a general meeting, (c) it has not defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it, (d) it has not defaulted on payment of statutory dues such as contribution to provident fund, gratuity and bonus, and (e) there are no partly paid-up shares. The issue of bonus shares once declared cannot be withdrawn.

These bonus shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalising reserves created by revaluation of assets, and no bonus shares shall be issued in lieu of dividend. Further, any issue of bonus shares would be subject to the SEBI ICDR Regulations.

Our Company may by a resolution passed in a general meeting of the Shareholders, upon a recommendation by the Board, resolve to capitalise any part of the amount for the time being standing to the credit of any of our Company's reserve accounts or to the credit of the statement of profit and loss and that such sum be available for distribution amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions. The aforesaid sum shall not be paid in cash but shall be applied on behalf of such Shareholders in paying up any amounts for the time being unpaid on any Equity Shares held by such Shareholders and/or in paying up in full, unissued shares of our Company to be allotted and distributed, credited as fully paid up in the proportion aforesaid, provided that a securities premium account and a capital redemption reserve fund may, be applied in the paying up of any unissued shares to be issued to members of our Company as fully paid bonus shares.

Pre-Emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. According to Section 62(1)(a) of the Companies Act such new shares shall be offered to existing Shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the Shareholders. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our shareholders in a general meeting.

Pursuant to the terms of our Articles of Association, our Company may, from time to time: (a) increase its share capital by such amount as it thinks expedient; (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (c) Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner; (d) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (e) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and (f) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled. Such cancellation of shares shall not be deemed to be a reduction of share capital. Further, our Company may, in accordance with applicable laws, reduce in any manner and with, and subject to, any incident authorised and consent required by law, (a) its share capital; (b) any capital redemption reserve account; (c) any share premium account.

General meetings of Shareholders

There are two types of general meetings of the shareholders, namely, AGM and EGM. Our Company is required to hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between two AGMs, unless extended by the RoC at its request for any special reason for a period not exceeding three months. Our Board of Directors may convene an EGM *suo motu* when it deems fit.

Notices, along with statement containing material facts concerning each special item, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to every member or the legal representative of a deceased member, auditors of the company and every director of the company, at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95%

of the shareholders entitled to vote. Further, a general meeting, other than an annual general meeting may be called after giving a shorter notice if consent is received, by the majority in number of shareholders of the company who are entitled to vote and who represent not less than 95% of the paid up share capital of the company. Unless, the Articles of Association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company, whether AGM or EGM. The quorum requirements applicable to shareholder meetings under the Companies Act have to be physically complied with, unless exempted by appropriate authority.

A company intending to pass a resolution relating to matters such as, but not limited to, amendments to the objects clause of the Memorandum of Association, a variation of the rights attached to a class of shares or debentures or other securities, buy-backs of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, every member holding shares is entitled to vote through e-voting process. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid up on each share held by such holder bears to our Company's total paid up capital. The Chairman of the meeting has a casting vote or second vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. A shareholder may exercise his voting rights by proxy to be given in the form prescribed. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have a right to speak at meetings.

Pursuant to the terms of our Articles of Association, and subject to any rights or restrictions for the time being attached to any class or classes of shares, (a) on a show of hands, every member holding equity shares present in person or proxy shall have one vote; and (b) on a poll, the voting rights of members shall be in proportion to their share in the paid-up equity share capital of our Company.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange.

Pursuant to the SEBI Listing Regulations, in the event our Company has not effected the transfer of shares within 15 days or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares shall be freely transferable, subject to applicable laws.

Directors

The Articles of Association provide that subject to the applicable provisions of the Companies Act, the minimum and maximum number of Directors of the Company shall be as per the provisions of the Companies Act and / or any other applicable laws for the time being in force. The Board shall have an optimum combination of executive, non-executive, women, resident and Independent Directors, as may be prescribed by the Companies Act or any other applicable law for the time being in force. Subject to the applicable provisions of the Companies Act and the Articles of Association, the Board shall have the power at any time and from time to time to appoint any qualified person to be a director either as an addition to the Board or to fill a casual vacancy but so that the total number of directors shall not at any time exceed the maximum number fixed under the Companies Act or the Articles of Association. However, any person so appointed shall hold office only up to the earlier of the date of the next AGM or at the last date on which the AGM should have been held but shall be eligible for appointment by the Company as a director at that meeting subject to the applicable provisions of the Companies Act.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act and any related SEBI guidelines issued in connection therewith.

Registration of Transfers and Register of Members

Our Company is required to maintain a register of members wherein the particulars of the members of our Company are entered. We recognize as shareholders only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, the name of the depository is entered into our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares held by a depository.

For the purpose of determining the shareholders, entitled to corporate benefits declared by our Company, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act. Under the SEBI Listing Regulations of the stock exchanges on which our Company’s outstanding Equity Shares are listed, our Company may, upon at least seven working days’ (excluding the date of intimation and the record date) advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Liquidation Rights

In the event of our winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not. The liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

TAXATION

Date: November 13, 2024

To,

Board of Directors
Varun Beverages Limited
F-2/7, Okhla Industrial Area, Phase I
New Delhi 110 020
Delhi, India

Sub: Qualified institutions placement of equity shares of face value of ₹2 each ("Equity Shares") by Varun Beverages Limited (the "Company") under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations") and Sections 42 and 62 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, each as amended (such placement, the "Issue" or "QIP").

This report is issued in accordance with the Engagement Letter dated 22 October 2024.

We, **APAS & Co LLP**, Chartered Accountants, hereby consent to the use of the Statement of Tax Benefits dated 30 September 2024 in relation to the possible tax benefits available to the Company, material subsidiaries and shareholders of the Company (the "**Statement**") under direct taxes (the "**Tax Laws**") presently in force in India to be included in the Preliminary Placement Document and Placement Document (together referred to as "**Offering Documents**") of the Company to be filed with National Stock Exchange of India Limited and BSE Limited (together, the "**Stock Exchanges**"), in relation to the Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws which are based on business imperatives the Company may face in the future and accordingly, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed **Annexure I** are not exhaustive. The Statement covers the possible tax benefits available to the Company, and its shareholders and is only intended to provide general information to the investors for the Placement and is neither designed nor intended to be a substitute for professional tax advice. We confirm that **Annexure I** provides in all material respects the possible tax benefits available to the Company or its shareholders in accordance with the applicable tax laws as on the date of this certificate.

We do not express any opinion or provide any assurance as to whether:
1. The Company or its shareholders will continue to obtain these benefits in future; or
2. The conditions prescribed for availing the benefits have been/ would be met with.
3. The revenue authorities/courts will concur with the views expressed therein.

The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (the "**Guidance Note**") in accordance with the generally accepted auditing standards in India and other applicable authoritative pronouncements issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

This certificate has been issued at the request of the Company for use in connection with the Issue and may be relied upon by the Company, the Lead Managers, and the legal counsel in relation to the Issue. We hereby consent to extracts of, or reference to, this certificate being used in the preliminary placement document or any other documents in connection with the Issue. We also consent to the submission of this certificate as may be necessary, to any regulatory or statutory authority and/or for the records to be maintained by the Lead Managers in connection with the Issue and in accordance with applicable law. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

We confirm that the information in this certificate is true and correct and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context. We undertake to promptly update you of any changes in the above-mentioned position if it is brought to our knowledge by the company, until the Equity Shares issued by the Company pursuant to the Issue commence trading on the Stock Exchanges.

All capitalised terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Placement Documents.

For APAS & Co LLP
Chartered Accountants
Firm Registration Number: 000340C/C400308
Peer Review Certificate Number: 014393

Rajeev Ranjan
Partner
Membership Number: 535395
Place: Gurugram
Date: November 13, 2024
UDIN: 24535395BKCBCQ4494

Annexure I

Statement of Tax Benefits available to Varun Beverages Limited (the "Company" or "Issuer") and its Shareholders.

I. TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 ("THE ACT")

1. **Section 115BAA of the Act** – In accordance with and subject to the conditions specified under section 115BAA of the Act, an enterprise is eligible for tax rate @ 22% (plus applicable surcharge & Cess), if opted under this new regime of taxation.
   The Company has already opted for new tax regime and hence, is eligible for tax under Section 115BAA of the Act.

2. **Section 80JJAA of the Act -** In accordance with and subject to the conditions specified under Section 80JJAA of the Act, an enterprise is entitled for a deduction of an amount equal to 30% of additional employee cost incurred in the course of business in the previous year, for 3 assessment years including the assessment year relevant to the previous year in which such employment is provided.
   The deduction is available subject to fulfilment of conditions prescribed under the said Section. During the assessment year 2024-25, the company has incurred certain additional employee cost in the course of business which, is eligible for deduction under Section 80JJAA of the Act.

3. **Section 80M of the Act -** In accordance with and subject to the conditions specified under Section 80M of the Act, an enterprise is entitled for a deduction from the total income of an amount equal to so much of the amount of income by way of dividend received from any other domestic company/ foreign company as it does not exceed the amount of dividend distributed by it on or before the due date.
   The deduction is available subject to fulfilment of conditions prescribed under the said Section. During the assessment year 2024-25, the Company has received certain dividend from foreign subsidiaries in the course of business which, is eligible for deduction under Section 80M of the Act.

TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY UNDER THE INCOME TAX ACT, 1961

There are no special tax benefits available to the current shareholders of the Company.

Note:

1. The above is as per the current Tax Laws.

2. The above statement of Possible Special Tax Benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership, and disposal of equity shares of the Company.

3. This statement of Possible Special Tax Benefits does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company.

4. The possible special tax benefits are subject to conditions and eligibility criteria which need to be examined for tax implications.

5. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement ("DTAA"), if any, between India and the country in which the non-resident has fiscal domicile.

6. The tax benefits discussed in this statement are not exhaustive and are only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws each investor is advised to consult his or her own tax consultant with respect to the specific tax consequences of his/her investment in the shares of the Company.

7. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time.

We do not assume responsibility to update the views consequent to such changes.

For APAS & Co LLP
Chartered Accountants
Firm Registration Number: 000340C/C400308
Peer Review Certificate Number: 014393

Rajeev Ranjan
Partner
Membership Number: 535395
Place: Gurugram
Date: November 13, 2024
UDIN: 24535395BKCBCQ4494

CERTAIN OTHER TAX CONSIDERATIONS

Certain India Income Tax considerations

There may be certain material Indian tax consequences to a U.S. holder (as defined below) of ownership of Equity Shares which are based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this Preliminary Placement Document. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the Equity Shares.

Certain U.S. Federal Income Tax considerations

The following is a discussion of certain material U.S. federal income tax consequences to a U.S. holder (as defined below) for purchasing, owning and disposing of Equity Shares acquired pursuant to this Issue. This summary does not address any aspect of U.S. federal non-income tax laws, such as U.S. federal estate and gift tax laws, or state, local or non-U.S. tax laws, and does not purport to be a comprehensive description of all of the U.S. tax considerations that may be relevant to a particular person's decision to acquire Equity Shares.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

The discussion applies to you only if you acquire the Equity Shares in this Issue and you hold the Equity Shares as capital assets within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"). This section does not apply to you if you are a member of a special class of holders subject to special tax rules, including:

- a broker;
- a dealer in securities, commodities or non-U.S. currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank or other financial institution;
- a tax-exempt organization;
- an insurance company;
- a regulated investment company;
- an accrual method taxpayer subject to special tax accounting rules as a result of its use of financial statements;
- an investor who is a U.S. expatriate, former U.S. citizen or former long term resident of the United States;
- a controlled foreign corporation;
- a passive foreign investment company;
- a mutual fund;
- an individual retirement or other tax-deferred account;
- a holder liable for alternative minimum tax;
- a holder that actually, indirectly or constructively owns 10% or more of (i) the total combined voting power of all classes of the Company voting stock or (ii) the total value of all classes of the Company stock;
- a partnership or other pass-through entity for U.S. federal income tax purposes;
- a holder that holds Equity Shares as part of a straddle, hedging, constructive sale, conversion or other integrated transaction for U.S. federal income tax purposes; or
- a U.S. holder (as defined below) whose functional currency is not the U.S. Dollar.

This section is based on the Code, existing and proposed U.S. Department of the Treasury regulations issued under the Code, legislative history, and judicial and administrative interpretations thereof, all as of the date hereof. All of the foregoing are subject to change at any time, and any change could be retroactive and could affect the accuracy of this discussion. In addition, the application and interpretation of certain aspects of the passive foreign investment company ("**PFIC**") rules, referred to below, require the issuance of regulations which in many instances have not been promulgated and which may have retroactive effect. There can be no assurance that any of these regulations will be enacted or promulgated, and if so, the form they will take or the effect that they may have on this discussion.

This discussion is not binding on the U.S. Internal Revenue Service ("IRS") or the courts. No ruling has been or will be sought from the IRS with respect to the positions and issues discussed herein, and there can be no assurance that the IRS or a court will not take a different position concerning the U.S. federal income tax consequences of an investment in the Equity Shares or that any such position would not be sustained.

For U.S. federal income tax purposes, you are a "U.S. holder" if you are a beneficial owner of Equity Shares that acquired the shares pursuant to this Issue and you are:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States, any State thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorised to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

In addition, this discussion is limited to U.S. holders who are not resident in India for purposes of the Income Tax Treaty between the United States and India.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of the Equity Shares, the U.S. tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A holder of the Equity Shares that is a partnership and partners in such a partnership should consult their own tax advisors concerning the U.S. federal income tax consequences of purchasing, owning and disposing of Equity Shares.

Taxation of Dividends

Subject to the PFIC rules described below under "*PFIC considerations*", if you are a U.S. holder you generally must include in your gross income as a dividend the gross amount of any distributions of cash or property (other than certain pro rata distributions of Equity Shares) with respect to Equity Shares, to the extent the distribution is paid by our Company out of its current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. A U.S. holder will include the dividend as ordinary income at the time of actual or constructive receipt. Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the Equity Shares and thereafter as capital gain from the sale or exchange of such Equity Shares. Notwithstanding the foregoing, our Company does not intend to maintain calculations of its earnings and profits as determined for U.S. federal income tax purposes. Consequently, distributions generally will be reported as dividend income for U.S. information reporting purposes.

Subject to the PFIC rules described below, dividends paid by a non-U.S. corporation generally will be taxed at the preferential tax rates applicable to long-term capital gain of non-corporate taxpayers if (a) such non-U.S. corporation is eligible for the benefits of certain U.S. treaties or the dividend is paid by such non-U.S. corporation with respect to stock that is readily tradable on an established securities market in the United States, (b) the U.S. holder receiving such dividend is an individual, estate, or trust, and (c) such dividend is paid on shares that have been held by such U.S. holder for at least 61 days during the 121-day period beginning 60 days before the "ex-dividend date." If the requirements of the immediately preceding sentence are not satisfied, a dividend paid by a non-U.S. corporation to a U.S. holder, including a U.S. holder that is an individual, estate, or trust, generally will be taxed at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains). The dividend rules are complex, and each U.S. holder should consult its own tax advisor regarding the dividend rules.

Dividends received generally will be income from non-U.S. sources, which may be relevant in calculating your U.S. foreign tax credit limitation. Such non-U.S. source income generally will be "passive category income", which is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you. The rules with respect to foreign tax credits are complex and involve the application of rules that depend on a U.S. holder's particular circumstances. You should consult your own tax advisor to determine the foreign tax credit implications of owning the Equity Shares.

The amount of the dividend distribution that you must include in your income as a U.S. holder will be the U.S. Dollar value of the Indian Rupee payments made, determined at the spot Indian Rupee/U.S. Dollar exchange rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. Dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. Dollars will be treated as ordinary income or loss. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Taxation of sale, exchange or other taxable disposition of Equity Shares

Subject to the PFIC rules discussed below, if you are a U.S. holder and you sell, exchange or otherwise dispose of your Equity Shares in a taxable disposition, you generally will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. Dollar value of the amount realized and your tax basis, determined in U.S. Dollars, in your Equity Shares. Gain or loss recognized on such a sale, exchange or other disposition of Equity Shares generally will be long-term capital gain if the U.S. holder has held the Equity Shares for more than one year. Long-term capital gains of U.S. holders who are individuals (as well as certain trusts and estates) are generally taxed at preferential rates (currently at a maximum rate of 20%). The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes, unless it is attributable to an office or other fixed place of business outside the United States and certain other conditions are met. Your ability to deduct capital losses is subject to limitations.

Medicare tax

Certain U.S. holders who are individuals, estates or trusts are required to pay a 3.8% Medicare surtax on all or part of that holder's "net investment income", which includes, among other items, dividends on, and capital gains from the sale or other taxable disposition of, the Equity Shares, subject to certain limitations and exceptions. Prospective investors should consult their own tax advisors regarding the effect, if any, of this surtax on their ownership and disposition of the Equity Shares.

PFIC considerations

The Code provides special rules regarding certain distributions received by U.S. persons with respect to, and sales, exchanges and other dispositions, including pledges, of, shares of stock in a PFIC. A non-U.S. corporation will be treated as a PFIC for any taxable year in which either: (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of its gross assets during the taxable year (generally based on the average of the fair market values of the assets determined at the end of each quarterly period) are "passive assets," which generally means that they produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, rents, royalties, gains from commodities and securities transactions, and gains from assets that produce passive income. Cash is generally a passive asset. However, under recently proposed U.S. Treasury regulations, on which taxpayers may rely, an amount of cash held in a non-interest bearing financial account that is held for the present needs of an active trade or business and is no greater than the amount necessary to cover operating expenses incurred in the ordinary course of the trade or business and reasonably expected to be paid within 90 days is generally not treated as a passive asset. Further, goodwill is generally treated as an active asset to the extent attributable to activities that produce or are intended to produce active income. In determining whether a non-U.S. corporation is a PFIC, a pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

Based on the current and projected composition of our income and assets, including the expected cash proceeds from this offering, and the valuation of our assets, including goodwill, we do not expect to become, a PFIC in the current taxable year or the foreseeable future for U.S. federal income tax purposes. However, no assurance can be given that our Company will not be considered a PFIC in the current or any future taxable years. Our Company's possible status as a PFIC must be determined for each year and cannot be determined until the end of each taxable year. Because this determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond our Company's control, including the amount and nature of our Company's income and assets, as well as on the market valuation of our Company's assets, including goodwill, and Equity Shares, and because certain aspects of the PFIC rules are not entirely certain, there can be no assurance that our Company is not a PFIC and will not become a PFIC or that the IRS will agree with our conclusion regarding our PFIC status. If our Company was currently or were to become a PFIC, U.S. holders of Equity Shares would be subject to special rules and a variety of potentially adverse tax consequences under the Code.

If we are a PFIC for any fiscal year during which a U.S. holder holds our Equity Shares, we generally will continue to be treated as a PFIC with respect to that U.S. holder for all succeeding fiscal years during which the U.S. Holder holds our Equity Shares, unless we cease to meet the threshold requirements for PFIC status and that U.S. holder makes a qualifying "deemed sale" election with respect to the Equity Shares. If such an election is made, the U.S. holder will be deemed to have sold the Equity Shares it holds at their fair market value on the last day of the last fiscal year in which we qualified as a PFIC, and any gain from such deemed sale will be subject to the consequences described below. After the deemed sale election, the Equity Shares with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC.

If we are a PFIC for any taxable year during which a U.S. holder holds our Equity Shares, the U.S. holder may be subject to adverse tax consequences. Generally, gain recognized upon a disposition (including, under certain circumstances, a pledge) of our Equity Shares by the U.S. holder would be allocated ratably over the U.S. holder's holding period for such Equity Shares. The amounts allocated to the taxable year of disposition and to years before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for that taxable year for individuals or corporations, as appropriate, and would be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to each such other taxable year. Further, to the extent that any distribution received by a U.S. holder on our Equity Shares exceeds 125% of the average of the annual distributions on such Equity Shares received during the preceding three years or the U.S. holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner described immediately above with respect to gain on disposition.

If we are a PFIC for any fiscal year during which any of our non-U.S. subsidiaries is also a PFIC, a U.S. Holder of our Equity Shares during such year will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules to such subsidiary. U.S. holders should consult their tax advisers regarding the tax consequences if the PFIC rules apply to any of our subsidiaries. Alternatively, if we are a PFIC and if our Equity Shares are "regularly traded" on a "qualified exchange", a U.S. holder may be eligible to make a mark-to-market election that would result in tax treatment different from the general tax treatment described above. Our Equity Shares would be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of the Equity Shares are traded on a qualified exchange on at least 15 days during each calendar quarter. However, because a mark-to-market election cannot be made for equity interests in any lower-tier PFIC that we may own, a U.S. holder that makes a mark-to-market election with respect to us may continue to be subject to the PFIC rules with respect to any indirect investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. If a U.S. holder makes the mark-to-market election, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of the Equity Shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the Equity Shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. holder makes the election, the U.S. holder's tax basis in the Equity Shares will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of our Equity Shares in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. holder makes a mark-to-market election it will be effective for the taxable year for which the election is made and all subsequent taxable years unless our Equity Shares are no longer regularly traded on a qualified exchange or the IRS consents to the revocation of the election. U.S. holders are urged to consult their tax advisers about the availability of the mark-to-market election, and whether making the election would be advisable in their particular circumstances.

Alternatively, a U.S. holder of stock in a PFIC may make a so-called "Qualified Electing Fund" election to avoid the PFIC rules regarding distributions and gain described above. The PFIC taxation regime would not apply to a U.S. holder who makes a QEF election for all taxable years that such U.S. Holder has held our Equity Shares while we are a PFIC, provided that we comply with specified reporting requirements. Instead, each U.S. holder who has made a valid and effective QEF election is required for each taxable year that we are a PFIC to include in income such U.S. Holder's pro rata share of our ordinary earnings as ordinary income and such U.S. Holder's pro rata share of our net capital gains as long-term capital gain, regardless of whether we make any distributions of such earnings or gain. The QEF election is made on a shareholder-by-shareholder basis and generally may be revoked only with the consent of the IRS. Our Company does not intend to provide to U.S. holders the information required to make a valid QEF election and our Company currently makes no undertaking to provide such information. Accordingly, it is currently anticipated that a U.S. holder will not be able to avoid the special tax rules described above by making the QEF election.

In addition, if we are a PFIC or, with respect to particular U.S. holders, are treated as a PFIC for the taxable year in which we paid a dividend or for the prior taxable year, the preferential rates discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

If a U.S. Holder owns our Equity Shares during any year in which we are a PFIC, the U.S. Holder generally will be required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to us, generally with the U.S. holder's federal income tax return for that year. If we are a PFIC for a given taxable year, you should consult your tax advisor concerning your annual filing requirements.

The U.S. federal income tax rules relating to PFICs are complex. U.S. holders are urged to consult their own tax advisers with respect to the ownership and disposition of our Equity Shares, the consequences if we are or become a PFIC, any elections available with respect to our Equity Shares, and the IRS information reporting obligations with respect to the ownership and disposition of our Equity Shares.

Information with respect to foreign financial assets

In addition, certain U.S. holders may be subject to certain reporting obligations with respect to Equity Shares if the aggregate value of these and certain other "specified foreign financial assets" exceeds $50,000. If required, this disclosure is made by filing Form 8938 with the IRS. Significant penalties can apply if U.S. holders are required to make this disclosure and fail to do so. In addition, a U.S. holder should consider the possible obligation for online filing of a FinCEN Report 114—Foreign Bank and Financial Accounts Report as a result of holding Equity Shares. U.S. holders are thus encouraged to consult their U.S. tax advisors with respect to these and other reporting requirements that may apply to their acquisition of Equity Shares.

Information reporting and backup withholding

In general, information reporting requirements will apply to distributions made on our Equity Shares within the U.S. to a non-corporate U.S. holder and to the proceeds from the sale, exchange, redemption or other disposition of Equity Shares by a non-corporate U.S. holder to or through a U.S. office of a broker. Payments made (and sales or other dispositions effected at an office) outside the U.S. will be subject to information reporting in limited circumstances.

In addition, backup withholding of U.S. federal income tax may apply to such amounts if the U.S. holder fails to provide an accurate taxpayer identification number (or otherwise establishes, in the manner provided by law, an exemption from backup withholding) or to report dividends required to be shown on the U.S. holder's U.S. federal income tax returns.

Backup withholding is not an additional income tax, and the amount of any backup withholding from a payment to a U.S. holder will be allowed as credit against the U.S. holder's U.S. federal income tax liability provided that the appropriate returns are filed.

You should consult your own tax advisor as to the qualifications for exemption from backup withholding and the procedures for obtaining the exemption.

The foregoing does not purport to be a complete analysis of the potential tax considerations relating to this Issue, and is not tax advice. Prospective investors should consult their own tax advisors as to the particular tax considerations applicable to them relating to the purchase, ownership and disposition of the Equity Shares, including the applicability of the U.S. federal, state and local tax laws or non-tax laws, non-U.S. tax laws, and any changes in applicable tax laws and any pending or proposed legislation or regulations.

LEGAL PROCEEDINGS

Our Company and its Subsidiaries are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. These legal proceedings are initiated by us and also by customers, distributors and other parties.

*For the purposes of this section, set forth below are summaries of outstanding legal proceedings involving our Company, Subsidiaries, and Directors, considered material in accordance with our Company's "Policy for Determination of Material Events/Information", framed in accordance with Regulation 30 of the SEBI Listing Regulations ("***Policy of Materiality***") and adopted by our Board with effect from March 28, 2016, which was further updated on July 30, 2024. In accordance with the Policy of Materiality, a litigation/dispute/regulatory action is considered to be material if the amount assessed or claimed as potential liability exceeds 5% of the average absolute value of profit or loss after tax in Fiscals 2023, 2022 and 2021. Accordingly, our Company has disclosed, in this section (i) all outstanding civil proceedings involving (which includes cases filed by and against) the Company, Subsidiaries and Directors, that involve amounts exceeding 5% of average absolute value of profit or loss after tax in Fiscals 2023, 2022 and 2021, being approximately ₹733.00 million ("***Materiality Threshold***"), and (ii) any other outstanding litigation involving the Company, Subsidiaries and Directors wherein a monetary liability is not determinable or quantifiable or which does not exceed Material Threshold that would result in an adverse outcome and may have a material adverse effect on the Company or which may otherwise be material for the Company and/or has been intimated to the Stock Exchanges by the Company in accordance with Regulation 30 of the SEBI Listing Regulations.*

Additionally, solely for the purpose of this Issue, our Company has disclosed in this section, certain other outstanding legal proceedings, including (i) outstanding criminal matters involving the Company, Subsidiaries and Directors, (ii) outstanding actions (including notices received) initiated by any regulatory and/or statutory authorities such as SEBI or Stock Exchanges, involving the Company, Subsidiaries and Directors; and (iii) outstanding claims related to direct and indirect tax matters involving the Company, its Subsidiaries and Directors are disclosed in a consolidated manner, giving the number of cases and total amount demanded. In relation to outstanding criminal proceedings, and outstanding actions initiated by regulatory and statutory authorities, no materiality threshold has been applied. All outstanding tax proceedings have been disclosed in a consolidated manner (separately for direct and indirect taxes).

Further, other than as disclosed in this section (i) there is no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last three years preceding the year of this Preliminary Placement Document and no directions have been issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (ii) there are no inquiries, inspections or investigations initiated or conducted under the Companies Act, 1956 or Companies Act, 2013 or any previous company law in relation to our Company or its Subsidiaries in the last three years immediately preceding the year of circulation of this Preliminary Placement Document. Also, there have been no prosecutions filed (whether pending or not), fines imposed, or compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document, involving our Company or our Subsidiaries; (iii) there are no material frauds committed against us in the last three years; (iv) there are no defaults in repayment of (a) statutory dues (other than taxes or charges that are being contested in appropriate proceedings); (b) debentures and interest thereon; (c) deposits and interests thereon; or (d) loan obtained from any bank or financial institution and interest thereon, as of the date of this Preliminary Placement Document; (v) there are no defaults in the annual filing of our Company under Companies Act, 2013, or the rules made thereunder and (vi) there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Subsidiaries, or our Directors shall, unless otherwise decided by our Board, not be considered as litigation until such time that our Company or any of its Subsidiaries or Directors, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forums.

I. Litigation involving our Company and its Subsidiaries

A. Litigation against our Company

(i) Criminal proceedings

Except as stated below, there are no other outstanding criminal proceedings against our Company:

1. SMV Beverages Limited filed a case (numbered RCT9916431/17) under Section 138 of the NI Act against its then distributor M/s. Innovators Enterprises before the District Court, Bhopal, where the amount involved was approximately ₹0.22 million. Avnish Tiwari, proprietor of M/s. Innovators Enterprises, filed a criminal complaint under Sections 406, 120B, 34, 419 and 420 of the IPC ("**Criminal Complaint**"), against SMV Beverages Limited, Varun Beverages Limited and PepsiCo India Holding Private Limited alleging misuse of cheques issued and prayed for production of original cheques which were the subject matter of the aforesaid case. The Criminal Complaint was transferred from Court of Judicial Magistrate First Class, Katni, to the Court of Chief Judicial Magistrate, Bhopal by an order of the High Court of Madhya Pradesh dated March 12, 2024. The matter is currently pending.

2. Deputy Director, Industrial Safety and Health, Mumbai filed two criminal complaints each dated August 23, 2022 in the court of Additional Chief Metropolitan Magistrate, Dadar (Mumbai) against our Director Rajinder Jeet Singh Bagga in his capacity as the occupier of our plant in Mahul ("**Occupier**"), and against Ashwin T, in his capacity as the factory manager, at that time, of our Mahul Plant ("**Manager**"), as defined under the Industrial Disputes Act, 1947, for the alleged violation of Rule 67(a)(5), Rule 115(1) and Rule 115(2) of the Maharashtra Factories Rules, 1963 ("**Complaints**"). It was alleged in the Complaints that a contract worker had suffered an accidental eye injury, and that the Occupier had not provided effective screens or suitable goggles for the protection of the worker and had thereby violated Rule 67(a)(5) of the Maharashtra Factories Rules, 1963. It was further alleged that the Manager did not intimate the relevant authority about the incident within four hours of its occurrence and did not submit a written report within 24 hours of the incident and had thereby violated Rule 67(a)(5) of the Maharashtra Factories Rules, 1963. In response to the Complaint, our Company filed an application dated September 29, 2022 before Minister of Labour, Government of Maharashtra ("**Application**") and wrote a letter dated September 30, 2022, to the Deputy Director, Industrial Safety and Health, Mumbai ("**Letter**"), requesting the Complaints to be withdrawn. The Application and Letter stated that the injured worker was provided safety goggles and was wearing them at the time of the accident and therefore it was urged that the Complaints be withdrawn. These matters are currently pending.

3. Our Company or its nominee, is party to 14 matters initiated against it under the provisions of the Prevention of Food Adulteration Act, 1954 ("**PFA Act**") for alleged misbranding of packed food products and for alleged adulteration in the content of the products manufactured by the Company. These matters are currently pending. In this regard, 4 applications filed by our Company before the Rajasthan High Court and the Allahabad High Court under Section 482 of the Cr.P.C. for quashing proceedings before the lower courts, on the grounds of filing of complaint beyond prescribed limitation period, and non-receipt of the copy of the public analyst report as contemplated under Section 13(2) of the PFA Act thereby depriving our Company of the opportunity to make an application to the court to get the sample of the article of food analyzed by the central food laboratory; are currently pending. Furthermore, our Company or its nominee is party to 11 criminal matters initiated under the Food Safety and Standards Act, 2006 ("**Food Safety Act**"), wherein it has been alleged that certain food products manufactured by our Company are "unsafe", as defined under the provisions of the Food Safety Act, and the rules made thereunder. These matters are currently pending.

4. Legal Metrology Department, Delhi filed 5 criminal complaints (numbered CC No. 101/17, CC No. 148/17, CC No. 1574-76/17, CC No. 115/2017 and CC No. 1499-1500/17) in the Court of the Metropolitan Magistrate, Karkardooma, Delhi, against our Company, for allegedly violating rule 18(2) and 32(2) of the Legal Metrology (Packaged Commodity) Rules ("**Complaints**"). These Complaints were filed on the grounds of alleged printing of different maximum retail prices on the same products and alleged overcharging for the same products at different locations. Our Company filed five criminal writ petitions (numbered W.P. (Crl.) No. 420/2018, W.P. (Crl.) No. 3328/2017, W.P. (Crl.) No. 1182/2019, W.P. (Crl.) No. 2728/2019, and W.P. (Crl.) No. 2729/2019) before the Delhi High Court, praying for the quashing of these respective complaints under Section 482 of the Cr.P.C. The High Court disposed of all five petitions, granting our Company the liberty to raise all the grounds before

the trial court and directing the trial court to consider these grounds at the first instance. The complaints are currently pending.

A show cause notice dated April 27, 2020, ("**Show Cause Notice**") was issued to our Company by Assistant Controller, Legal Metrology, Thiruvananthapuram, alleging that during an inspection conducted at the premises of Matha Agencies on April 3, 2020, it was found that the MRP on an 'Aquafina' bottle was more than the price fixed under the Kerela Bottled Water (Price Control) Order ("**Price Control Order**"), 2020, and thereby violated section 18(1) of the Legal Metrology Act, 2009 ("**Metrology Act**"). Our Company replied to the Show Cause Notice on June 9, 2020, stating that the bottles were supplied to Matha Agencies before the Price Control Order came in to effect and thereby no violation of the Price Control Order or Metrology Act had occurred. Subsequently a criminal complaint dated January 11, 2021was filed by the Legal Metrology Department Thiruvananthapuram before the court of the Judicial First Class Magistrate, Thiruvananthapuram against our Company and our Director Rajinder Jeet Singh Bagga. The complaint is pending for disposal.

5. Krishi Upaj Mandi Samiti ("**Complainant**") filed Criminal Case No. 1508/2003 ("**Complaint**") against our Company before the Additional Chief Judicial Magistrate No.3 Jodhpur ("**Magistrate**"). The Complaint alleged that our Company had violated sections 4, 14, 17 read with section 28 (1) and 28 (2) of the Agriculture Produce Market Act, 1961. The Magistrate through an order dated November 26, 2018 ("**Order**"), acquitted our Company. Aggrieved by the Order, the Complainant filed an appeal bearing number 334/2019 before the High Court of Rajasthan, where the matter is currently pending.

(ii) *Civil proceedings*

There are no outstanding civil proceedings against our Company, which involves an amount of ₹733.00 million or more, nor any outstanding litigation where the monetary liability is not quantifiable, but would result in an adverse outcome and would materially and adversely affect the operations or financial position of the Company. There are certain civil proceedings against our Company that relate, inter alia, to consumer complaints, labour disputes and motor accident claims, as stated below. These matters are currently pending before various authorities. However, none of these outstanding civil litigation initiated against our Company involve an amount of ₹733.00 million or more, and there are no outstanding litigation against our Company where the monetary liability is not quantifiable, but would result in an adverse outcome and would materially and adversely affect the operations or financial position of the Company.

1. There are 52 civil proceedings against our Company that relate, inter alia, to consumer complaints and labour disputes. These matters are currently pending before various authorities.

2. 17 claim petitions have been filed by various individuals before the Motor Accident Claims Tribunals against our Company, primarily under Sections 166 and 140, as well as other sections of the Motor Vehicles Act, 1988 and the rules made thereunder, seeking compensation for alleged rash driving, resulting in injury or death. The aggregate amount involved in these cases is approximately ₹46.93 million.

(iii) *Actions initiated by regulatory and statutory authorities*

Except as stated below, there are no other outstanding actions initiated by regulatory and statutory authorities against our Company:

1. Apart from the 11 criminal matters under the Food Safety and Standards Act, 2006 ("**Food Safety Act**") as aforesaid, our Company or its nominee is a party to 118 matters, which to the extent quantifiable aggregate to approximately ₹7.23 million initiated by food safety officers of various states, for alleged misbranding of packaged food products manufactured by the Company. These matters are currently pending.

2. Our Company, with respect to our plant in Jodhpur, received a show cause notice issued by the Rajasthan State Pollution Control Board dated August 01, 2024 ("**Notice**"), wherein it was alleged that pursuant to an inspection dated June 28, 2024, it was observed that our Company had not complied with conditions of the consent to operate issued to us on August 16, 2023 and the provisions of the Air (Prevention and

Control of Pollution) Act, 1981and Water (Prevention and Control of Pollution) Act, 1974. Our Company submitted a reply to the Notice on August 8, 2024. The matter is currently pending.

3. An application was filed on March 17, 2020 ("**Application**") by Sushil Bhatt before the National Green Tribunal, Principal Bench, New Delhi ("**NGT**") wherein it was alleged that our Company's unit in Greater Noida, Uttar Pradesh did not take a 'no objection certificate' from the Central Ground Water Authority for extraction of ground water thereby violating Water Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981.The NGT through its order dated February 25, 2022 ("**NGT Order**") allowed the application and imposed a penalty of ₹97,133,440 for alleged illegal extraction of ground water. Our Company filed civil appeal no. 2907/2022 dated April 5, 2022, in the Supreme Court against the NGT Order stating that we had obtained the necessary consents / permissions / authorizations from the Uttar Pradesh Pollution Control Board. The Supreme Court through its order dated May 19, 2022, stayed the operation of the NGT Order. The matter is pending for final disposal.

4. Our Company, along with our directors at the time, Ravi Kant Jaipuria, Varun Jaipuria, Raj Pal Gandhi, Kapil Agarwal, Rajinder Jeet Singh Bagga, Naresh Trehan, Pradeep Sardana, Ravi Gupta, Rashmi Dhariwal, and Sita Khosla, received a show cause notice dated February 22, 2021 ("**Notice**"), from Assistant Commissioner of Labour, Raigad – Panvel ("**ALC**"). The notice alleged that our Company had not sought the permission of the appropriate government or similar authority before closing one of our plants located in Roha, as required under Section 25 (O) of the Industrial Disputes Act, 1947. Our Company filed a writ petition dated April 9, 2021 before the Bombay High Court for quashing of the Notice. Subsequently, on September 16, 2021, the Bombay High Court stayed the proceedings before the ALC, until further orders. The matter is currently pending.

(iv) *Tax Proceedings*

We have disclosed claims relating to direct and indirect taxes involving our Company in a tabular manner giving details of number of cases and total amount involved in such claims.

Particulars	Number of cases	Aggregate amount involved (₹ in million)
Direct tax[(1)]		
- Disallowances	12	293.03
- Penalties	3	39.00
- Demand amounts	2	0.031
Indirect tax	93	1,074.27

*[(1)] A search and seizure operation was conducted under section 132 of the IT Act on March 27, 2012 on M/s Jaipuria Group (R.K. Jaipuria Group) ("**Search and Seizure Operation**"). Following the Search and Seizure Operation, our Company received assessment orders along with demand notices for AY 2006-2007 to AY 2012-2013 ("**Assessment Years**" and the related orders the "**Assessment Orders**") from the Assistant Commissioner of Income Tax, Central Circle-7, New Delhi and Assistant Commissioner of Income Tax, Central Circle-12, New Delhi ("**ACITs**"). The matters with respect to the Assessment Orders were appealed by us before the Commissioners of Income Tax – Appeals, New Delhi ("**CIT(A)**") and certain of our appeals were allowed. The Income Tax Department preferred appeals against the aforementioned orders of the CIT(A)s before the ITAT, Delhi ("**ITAT**"). The ITAT dismissed these appeals preferred by the Income Tax Department, for the AY 2006-2007 to AY 2012-2013 ("**ITAT Orders**"). The ITAT Orders pertaining to AY 2006-2007, AY 2007-2008, and AY 2012-2013 were not appealed further. The Income Tax Department subsequently appealed to the High Court of Delhi ("**High Court**") for the AY 2008-2009 to AY 2011-2012.The High Court in its orders numbered ITA 576/2019, ITA 588/2019, ITA 561/2019 and ITA 38/2020 respectively, also confirmed the ITAT orders and dismissed the department appeals for the AY 2008-2009 to AY 2011-2012. These matters relating to the Assessment Years are no longer pending, barring certain proceedings with respect to AY 2012-2013.*

With respect to AY 2008-2009, the High Court dismissed the department appeal in its order numbered ITA/576/2019. Subsequently, the Income Tax Department filed a special leave petition dated November 13, 2019, before the Supreme Court, where the matter has now been disposed of due to increase in monetary threshold of the tax effect for filing an appeal to the Supreme Court.

With respect to AY 2012-2013, while the ITAT had dismissed the appeal of the department by its order dated February 26, 2020, however, in relation to the Search and Seizure Operation, a penalty was imposed for alleged undisclosed income for AY 2012-2013 under section 271AAA of the IT Act by the ACIT by its order dated September 30, 2014. Aggrieved by the order, our Company filed an appeal before the CIT(A) and by its order dated November 18, 2015 the CIT(A) held that no penalty under section 271AAA was leviable. Subsequently, the Income Tax Department filed an appeal against the order of the CIT(A) before the ITAT, which dismissed the appeal through its order dated May 8, 2023. Aggrieved by the order of the ITAT, the department is in the process of filing an appeal before the High Court where the matter is currently pending.

B. Litigation by our Company

(i) *Criminal proceedings*

Except as stated below, there are no other outstanding criminal proceedings by our Company:

1. There are 324 matters filed by our Company against some of our past distributors under the provisions of the Negotiable Instruments Act, 1881 ("**NI Act**"). In these matters, the cheques issued by these distributors in favour of our Company, usually on account of products supplied and returnable empty glass bottles, have been dishonoured for reasons primarily such as insufficiency of funds. In addition to the aforementioned proceedings, our Company has also filed certain criminal complaints under sections 406 and 420 of the IPC against some of our past distributors for breach of contract and cheating. These matters are pending before various authorities.

2. A criminal complaint was filed by the Company against its past distributor, M/s Rahat Traders, and its partners under section 138 of the Negotiable Instruments Act, 1881 ("**NI Act**") in the court of the Chief Judicial Magistrate, Nuh District ("**NI Act Complaint**"), since cheques issued in favour of the Company by the distributor against unpaid invoices and goods, had been dishonoured. The complaint is presently pending in the court of Judicial Magistrate, 1st Class, Mewat (Nuh). Two of the accused in the NI Act Complaint, Mohd. Mustaq and Mohd. Habib filed a revision petition ("**Revision Petition**") in order to set aside the proceedings with respect to them and Sessions Judge Nuh through the order dated May 9, 2023, allowed this petition. Aggrieved by the Revision Petition our Company filed a petition registered on December 15, 2023 before the High Court of Punjab and Haryana, where the matter is currently pending. Further, the purported proprietor of M/s. Rahat Traders, Tahir Hussain also filed a criminal complaint in the court of Judicial Magistrate, Firozepur Zhirka, under Sections 420, 467, 468, 471 and 120-B of the IPC ("**Forgery Complaint**") alleging that his signatures on the cheque had been forged. Our Company subsequently got the disputed signatures of Tahir Hussain examined by a hand writing expert and the said expert submitted a report dated November 26, 2017, to the Court of the Judicial Magistrate 1st Class, Nuh, that disputed signatures were matching with the admitted signature of Tahir Hussain. The Forgery Complaint was dismissed by the Judicial Magistrate, 1st Class, Ferozepur Jhirka by the order dated July 12, 2024. Additionally, our Company filed a criminal complaint (numbered COMI No. 54/2019) in the Court of the Chief Judicial Magistrate, Nuh under Sections 406, 420, 467, 468 and 120-B of the IPC, against Tahir Hussain and others, alleging they had committed *inter alia* forgery, cheating and criminal breach of trust in the course of their business dealings with the Company, and praying that the complaint be registered against the accused under Section 156(3) of the Cr.P.C. The matter is currently pending.

3. A criminal complaint dated January 20, 2020, was filed before the Judicial Magistrate First Class Rural Cuttack ("**Complaint**"), by Manish Sahay, a general manager, manufacturing ("**Complainant**") of our Company at the time, against certain contract labourers ("**Accused**") for violation of sections 341, 294, 506 and 35 of the IPC. It was alleged in the Complaint that on January 4, 2020, the Complainant along with other staff were prevented from entering our premises located at Jagatpur, Cuttack, by the Accused and that the Accused wrongfully retrained the Complainant and threatened to kill him. The matter is currently pending.

4. A plant manager of our Company, Padam Singh ("**Complainant**"), filed a criminal complaint dated October 20, 2018 ("**Complaint**"), at the Bhatli police station against certain contract labourers ("**Accused**"). The Complaint alleged that the accused made an unlawful assembly, committed criminal trespass and beat the Complainant. The matter is currently pending before the Judicial Magistrate First Class, Bargarh.

(ii) *Civil proceedings*

Except as stated below, there are no other outstanding civil proceedings by our Company, which involves an amount of ₹733.00 million or more, nor any outstanding litigation where the monetary liability is not quantifiable, but would result in an adverse outcome and would materially and adversely affect the operations or financial position of the Company:

1. Our Company, by way of a writ petition (numbered 196/2014) under Article 226 of the Constitution of India, challenged amendments to the Goa Non-Biodegradable Garbage (Control) Act, 1996 ("**Goa Act**"), and certain notifications passed under the Goa Act, which imposed a cess leviable on any non-biodegradable packaging material of an amount of up to two per cent of the value of goods. Our Company argued that the aforementioned amendments were *ultra vires* the legislative competence of the Goa legislative assembly, since the legislative field was occupied by the Environment Protection Act, 1986 and the Plastic Waste (Management and Handling) Rules, 2011. Our Company further argued that the

aforementioned amendments were in violation of Article 14 and Article 19(1)(g) of the Constitution of India since the amendments targeted certain goods based on their packaging and consequently, constituted an unreasonable restriction on our Company's right to carry on its business. The High Court of Bombay at Goa passed an interim order dated May 7, 2014, ordering that no coercive penal action be taken against our Company until further orders were passed in the matter. The matter is currently pending before the High Court of Bombay at Goa.

2. Apart from the above, there are certain civil proceedings initiated by our Company in the ordinary course of business against certain of our past distributors. These matters are currently pending before various authorities. However, there is no outstanding civil litigation initiated by our Company which involves an amount of ₹733.00 million or more, nor any outstanding litigation initiated by our Company where the monetary liability is not quantifiable, but would result in an adverse outcome and would materially and adversely affect the operations or financial position of the Company.

C. Litigation against our Subsidiaries

(i) Criminal proceedings

There are no other outstanding criminal proceedings against our Subsidiaries.

(ii) Civil proceedings

Except as stated below, there are no other outstanding civil proceedings against our Subsidiaries, which involves an amount of ₹733.00 million or more, nor any outstanding litigation where the monetary liability is not quantifiable, but would result in an adverse outcome and would materially and adversely affect the operations or financial position of the Company:

1. African Distillers Limited, a company incorporated in Zimbabwe and engaged in the manufacturing of alcoholic beverages, filed a claim against Varun Beverages (Zimbabwe) (Private) Limited before the High Court of Zimbabwe (Commercial Division) alleging ownership over the Sting Energy Drink Trademark (a PepsiCo Inc brand). The claim has been defended by the Company. The legal proceedings are pending before the High Court of Zimbabwe (Commercial Division).

(iii) Actions initiated by regulatory and statutory authorities

There are no outstanding actions initiated by regulatory and statutory authorities against our Subsidiaries.

(iv) Tax Proceedings

Except as stated below, there are no other outstanding tax proceedings against our Subsidiaries:

Particulars	Number of cases	Aggregate amount involved (₹ in million)*
Direct tax		
Lunarmech Technologies Private Limited	3	2.14
Varun Beverages (Nepal) Private Limited^	17	1,062.36
Indirect tax		
Little Green Beverages (Pty) Limited	3	12.87
Ole Spring Bottlers (Private) Limited	6	7.35
Varun Beverages (Nepal) Private Limited^	17	817.92

**To the extent quantifiable.*
^With respect to some of these matters the High Court of Nepal has issued its judgment, however these matters remain appealable.

D. Litigation by our Subsidiaries

(i) Criminal proceedings

There are no other outstanding criminal proceedings by our Subsidiaries.

(ii) *Civil proceedings*

There are no other outstanding civil proceedings by our Subsidiaries, which involves an amount of ₹733.00 million or more, nor any outstanding litigation where the monetary liability is not quantifiable, but would result in an adverse outcome and would materially and adversely affect the operations or financial position of the Company.

(iii) *Tax Proceedings*

There are no other outstanding tax proceedings by our Subsidiaries:

II. ***Litigation against our Directors***

(i) *Criminal proceedings*

Except as stated below and as stated in "– *Litigation involving our Company and its Subsidiaries – Litigation against our Company – Criminal Proceedings*" on page 262, there are no other outstanding criminal proceedings against our Directors (where such Director has been impleaded as an accused party).

1. An FIR (numbered 337/2022) was lodged at Police Station, Boranada Jodhpur by Manju Surana ("**Complainant**") under sections 288 /336 /427 of the IPC against Varun Jaipuria, Executive Vice Chairman and Whole Time Director with respect to alleged damages caused to the Complainant's property situated adjacent to our plant in Jodhpur due to the alleged overflow of water from our plant in Jodhpur. The matter is currently pending.
2. Another FIR (numbered 195/2023) was lodged at Police Station, Boranada Jodhpur by Manju Surana u/s 3 & 8 of the Rajasthan Bovine Animal (Prohibition Of Slaughter And Regulation Of Temporary Migration Or Export) Act, 1995 against Ravi Kant Jaipuria, Chairman and Varun Jaipuria Executive Vice Chairman and Whole Time Director alleging dumping of polluted waste / garbage containing broken glass bottles by our plant in Jodhpur upon vacant land of RIICO industrial area Jodhpur which caused the death of cattle roaming there while consuming said waste. The matter is currently pending.
3. Social activists Sanjay Garg and two others lodged a complaint and a first information report (409/2015) was registered in Gandhi Nagar, P.S. Jaipur against two senior officials of Jaipur Development Authority and Mr. Ravi Kant Jaipuria being the trustee of Champa Devi Jaipuria Charitable Trust (Allottee of land) under various sections of the IPC. However, no evidence was found during the investigation substantiating the allegations by the Complainant, a final report (Closure) was filed by the police before the Additional Chief Metropolitan Magistrate, Jaipur in August, 2017. The Complainant filed a protest petition which is pending.
4. An FIR 63/2018 was registered on the complaint of Raj Kumar Sharma against, amongst others, our Non-Executive Non-Independent Director Naresh Trehan, under various section of Indian Penal Code, 1860. Naresh Trehan and others preferred a Criminal Misc. Petition number 456/ 2018 seeking quashing of the FIR 63/2018 before the High Court of Rajasthan at Jaipur. The High Court, by its order dated January 24, 2018, directed that the order pursuant to which the FIR was registered not be given effect to, and further directed that all proceedings arising out of the said impugned order shall remain stayed. The matter is pending before the High Court of Rajasthan.
5. Pramod Kumar ("**Complainant**") filed a criminal complaint dated May 18, 2013 (CC No. 57/2013 and COMI-74372-2013) ("**Complaint**") against Medanta Hospital and certain doctors including our Non-Executive Non-Independent Director Naresh Trehan, alleging gross negligence in providing treatment to his late wife at Medanta – The Medicity Hospital (Gurugram). The Judicial Magistrate (First Class), Gurugram ("**Magistrate**"), pursuant to its order dated July 14, 2014 ("**Summoning Order**"), summoned certain doctors excluding Naresh Trehan. Naresh Trehan was not summoned in the said matter as no prima facie case was found against Naresh Trehan. One of the accused doctors instituted a criminal revision petition (CR No. 13/2015) before the Court of the District and Session's Judge, Gurugram against the Summoning Order, and pursuant to an order dated October 13, 2015, the Summoning Order was set aside to the extent applicable to the concerned doctor. The Complainant filed a special leave petition (CRL No.5213/2018) ("**SLP**") before the Supreme Court of India against, inter alia, Naresh Trehan (as a proforma party) and the State of Haryana, challenging the setting aside of the Summoning

Order. While the Magistrate, by way of an order dated March 2, 2020, dismissed the original criminal complaint, however, the said SLP, with Naresh Trehan as a proforma party is currently pending before the Supreme Court of India

(ii) *Civil proceedings*

There are no outstanding civil proceedings against our Directors, which involves an amount of ₹733.00 million or more, nor any outstanding litigation where the monetary liability is not quantifiable, but would result in an adverse outcome and would materially and adversely affect the operations or financial position of the Company

(iii) *Actions initiated by regulatory and statutory authorities*

Except as stated below and in *"– Litigation involving our Company and its Subsidiaries – Litigation against our Company – Actions initiated by regulatory and statutory authorities*" on page 263, there are no other outstanding actions initiated by regulatory and statutory authorities against our Directors:

1. A complaint was filed by Subhash Chander before the Medical Council of India against our Non-Executive Non-Independent Director, Naresh Trehan, alleging medical negligence in providing treatment. The matter is currently pending.

2. A complaint was filed by Dinesh Kumar before Chief Medical Officer, Gurugram, Haryana, against our Non-Executive Non-Independent Director, Naresh Trehan, alleging medical negligence in providing treatment. The matter is currently pending.

3. A Complaint was filed by Rajiv Kumar Gujral before Civil Surgeon, Gurugram, Haryana, against our Non-Executive Non-Independent Director, Naresh Trehan, alleging medical negligence in providing treatment. The matter is currently pending.

4. A complaint was filed by Jaswant Singh Rawat before the District Consumer Disputes Redressal Forum, Gurugram, Haryana. (referred for enquiry by Chief Medical Officer, Medical Negligence Board, Gurugram), against our Non-Executive Non-Independent Director, Naresh Trehan, alleging medical negligence in providing treatment. The matter is currently pending.

5. In 1995, ION Exchange Enviro Farms Limited (the "**IEEFL**"), a company in which our Independent Director, Abhiram Seth, is an independent director, initiated a scheme for public investment (the "**Scheme**"). SEBI issued an order dated November 27, 2003 (the "**Order**") to wind up the Scheme and refund the investors of their contributions. IEEFL appealed the Order in Securities Appellate Tribunal and subsequently, in the Supreme Court of India, both of which upheld SEBI's order. Post rejection of these appeals, SEBI issued a recovery certificate for ₹200.60 million. The matter is currently pending before the Securities Appellate Tribunal.

(iv) *Tax proceedings*

Except as stated below, there are no other outstanding tax proceedings against our Directors:

Particulars	Number of cases	Aggregate amount involved (₹ in million)
Ravi Kant Jaipuria		
Direct Tax	1	-*
Varun Jaipuria		
Direct Tax	1	-*
Naresh Trehan		
Direct Tax	2	67.96

**Amounts yet to be quantified, scrutiny assessment under progress.*

III. Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last three years immediately preceding the year of circulation of this Preliminary Placement Document and any direction issued by any such Ministry or Department or statutory authority upon conclusion of such litigation or legal action

Except as stated below and as stated in *"– Litigation involving our Company and its Subsidiaries – Litigation against our Company – Actions initiated by regulatory and statutory authorities*" on page 263, there is no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last three years immediately preceding the year of circulation of this Preliminary Placement Document and no direction has been issued by any such Ministry of Department or statutory authority upon conclusion of such litigation or legal action:

1. SEBI conducted an investigation regarding a price increase in the scrip of our Company, for the period from December 5, 2017, to February 28, 2018, which was concluded on September 24, 2021. However, basis this investigation, our Promoter Ravi Kant Jaipuria received a show cause notice dated December 21, 2021 ("**Notice**"). Pending proceedings commenced under the Notice, our Promoter proposed to settle proceedings against him without admission of guilt, through a settlement order and filed a settlement application dated February 4, 2022, with SEBI under the provisions of SEBI (Settlement Proceedings) Regulations, 2018. Subsequently, upon payment of the settlement amount of ₹5.59 million, SEBI vide its order dated June 21, 2022, disposed of the proceedings initiated under the Notice.

IV. Inquiries, inspections, or investigations under the Companies Act

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act, 1956 or Companies Act, 2013 or any previous company law in relation to our Company or its Subsidiaries in the last three years immediately preceding the year of circulation of this Preliminary Placement Document. Also, there have been no prosecutions filed (whether pending or not), fines imposed, or compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document, involving our Company or its Subsidiaries.

V. Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by the Company

There have been no material frauds committed against our Company for the calendar years ended December 31, 2023, 2022 and 2021 and for the nine months ended September 30, 2024.

VI. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon

There are no defaults in the payment of undisputed (considered as "not under litigation") statutory dues (provident fund, employees' state insurance, income-tax, custom duty and goods and service tax), repayment of debentures and interest thereon, repayment of deposit and interest thereon and repayment of loan from any bank or financial institution and interest thereon by our Company, outstanding as at September 30, 2024.

The Company has disputed statutory dues amounting to ₹1,218.64 million outstanding as on September 30, 2024, in India, relating to GST, Excise Duty, VAT, Customs, Sales Tax, Entry Tax, Income Tax, *etc.,* as follows:

Particulars	**Amount (₹ in million)***
For Goods and Services tax	163.20
For Excise and Service tax	41.60
For Customs	207.81
For Sales tax / Entry tax	661.67
For Income tax	144.36

**To the extent quantified.*

VII. Details of defaults in annual filing of our Company under the Companies Act, 2013 and the rules

made thereunder

As on the date of this Preliminary Placement Document, our Company has not defaulted in any annual filing under the Companies Act, 2013, as amended, or the rules made thereunder.

VIII. Details of significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of the Company and its future operations

As on the date of this Preliminary Placement Document, there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations.

IX. Summary of reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of circulation of this Preliminary Placement Document and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks.

Except as disclosed below, there are no reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of circulation of this Preliminary Placement Document:

<table>
<tr><th>Financial year/ period ended</th><th>Reservation, qualification, emphasis of matter or adverse remark</th><th>Impact on the financial statements and financial position of the Company</th><th>Corrective steps taken and/or proposed to be taken by the Company</th></tr>
<tr><td>Financial year ended December 31, 2023</td><td><u>Companies (Auditor’s Report) Order, 2020: Clause (i) (c)</u>
The title deeds of the immovable property held by the company (other than properties where the company’s lessee and the lease agreement duly executed in favour of the lessee) disclosed in note 4A to the standalone financial statements are held in the name of the company.

For properties where the company is a lessee, the lease arrangement has been duly executed in favour of the company except in following cases:
<table>
<tr><th>Description of property</th><th>Gross carrying value (₹ million)</th><th>Net carrying value(₹ million)</th><th>Whether title deed holder is a Promoter, director or relative of promoter / director or employee</th><th>Date since the property is held</th><th>Reasons</th></tr>
<tr><td>Land situated at Buxar, Bihar</td><td>327.30</td><td>327.30</td><td>No</td><td>21 December 2023</td><td>The Company has received the possession letter dated 21 December 2023 of land situated at Buxar, Bihar and is in the process of getting</td></tr>
</table></td><td>NIL</td><td>The Company is in the process on getting the necessary formalities done.</td></tr>
</table>

<table>
<tr><th>Financial year/ period ended</th><th>Reservation, qualification, emphasis of matter or adverse remark</th><th>Impact on the financial statements and financial position of the Company</th><th>Corrective steps taken and/or proposed to be taken by the Company</th></tr>
<tr><td></td><td>
<table>
<tr><td></td><td></td><td></td><td></td><td></td><td>lease deed in its name.</td></tr>
<tr><td>Land situated at Sonarpur, Kolkata</td><td>1.50</td><td>1.42</td><td>No</td><td>01 October 2018</td><td>The Company has executed the lease agreement for Sonarpur, Kolkata land, which is yet to be registered.</td></tr>
</table>

<u>Companies (Auditor’s Report) Order, 2020: Clause (vii) (a)</u>

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.
</td><td>Nil</td><td>The company is in the continuous process of strengthening the system so that delays if even minor are not repeated.</td></tr>
<tr><td>Financial year ended December 31, 2022</td><td>
<u>Companies (Auditor’s Report) Order, 2020: Clause (iii) (e)</u>
The Company has granted loan which had fallen due during the year and such loan was renewed during the year. The details of the same has been given below:

<table>
<tr><th>Name of the party</th><th>Total loan amount granted during the year</th><th>Aggregate amount of overdues of existing loans renewed</th><th>Nature of extension</th><th>Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year</th></tr>
<tr><td>Varun Beverages (Zambia) Limited</td><td>211.34 million</td><td>211.34 million</td><td>Extension of loan</td><td>10.02%</td></tr>
</table>

<u>Clause (vii) (a)</u>
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 yearend for a period of more than six months from the date they became payable.
</td><td>Nil

Nil</td><td>The loan was due for repayment as per original agreement, but the cash flow position of the subsidiary required roll over of the loan for some more period.

The company is in the continuous process of strengthening the system so that delays if even minor are not repeated.</td></tr>
<tr><td>Financial year ended December 31, 2021</td><td>
<u>Companies (Auditor’s Report) Order, 2020: Clause (i) (c)</u>

The title deeds of all the immovable properties (which are included under the head ‘Property, plant and equipment’) are held in the name of the Company except for the following property
</td><td>Nil</td><td>The Company is in the process on getting the necessary formalities done.</td></tr>
</table>

<table>
<tr><th>Financial year/ period ended</th><th>Reservation, qualification, emphasis of matter or adverse remark</th><th>Impact on the financial statements and financial position of the Company</th><th>Corrective steps taken and/or proposed to be taken by the Company</th></tr>
<tr><td></td><td>
<table>
<tr><th>Description of property</th><th>Total No of Cases</th><th>Whether leasehold / Freehold</th><th>Gross Block as on 31 December 2021</th><th>Net Block as on 31 December 2021</th><th>Remarks (As per information and explanation given to us by the management)</th></tr>
<tr><td>Land (at Sonarpur, Kolkata)</td><td>1</td><td>Leasehold</td><td>1.5 million</td><td>1.45 million</td><td>On Implementation of the Project</td></tr>
</table>
<u>Companies (Auditor’s Report) Order, 2020: Clause (vii) (a)</u>
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 yearend for a period of more than six months from the date they became payable.
</td><td>Nil</td><td>The company is in the continuous process of strengthening the system so that delays if even minor are not repeated</td></tr>
<tr><td>Financial year ended December 31, 2020</td><td>
<u>Companies (Auditor’s Report) Order, 2020: Clause (i) (c)</u>
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:
<table>
<tr><th>Description of property</th><th>Total No of Cases</th><th>Whether leasehold / Freehold</th><th>Gross Block as on 31 December 2020</th><th>Net Block as on 31 December 2020</th><th>Remarks (As per information and explanation given to us by the management)</th></tr>
<tr><td>Land (at Sonarpur, Kolkata)</td><td>1</td><td>Leasehold</td><td>1.5 million</td><td>1.47 million</td><td>On Implementation of the Project</td></tr>
</table>
</td><td>Nil</td><td>The Company is in the process on getting the necessary formalities done.</td></tr>
<tr><td>Financial year ended December 31, 2019</td><td>
<u>Companies (Auditor’s Report) Order, 2020: Clause (i) (c)</u>
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 of the Company except for the following properties:
<table>
<tr><th>Description of property</th><th>Total No of Cases</th><th>Whether leasehold / Freehold</th><th>Gross Block as on 31 December 2020</th><th>Net Block as on 31 December 2020</th><th>Remarks (As per information and explanation given to us by the management)</th></tr>
<tr><td>Land (at Nelamagala, Karnataka)</td><td>1</td><td>Freehold</td><td>1,316.60 million</td><td>1,316.60 million</td><td>Acquired in a business combination; registration will be done on completion of transfer formalities by the transferor.</td></tr>
<tr><td>Land (at Pathankot, Punjab)</td><td>1</td><td>Leasehold</td><td>197.10 million</td><td>189.69 million</td><td>Will be registered on expiry of 3 years from the date of commencement of commercial production</td></tr>
<tr><td>Land (at Sonarpur, Kolkata)</td><td>1</td><td>Leasehold</td><td>1.5 million</td><td>1.48 million</td><td>On Implementation of the Project</td></tr>
</table>
</td><td>Nil</td><td>The Company is in the process on getting the necessary formalities done for Sonarpur Property and rest properties have been subsequently registered in the name of the company</td></tr>
</table>

<table>
<tr><th>Financial year/ period ended</th><th>Reservation, qualification, emphasis of matter or adverse remark</th><th>Impact on the financial statements and financial position of the Company</th><th>Corrective steps taken and/or proposed to be taken by the Company</th></tr>
<tr><td></td><td><table><tr><td>Land (at Sangli, Maharashtra)</td><td>1</td><td>Leasehold</td><td>1.55 million</td><td>1.55 million</td><td>On Implementation of total Project</td></tr></table>
<u>Companies (Auditor’s Report) Order, 2020: Clause (vii) (a)</u>
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 yearend for a period of more than six months from the date they became payable. </td><td>Nil</td><td>The company is in the continuous process of strengthening the system so that delays if even minor are not repeated</td></tr>
</table>

OUR JOINT STATUTORY AUDITORS

Our current joint statutory auditors are J. C. Bhalla & Co., Chartered Accountants and O. P. Bagla & Co. LLP., Chartered Accountants, are independent auditors with respect to our Company, as required by the Companies Act and in accordance with the guidelines issued by the ICAI.

Our Fiscal 2021 Audited Consolidated Financial Statements were jointly audited by Walker Chandiok & Co LLP, Chartered Accountants and APAS & Co LLP, Chartered Accountants. Our Fiscal 2022 Audited Consolidated Financial Statements were jointly audited by Walker Chandiok & Co LLP, Chartered Accountants and O.P. Bagla & Co., Chartered Accountants. Our Fiscal 2023 Audited Consolidated Financial Statements were jointly audited by J. C. Bhalla & Co., Chartered Accountants and O.P. Bagla & Co., Chartered Accountants, which are included in this Preliminary Placement Document in "*Financial Information*" on page 276.

J. C. Bhalla & Co., Chartered Accountants and O. P. Bagla & Co. LLP., Chartered Accountants, have jointly performed a review of (i) the Unaudited Consolidated June Financial Results for the six months ended June 30, 2024 and June 30 2023, and have issued limited review report dated July 30, 2024 and August 3, 2023, respectively, on the Unaudited Consolidated June Financial Results, and (ii) the Unaudited Consolidated September Financial Results for the nine months ended September 30, 2024 and September 30, 2023, and have issued limited review report dated October 22, 2024 and November 6, 2023, respectively, on the Unaudited Consolidated September Financial Results, both of which are included in this Preliminary Placement Document in "*Financial Information*" on page 276.

GENERAL INFORMATION

- Our Company was incorporated as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated June 16, 1995 issued by the Registrar of Companies, Delhi and Haryana at New Delhi and commenced our business pursuant to a certificate for commencement of business dated July 4, 1995.

- The Issue was approved by the Board of Directors on October 9, 2024. Subsequently, our Shareholders approved the Issue through a special resolution passed through postal ballot on November 8, 2024.

- The Registered Office of our Company is located at F-2/7, Okhla Industrial Area, Phase I, New Delhi – 110 020, Delhi, India.

- The Corporate Office of our Company is located at Plot No. 31, Institutional Area, Sector – 44, Gurgaon – 122 002, Haryana, India.

- Our Equity Shares are listed on BSE and NSE since November 8, 2016.

- Our Company has received in-principle approvals under Regulation 28(1) of the SEBI Listing Regulations to list the Equity Shares to be issued pursuant to the Issue, on BSE and NSE, on November 13, 2024. We shall apply to the Stock Exchanges for the final listing and trading approvals.

- Copies of our Memorandum of Association and Articles of Association will be available for inspection between 10:00 AM and 5:00 PM on any weekday (except public holidays) at our Registered and Corporate Office.

- Our Company has obtained all material consents, approvals and authorisations required in connection with the Issue.

- No change in control in our Company will occur consequent to the Issue.

- Except as disclosed in this Preliminary Placement Document, there has been no material change in the financial or trading position of our Company since December 31, 2023, the date of the latest audited financial statements prepared in accordance with Ind AS included in this Preliminary Placement Document, except as disclosed herein.

- Except as disclosed in this Preliminary Placement Document, there are no material litigation or arbitration proceedings pending against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which may have a material adverse effect on the Issue.

- Our Company confirms that it is compliant with the requirement of minimum public shareholding prescribed under the SEBI Listing Regulations and as per Rule 19A of the SCRR.

- The Floor Price is ₹594.56 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the Shareholders accorded through a special resolution passed through postal ballot on November 8, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

- Ravi Batra is the Chief Risk Officer & Group Company Secretary of our Company. His details are as follows:

  Ravi Batra
  Plot No. 31, Institutional Area
  Sector – 44, Gurgaon – 122 002
  Haryana, India
  Tel: +91 124 464 3100
  E-mail: complianceofficer@rjcorp.in

FINANCIAL INFORMATION

VARUN BEVERAGES LIMITED

Corporate identification number: L74899DL1995PLC069839
Registered office: F-2/7, Okhla Industrial Area, Phase-I, New Delhi-110020
Corporate office: RJ Corp House, Plot No-31, Institutional Area, Sector-44, Gurugram-122002 (Haryana)
Tel: +91-124-4643100, Fax: +91-124-4643303, E-mail: complianceofficer@rjcorp.in, Website: www.varunbeverages.com

Statement of consolidated financial results for the quarter and nine months ended on 30 September 2024

₹ in million, except per share data

Particulars	Three months ended on	Three months ended on	Three months ended on	Nine months ended on	Nine months ended on	Year ended on
	30 September 2024	30 June 2024	30 September 2023	30 September 2024	30 September 2023	31 December 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Income						
(a) Revenue from operations	49,320.61	73,336.72	39,377.56	166,637.13	135,900.81	163,210.63
(b) Other income	242.50	440.26	185.06	766.29	702.43	793.59
Total income	**49,563.11**	**73,776.98**	**39,562.62**	**167,403.42**	**136,603.24**	**164,004.22**
2. Expenses						
(a) Cost of materials consumed	17,850.07	28,723.27	16,347.36	65,882.56	58,177.72	70,264.61
(b) Excise duty	1,273.78	1,368.10	672.41	3,448.55	2,151.89	2,784.82
(c) Purchases of stock-in-trade	1,463.20	1,600.16	1,098.10	5,415.51	3,605.06	4,626.96
(d) Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress	2,050.67	2,282.36	(148.42)	1,547.15	697.15	(842.69)
(e) Employee benefits expense	5,130.40	4,992.91	3,715.52	14,060.03	10,752.78	14,465.87
(f) Finance costs	1,185.35	1,291.59	625.00	3,413.81	1,944.40	2,680.99
(g) Depreciation and amortisation expense	2,566.11	2,424.77	1,708.08	6,866.04	5,149.34	6,809.06
(h) Other expenses	10,041.27	14,457.75	8,871.19	34,972.33	28,604.23	35,816.21
Total expenses	**41,560.85**	**57,140.91**	**32,889.24**	**135,605.98**	**111,082.57**	**136,605.83**
3. Profit before share of loss of associates and joint venture (1-2)	**8,002.26**	**16,636.07**	**6,673.38**	**31,797.44**	**25,520.67**	**27,398.39**
4. Share of loss of associates and joint venture	(0.95)	(5.36)	(4.21)	(7.92)	(6.87)	(4.79)
5. Profit before tax (3+4)	**8,001.31**	**16,630.71**	**6,669.17**	**31,789.52**	**25,513.80**	**27,393.60**
6. Tax expense:						
(a) Current tax	1,735.42	3,967.20	1,415.76	7,180.58	5,795.94	6,290.81
(b) Adjustment of tax relating to earlier periods/year	-	-	45.76	-	45.76	20.55
(c) Deferred tax (credit)/charge	(22.36)	45.17	67.08	222.53	91.59	64.11
Total tax expense	**1,713.06**	**4,012.37**	**1,528.60**	**7,403.11**	**5,933.29**	**6,375.47**
7. Net profit after tax (5-6)	**6,288.25**	**12,618.34**	**5,140.57**	**24,386.41**	**19,580.51**	**21,018.13**
8. Other comprehensive income						
A Items that will not be reclassified to profit or loss	28.23	(23.09)	14.60	65.84	10.33	(28.16)
B Income tax relating to items that will not be reclassified to profit or loss	(7.22)	5.93	(2.74)	(16.60)	(2.75)	6.98
C Items that will be reclassified to profit or loss	(217.95)	(180.85)	(107.75)	(243.11)	128.58	(58.83)
Total other comprehensive (loss)/income	**(196.94)**	**(198.01)**	**(95.89)**	**(193.87)**	**136.16**	**(80.01)**
9. Total comprehensive income for the periods/year (7+8)	**6,091.31**	**12,420.33**	**5,044.68**	**24,192.54**	**19,716.67**	**20,938.12**
10. Net profit attributable to:						
(a) Owners of the Company	6,196.13	12,526.03	5,010.67	24,094.87	19,239.50	20,559.22
(b) Non-controlling interest	92.12	92.31	129.90	291.54	341.01	458.91
11. Other comprehensive (loss)/income attributable to:						
(a) Owners of the Company	(177.41)	(193.93)	(92.42)	(174.03)	141.07	(56.45)
(b) Non-controlling interest	(19.53)	(4.08)	(3.47)	(19.84)	(4.91)	(23.56)
12. Total comprehensive income attributable to:						
(a) Owners of the Company	6,018.72	12,332.10	4,918.25	23,920.84	19,380.57	20,502.77
(b) Non-controlling interest	72.59	88.23	126.43	271.70	336.10	435.35
13. Paid-up equity share capital (face value of ₹ 2 each)	6,497.35	6,497.20	6,495.68	6,497.35	6,495.68	6,496.07
14. Other equity						62,868.91
15. Earnings per share (of ₹ 2/- each) (not annualised for quarters and nine months) (Refer Note 5)						
(a) Basic	1.91	3.86	1.54	7.42	5.92	6.33
(b) Diluted	1.91	3.85	1.54	7.41	5.92	6.33
See accompanying notes						

VARUN BEVERAGES LIMITED

Corporate identification number: L74899DL1995PLC069839
Registered office: F-2/7, Okhla Industrial Area, Phase-I, New Delhi-110020
Corporate office: RJ Corp House, Plot No-31, Institutional Area, Sector-44, Gurugram-122002 (Haryana)
Tel: +91-124-4643100, Fax: +91-124-4643303, E-mail: complianceofficer@rjcorp.in, Website: www.varunbeverages.com

(₹ in million, except per share data)

Notes:

1. These standalone and consolidated financial results for the quarter and nine months period ended on 30 September 2024 have been reviewed and recommended for approval by the Audit, Risk Management and Ethics Committee and accordingly approved by the Board of Directors of Varun Beverages Limited ("VBL" or "the Company") at their respective meetings held on 22 October 2024. The Statutory Auditors have conducted a limited review of these financial results.

2. These financial results have been prepared in accordance with the recognition and measurement principles of applicable Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in section 133 of the Companies Act, 2013 (read with SEBI Circular CIR/CFD/FAC/62/2016 dated 05 July 2016 and other recognised accounting practices and policies).

3. VBL follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

4. The business activities of the Company and its subsidiaries (together referred to as the "Group") predominantly fall within a single primary business segment viz. manufacturing and sale of beverages. There is no separate reportable business segment. The Group operates in two principal geographical areas, i.e., in India, its home country, and in other countries. The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Group is seasonal.

5. During the quarter ended 30 September 2024, the Company on 12 September 2024 ("Record Date"), sub-divided/split of existing Equity Shares of the Company from 1 (One) Equity Share having face value of ₹ 5/- (Rupees Five only) each fully paid-up, into such number of Equity Shares having face value of ₹ 2/- (Rupees Two only) each fully paid-up. Accordingly, earnings per share of comparative periods presented has been calculated based on number of shares outstanding in respective periods, as increased by sub-divided/split of shares.

6. On 26 March 2024, the Company had acquired control of The Beverage Company (Proprietary) Limited, South Africa along with its wholly owned subsidiaries (hereinafter referred as "Bevco") with a shareholding of 95% for a consideration amounting to ₹ 4,037.26 million and the remaining 5% will be held by ESOT (Trust).
Bevco is engaged in the business of manufacturing and distribution of licensed (PepsiCo Inc.) and own-branded non-alcoholic beverages in South Africa. Bevco has franchise bottling rights from PepsiCo Inc. for South Africa, Lesotho and Eswatini and distribution rights for Namibia, Botswana, Mozambique and Madagascar.
The Company is in the process of determining the fair values of acquired assets and liabilities including goodwill as per the requirement of Ind AS 103 "Business Combinations". Accordingly, the consolidation of Bevco has been done on provisional basis from the date of acquisition.

7. During the quarter ended 30 September 2024, Varun Beverages RDC SAS (wholly-owned subsidiary) has started production of carbonated soft drinks and packaged drinking water at its production facility at Kinshasa, Democratic Republic of Congo.

8. During the quarter ended 30 September 2024, the Company has subscribed the share capital of a wholly owned subsidiary i.e. Varun Foods (Zimbabwe) (Private) Limited for a consideration of ₹ 0.84 million.
Varun Foods (Zimbabwe) (Private) Limited and Varun Beverages (Zambia) Limited, subsidiaries of the Company, had entered into exclusive agreements on 15 July 2024 with Premier Nutrition Trading LLC, Dubai (subsidiary of PepsiCo Inc.) to manufacture, distribute and selling of snacks "Simba Munchiez" in the territory of Zimbabwe and Zambia. The expected date to start the commercial production is on or before 01 October 2025 for Varun Foods (Zimbabwe) (Private) Limited and 01 April 2026 for Varun Beverages (Zambia) Limited.

9. During the quarter ended 30 September 2024, Board of Directors of the Company at their meeting held on 09 October 2024 considered and approved raising of funds by way of issuance of Equity Shares for an aggregate amount not exceeding ₹ 75,000 million (Rupees Seventy Five Thousand Million only) through Qualified Institutions Placement ("QIP"), subject to receipt of approval of Equity Shareholders of the Company.

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

RAJ PAL GANDHI — Digitally signed by RAJ PAL GANDHI Date: 2024.10.22 11:10:06 +05'30'

Raj Gandhi
Whole Time Director

Place : Gurugram
Dated : 22 October 2024

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

To the Board of Directors of Varun Beverages Limited

1. We have reviewed the accompanying statement of consolidated unaudited financial results ('the Statement') of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associates and joint venture (refer Annexure 1 for the list of subsidiaries, associates and joint venture included in the Statement) for the quarter ended 30 September 2024 and the consolidated year to date results for the period from 01 January 2024 to 30 September 2024 being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').

2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder, and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statements are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

4. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review reports of the other auditors referred to in paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act read with relevant rules issued thereunder, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We did not review the interim financial information of fourteen subsidiaries included in the Statement, whose financial information reflects total revenues of ₹ 21,928.99 million and ₹ 51,707.96 million, total net profit after tax of ₹ 1,681.21 million and ₹ 3,865.51 million and total comprehensive income of ₹ 1,682.01 million and ₹ 3,864.42 million for the quarter and year-to-date period ended on 30 September 2024, respectively, as considered in the Statement. Out of the above, interim financial information of one subsidiary included in the Statement whose financial information reflects total revenues of ₹ 390.00 million and ₹ 1,334.52 million, total net profit after tax of ₹ 50.11 million and ₹ 208.56 million, total comprehensive income of ₹ 50.12 million and ₹ 207.91 million for the quarter and year-to-date period ended on 30 September 2024, respectively, as considered in the Statement have been reviewed by one of the joint auditors, O P Bagla & Co LLP. The Statement also includes the Group's share of net loss after tax of ₹ 1.19 million and ₹ 7.52 million, total comprehensive loss of ₹ 1.19 million and ₹ 7.52 million for the quarter and year-to-date period ended on 30 September 2024, respectively, as considered in the statement in respect of one joint venture whose interim financial information have been reviewed by one of the joint auditors, O P Bagla & Co LLP. These interim financial results have been reviewed by one of the joint auditors, O P Bagla & Co LLP and other auditors whose review reports have been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the review reports of one of the joint auditors, O P Bagla & Co LLP and other auditors, and the procedures performed by us as stated in paragraph 3 above.

Our conclusion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors and O P Bagla & Co LLP.

6. The Statement also includes the Group's share of net profit after tax of ₹ 0.24 million and net loss after tax of ₹ 0.40 million, and total comprehensive income of ₹ 0.24 million and total comprehensive loss of ₹ 0.40 million for the quarter and year-to-date period ended on 30 September 2024, in respect of two associates is based on their financial information, which have not been reviewed by their auditors. These financial information have been furnished to us by the Holding Company's management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of aforesaid associates is based solely on such unreviewed financial information. According to the information and explanations given to us by the management, these financial information are not material to the Group.

   Our conclusion is not modified in respect of this matter with respect to our reliance on the financial information certified by the Board of Directors of the associate companies.

For J. C. Bhalla & Co.
Chartered Accountants
Firm Registration No. 001111N

Akhil Bhalla
Digitally signed by Akhil Bhalla
Date: 2024.10.22 11:15:29 +05'30'

Akhil Bhalla
Partner
Membership No: 505002
UDIN: 24505002BKBYWA4601

Place: Tokyo
Date: 22 October 2024

B-5, Sector-6, Noida
Uttar Pradesh 201301

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

Neeraj Kumar Agarwal
Digitally signed by Neeraj Kumar Agarwal
Date: 2024.10.22 11:10:39 +05'30'

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN: 24094155BKEPDO5478

Place: Gurugram
Date: 22 October 2024

501, 5th Floor, B-225, Okhla Industrial Area,
Phase 1, New Delhi 110020

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

Annexure 1

List of entities included in the Statement.

Holding Company

1. Varun Beverages Limited

Subsidiaries

1. Varun Beverages (Nepal) Private Limited
2. Varun Beverages (Lanka) Private Limited
3. Ole Spring Bottlers (Private) Limited
4. Varun Beverages Morocco SA
5. Varun Beverages (Zambia) Limited
6. Varun Beverages (Zimbabwe) (Private) Limited
7. Lunarmech Technologies Private Limited
8. Varun Beverages RDC SAS
9. Varun Beverages International DMCC
10. Varun Beverages South Africa (Pty) Ltd
11. VBL Mozambique, SA
12. The Beverage Company (Proprietary) Limited, South Africa (with effect from 26 March 2024)
13. The Beverage Company Bidco Proprietary Limited (with effect from 26 March 2024)
14. Little Green Beverages Proprietary Limited (with effect from 26 March 2024)
15. Softbev Proprietary Limited (with effect from 26 March 2024)
16. Varun Foods (Zimbabwe) (Private) Limited (with effect from 22 May 2024)

Associates

1. Clean Max Tav Private Limited
2. Huoban Energy 7 Private Limited

Joint Venture

1. IDVB Recycling Operations Private Limited

VARUN BEVERAGES LIMITED

Corporate identification number: L74899DL1995PLC069839
Registered office: F-2/7, Okhla Industrial Area, Phase-I, New Delhi-110020
Corporate office: RJ Corp House, Plot No-31, Institutional Area, Sector-44, Gurugram-122002 (Haryana)
Tel: +91-124-4643100, Fax: +91-124-4643303, E-mail: complianceofficer@rjcorp.in, Website: www.varunbeverages.com

Statement of consolidated financial results for the quarter and nine month ended on 30 September 2023

₹ in million, except per share data

Particulars	Three months ended on	Three months ended on	Three months ended on	Nine months ended on	Nine months ended on	Year ended on
	30 September 2023	30 June 2023	30 September 2022	30 September 2023	30 September 2022	31 December 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Income						
(a) Revenue from operations	39,377.56	56,997.34	32,483.05	135,900.81	111,333.57	133,905.58
(b) Other income	185.06	416.01	106.19	702.43	296.04	388.49
Total income	39,562.62	57,413.35	32,589.24	136,603.24	111,629.61	134,294.07
2. Expenses						
(a) Cost of materials consumed	16,347.36	22,187.25	14,620.43	58,177.72	52,291.97	64,170.92
(b) Excise duty	672.41	883.32	716.85	2,151.89	1,744.50	2,174.16
(c) Purchases of stock-in-trade	1,098.10	1,289.66	373.42	3,605.06	1,462.10	1,885.71
(d) Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress	(148.42)	3,188.82	(280.87)	697.15	(820.88)	(3,445.07)
(e) Employee benefits expense	3,715.52	3,646.04	3,112.08	10,752.78	8,967.08	12,166.42
(f) Finance costs	625.00	693.68	452.85	1,944.40	1,366.38	1,861.22
(g) Depreciation, amortisation and impairment expense	1,706.08	1,719.27	1,531.39	5,149.34	4,375.31	6,171.89
(h) Other expenses	8,871.19	10,692.05	6,951.28	28,604.23	22,882.80	29,072.39
Total expenses	32,889.24	44,300.09	27,477.43	111,082.57	92,289.26	114,057.64
3. Profit before share of loss of associates and joint venture (1-2)	6,673.38	13,113.26	5,111.81	25,520.67	19,340.35	20,236.43
4. Share of loss of associates and joint venture	(4.21)	(2.39)	-	(6.87)	-	(0.06)
5. Profit before tax (3+4)	6,669.17	13,110.87	5,111.81	25,513.80	19,340.35	20,236.37
6. Tax expense:						
(a) Current tax	1,415.76	2,879.24	1,071.99	5,795.94	4,171.88	4,258.66
(b) Adjustment of tax relating to earlier periods/year	45.76	-	95.33	45.76	212.61	226.91
(c) Deferred tax charge/(credit)	67.08	177.41	(10.36)	91.59	269.96	249.66
Total tax expense	1,528.60	3,056.65	1,156.96	5,933.29	4,654.45	4,735.23
7. Net profit after tax (5-6)	5,140.57	10,054.22	3,954.85	19,580.51	14,685.90	15,501.14
8. Other comprehensive income						
(a) Items that will not be reclassified to profit or loss	14.60	(34.98)	5.40	10.33	112.63	107.87
(b) Income tax relating to items that will not be reclassified to profit or loss	(2.74)	7.35	(1.37)	(2.75)	(28.39)	(27.02)
(c) Items that will be reclassified to profit or loss	(107.75)	76.32	(539.04)	128.58	(3,686.35)	(3,799.27)
Total other comprehensive (loss)/income	(95.89)	48.69	(535.01)	136.16	(3,602.11)	(3,718.42)
9. Total comprehensive income for the periods/year (7+8)	5,044.68	10,102.91	3,419.84	19,716.67	11,083.79	11,782.72
10. Net profit attributable to:						
(a) Owners of the Company	5,010.67	9,938.11	3,810.37	19,239.50	14,226.82	14,974.33
(b) Non-controlling interest	129.90	116.11	144.48	341.01	459.08	526.81
11. Other comprehensive (loss)/income attributable to:						
(a) Owners of the Company	(92.42)	42.97	(534.97)	141.07	(3,601.93)	(3,154.79)
(b) Non-controlling interest	(3.47)	5.72	(0.04)	(4.91)	(0.18)	(563.63)
12. Total comprehensive income attributable to:						
(a) Owners of the Company	4,918.25	9,981.08	3,275.40	19,380.57	10,624.89	11,819.54
(b) Non-controlling interest	126.43	121.83	144.44	336.10	458.90	(36.82)
13. Paid-up equity share capital (face value of ₹ 5 each)	6,495.68	6,495.68	6,495.50	6,495.68	6,495.50	6,495.50
14. Other equity						44,528.30
15. Earnings per share (of ₹ 5/- each) (not annualised for quarters and nine months) (Refer Note 5)						
(a) Basic	3.86	7.65	2.93	14.81	10.95	11.53
(b) Diluted	3.85	7.65	2.93	14.80	10.95	11.52
See accompanying notes						

SIGNED FOR
IDENTIFICATION
PURPOSE ONLY

VARUN BEVERAGES LIMITED NEW DELHI

J.C. BHALLA & CO Chartered Accountants

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

VARUN BEVERAGES LIMITED

Corporate identification number: L74899DL1995PLC069839

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

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

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

(₹ in million, except per share data)

Notes:

1. These standalone and consolidated financial results for the quarter and nine months period ended on 30 September 2023 have been reviewed and recommended for approval by the Audit, Risk Management and Ethics Committee in its meeting held on 06 November 2023 and accordingly the same are approved by the Board of Directors of Varun Beverages Limited ("VBL" or "the Company") in their meeting held on 06 November 2023. The Statutory Auditors have conducted a limited review of these financial results.

2. These financial results have been prepared in accordance with the recognition and measurement principles of applicable Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in section 133 of the Companies Act, 2013 (read with SEBI Circular CIR/CFD/FAC/62/2016 dated 05 July 2016 and other recognised accounting practices and policies).

3. VBL follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

4. The business activities of the Company and its subsidiaries (together referred to as the "Group") predominantly fall within a single primary business segment viz. manufacturing and sale of beverages. There is no separate reportable business segment. The Group operates in two principal geographical areas, i.e., in India, its home country, and in other countries. The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Group is seasonal.

5. During the nine months period ended 30 September 2023, the Company on 15 June 2023 ("Record Date"), sub-divided/split of existing Equity Shares of the Company from 1 (One) Equity Share having face value of ₹ 10/- (Rupees Ten only) each fully paid-up, into 2 (Two) Equity Shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up. Accordingly, earnings per share of comparative periods presented has been calculated based on number of shares outstanding in respective periods, as increased by sub-divided/split of shares.

6. Subsequent to quarter and nine months period ended 30 September 2023, the Company on 16 October 2023, has acquired 5.03% shareholding in Lunarmech Technologies Private Limited for a purchase consideration of ₹ 100 million. Post acquisition, the Company is holding 60.07% of the effective equity share capital of Lunarmech Technologies Private Limited.

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

VARUN BEVERAGES LIMITED NEW DELHI

Raj Gandhi
Whole Time Director

Place : Gurugram
Dated : 06 November 2023

SIGNED FOR
IDENTIFICATION
PURPOSE ONLY

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

J.C. BHALLA & CO Chartered Accountants

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

To the Board of Directors of Varun Beverages Limited

1. We have reviewed the accompanying statement of consolidated unaudited financial results ('the Statement') of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its joint venture and associates (refer Annexure 1 for the list of subsidiaries, joint venture and associates included in the Statement) for the quarter ended 30 September 2023 and the consolidated year to date results for the period from 01 January 2023 to 30 September 2023 being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').

2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder, and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statements are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

4. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review reports of the other auditors referred to in paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act read with relevant rules issued thereunder, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We did not review the interim financial results of nine subsidiaries included in the Statement, whose financial information reflects total revenues of ₹ 12,132.21 million and ₹ 32,932.84 million, total net profit after tax of ₹ 1,055.61 million and ₹ 3,219.39 million and total comprehensive income of ₹ 1,065.86 million and ₹ 3,217.37 million for the quarter and year-to-date period ended on 30 September 2023, respectively, as considered in the statement. These interim financial results have been reviewed by other auditors whose review reports have been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the review reports of such other auditors and the procedures performed by us as stated in paragraph 3 above.

   Our conclusion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

6. The review of consolidated unaudited quarterly and year to date financial results for the period ended 30 September 2022 and audit of consolidated financial results for the year ended 31 December 2022, included in the Statement, was carried out and reported jointly by then joint auditors Walker Chandiok & Co. LLP and O P Bagla & Co. LLP who has expressed unmodified conclusion vide their review report dated 01 November 2022 and unmodified opinion vide their audit report dated 06 February 2023, respectively, whose reports have been furnished to us and which have been relied upon by us for the purpose of our review of the Statement. Our conclusion is not modified in respect of this matter.

For J. C. Bhalla & Co.
Chartered Accountants
Firm Registration No. 001111N

J.C. BHALLA & CO
Chartered Accountants

Akhil Bhalla
Partner
Membership No: 505002
UDIN: 23505002BGTJJF1606

Place: Gurugram
Date: 06 November 2023

B-5, Sector-6, Noida
Uttar Pradesh 201301

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

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN: 23094155BGXORZ8449

Place: Gurugram
Date: 06 November 2023

B-225, 5th Floor, Okhla Industrial Area,
Phase 1, New Delhi 110020

Annexure 1

List of entities included in the Statement

Holding Company

1. Varun Beverages Limited

Subsidiaries

1. Varun Beverages (Nepal) Private Limited
2. Varun Beverages (Lanka) Private Limited
3. Ole Spring Bottlers (Private) Limited
4. Varun Beverages Morocco SA
5. Varun Beverages (Zambia) Limited
6. Varun Beverages (Zimbabwe) (Private) Limited
7. Lunarmech Technologies Private Limited
8. Varun Beverages RDC SAS
9. Varun Beverages International DMCC
10. Varun Beverages South Africa (Pty) Ltd

Associates

1. Clean Max Tav Private Limited
2. Huoban Energy 7 Private Limited

Joint Venture

1. IDVB Recycling Operations Private Limited

VARUN BEVERAGES LIMITED
Corporate identification number: L74899DL1995PLC069839
Registered office: F-2/7, Okhla Industrial Area, Phase-I, New Delhi-110020
Corporate office: RJ Corp House, Plot No-31, Institutional Area, Sector-44, Gurugram-122002 (Haryana)
Tel: +91-124-4643100, Fax: +91-124-4643303, E-mail: complianceofficer@rjcorp.in, Website: www.varunbeverages.com

Statement of consolidated assets and liabilities

₹ in million

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Assets		
Non-current assets		
(a) Property, plant and equipment	96,294.01	68,031.32
(b) Capital work-in-progress	9,420.85	19,222.22
(c) Right of use assets	12,837.87	10,347.07
(d) Goodwill	6,931.24	242.30
(e) Other intangible assets	6,638.98	5,471.00
(f) Investment in associates and joint venture	392.27	179.32
(g) Financial assets		
(i) Investments	50.71	31.51
(ii) Loans	220.64	-
(iii) Other financial assets	875.84	622.67
(h) Other non-current assets	3,436.06	5,368.12
Total non-current assets (A)	**137,098.47**	**109,515.53**
Current assets		
(a) Inventories	27,960.18	21,505.33
(b) Financial assets		
(i) Trade receivables	10,254.84	3,593.85
(ii) Cash and cash equivalents	2,121.61	2,422.12
(iii) Bank balances other than (ii) above	1,955.87	2,176.50
(iv) Other financial assets	9,195.86	7,388.23
(c) Current tax assets (Net)	55.50	3.11
(d) Other current assets	5,159.24	5,267.16
Total current assets (B)	**56,703.10**	**42,356.30**
Total assets (A+B)	**193,801.57**	**151,871.83**
Equity and liabilities		
Equity		
(a) Equity share capital	6,497.20	6,496.07
(b) Other equity	79,280.46	62,868.91
Equity attributable to owners of the Parent Company	**85,777.66**	**69,364.98**
(c) Non-controlling interest	1,681.50	1,481.55
Total equity (C)	**87,459.16**	**70,846.53**
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	35,412.33	31,889.38
(ia) Lease liabilities	3,885.47	1,978.85
(b) Provisions	2,245.97	2,126.44
(c) Deferred tax liabilities (Net)	3,849.83	3,430.11
(d) Other non-current liabilities	65.92	68.40
Total non-current liabilities (D)	**45,459.52**	**39,493.18**
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	27,473.16	20,054.49
(ia) Lease liabilities	838.20	390.38
(ii) Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises	897.11	767.43
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	13,189.43	6,815.05
(iii) Other financial liabilities	6,729.20	7,638.39
(b) Other current liabilities	7,622.93	4,650.93
(c) Provisions	952.28	825.43
(d) Current tax liabilities (Net)	3,180.58	390.02
Total current liabilities (E)	**60,882.89**	**41,532.12**
Total liabilities (F=D+E)	**106,342.41**	**81,025.30**
Total equity and liabilities (C+F)	**193,801.57**	**151,871.83**

See accompanying notes

VARUN BEVERAGES LIMITED NEW DELHI

SIGNED FOR IDENTIFICATION PURPOSE ONLY

O P BAGLA & CO LLP FRN: 000018N/N500091 Chartered Accountants New Delhi

J.C. BHALLA & CO. Chartered Accountants

VARUN BEVERAGES LIMITED
Corporate identification number: L74899DL1995PLC069839
Registered office: F-2/7, Okhla Industrial Area, Phase-I, New Delhi-110020
Corporate office: RJ Corp House, Plot No-31, Institutional Area, Sector-44, Gurugram-122002 (Haryana)
Tel: +91-124-4643100, Fax: +91-124-4643303, E-mail: complianceofficer@rjcorp.in, Website: www.varunbeverages.com

Statement of consolidated financial results for the quarter and half year ended on 30 June 2024

₹ in million, except as stated otherwise

Particulars	Three months ended on 30 June 2024 (Unaudited)	Three months ended on 31 March 2024 (Unaudited)	Three months ended on 30 June 2023 (Unaudited)	Six months ended on 30 June 2024 (Unaudited)	Six months ended on 30 June 2023 (Unaudited)	Year ended on 31 December 2023 (Audited)
1. Income						
(a) Revenue from operations	73,336.72	43,979.80	56,997.34	117,316.52	96,523.25	163,210.63
(b) Other income	440.26	83.53	416.01	523.79	517.37	793.59
Total income	**73,776.98**	**44,063.33**	**57,413.35**	**117,840.31**	**97,040.62**	**164,004.22**
2. Expenses						
(a) Cost of materials consumed	28,723.27	19,309.22	22,187.25	48,032.49	41,830.36	70,264.61
(b) Excise duty	1,368.10	806.67	883.32	2,174.77	1,479.48	2,784.82
(c) Purchases of stock-in-trade	1,600.16	2,352.15	1,289.66	3,952.31	2,506.96	4,626.96
(d) Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress	2,282.36	(2,785.88)	3,188.82	(503.52)	845.57	(842.69)
(e) Employee benefits expense	4,992.91	3,936.72	3,646.04	8,929.63	7,037.26	14,465.87
(f) Finance costs	1,291.59	936.87	693.68	2,228.46	1,319.40	2,680.99
(g) Depreciation and amortisation expense	2,424.77	1,875.16	1,719.27	4,299.93	3,441.26	6,809.06
(h) Other expenses	14,457.75	10,473.31	10,692.05	24,931.06	19,733.04	35,816.21
Total expenses	**57,140.91**	**36,904.22**	**44,300.09**	**94,045.13**	**78,193.33**	**136,605.83**
3. Profit before share of loss of associates and joint venture (1-2)	**16,636.07**	**7,159.11**	**13,113.26**	**23,795.18**	**18,847.29**	**27,398.39**
4. Share of loss of associates and joint venture	(5.36)	(1.61)	(2.39)	(6.97)	(2.66)	(4.79)
5. Profit before tax (3+4)	**16,630.71**	**7,157.50**	**13,110.87**	**23,788.21**	**18,844.63**	**27,393.60**
6. Tax expense:						
(a) Current tax	3,967.20	1,477.96	2,879.24	5,445.16	4,380.18	6,290.81
(b) Adjustment of tax relating to earlier periods/year	-	-	-	-	-	20.55
(c) Deferred tax charge	45.17	199.72	177.41	244.89	24.51	64.11
Total tax expense	**4,012.37**	**1,677.68**	**3,056.65**	**5,690.05**	**4,404.69**	**6,375.47**
7. Net profit after tax (5-6)	**12,618.34**	**5,479.82**	**10,054.22**	**18,098.16**	**14,439.94**	**21,018.13**
8. Other comprehensive income						
A Items that will not be reclassified to profit or loss	(23.09)	60.70	(34.98)	37.61	(4.27)	(28.16)
B Income tax relating to items that will not be reclassified to profit or loss	5.93	(15.31)	7.35	(9.38)	(0.01)	6.98
C Items that will be reclassified to profit or loss	(180.85)	155.69	76.32	(25.16)	236.33	(58.83)
Total other comprehensive (loss)/income	**(198.01)**	**201.08**	**48.69**	**3.07**	**232.05**	**(80.01)**
9. Total comprehensive income for the periods/year (7+8)	**12,420.33**	**5,680.90**	**10,102.91**	**18,101.23**	**14,671.99**	**20,938.12**
10. Net profit attributable to:						
A Owners of the Company	12,526.03	5,372.71	9,938.11	17,898.74	14,228.83	20,559.22
B Non-controlling interest	92.31	107.11	116.11	199.42	211.11	458.91
11. Other comprehensive income/(loss) attributable to:						
A Owners of the Company	(193.93)	197.31	42.97	3.38	233.49	(56.45)
B Non-controlling interest	(4.08)	3.77	5.72	(0.31)	(1.44)	(23.56)
12. Total comprehensive income attributable						
A Owners of the Company	12,332.10	5,570.02	9,981.08	17,902.12	14,462.32	20,502.77
B Non-controlling interest	88.23	110.88	121.83	199.11	209.67	435.35
13. Paid-up equity share capital (face value of ₹ 5 each)	6,497.20	6,497.02	6,495.68	6,497.20	6,495.68	6,496.07
14. Other equity				79,280.46	58,389.81	62,868.91
15. Earnings per share (of ₹ 5/- each) (not annualised for quarters and half years) :						
(a) Basic	9.64	4.14	7.65	13.77	10.95	15.83
(b) Diluted	9.63	4.13	7.65	13.77	10.95	15.82
See accompanying notes						

VARUN BEVERAGES LIMITED NEW DELHI

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J.C. BHALLA & CO. Chartered Accountants

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Consolidated Cash Flow Statement

(Indirect Method) (₹ in million)

Particulars	Six months period ended on 30 June 2024 (Unaudited)	Six months period ended on 30 June 2023 (Unaudited)
A. Operating activities		
Profit before tax	23,795.18	18,847.29
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	4,299.93	3,441.26
Interest expense at amortised cost	2,228.46	1,319.40
Interest income at amortised cost	(117.74)	(94.72)
Gain on derecognition of financial instruments	(0.08)	-
Gain on sale of current investments	(1.94)	(2.57)
Excess provisions/liabilities written back	(261.87)	(302.24)
Share based payments	43.89	37.69
Loss on disposal/written off of property, plant and equipment (Net)	764.93	657.42
Bad debts written off	20.65	2.54
Allowance for expected credit loss	28.24	38.12
Unrealised foreign exchange fluctuation	(330.41)	(141.51)
Operating profit before working capital changes	30,469.24	23,802.68
Working capital adjustments		
Increase in inventories	(4,905.91)	(849.53)
Increase in trade receivables	(3,080.61)	(3,020.61)
Increase in current and non-current financial assets and other current and non-current assets	(2,077.72)	(326.96)
Increase in current financial liabilities and other current and non-current liabilities and provisions	6,054.36	5,286.62
Total cash from operations	**26,459.36**	**24,892.18**
Income tax paid	(2,692.81)	(2,761.55)
Net cash flows from operating activities (A)	**23,766.55**	**22,130.63**
B. Investing activities		
Purchase of property, plant and equipment, right of use assets and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors)	(20,129.51)	(17,871.23)
Proceeds from disposal of property, plant and equipment	267.37	227.96
Consideration paid for acquisition under business combination (Net)	(4,018.84)	-
Loan given to joint venture	-	(10.00)
Investment made in joint venture, associates and others	(239.13)	(85.56)
Interest received	105.18	88.33
Net proceeds from sale of current investments	1.94	2.57
Decrease in other bank balances	226.19	252.57
Net cash used in investing activities (B)	**(23,786.80)**	**(17,395.36)**
C. Financing activities		
Proceeds from long term borrowings	15,758.60	8,105.88
Repayment of long term borrowings	(15,894.52)	(12,103.99)
Repayment of lease liabilities	(305.32)	(113.64)
Proceeds from short term borrowings (Net)	3,866.91	1,865.92
Proceeds from issue of share capital (including share premium thereon)	87.82	11.26
Interest paid (inclusive of interest paid on lease liabilities ₹ 149.97 (30 June 2023: ₹ 63.27))	(2,179.09)	(1,365.87)
Proceeds from share application money pending allotment	3.05	-
Dividend paid	(1,624.25)	(649.56)
Net cash used in financing activities (C)	**(286.80)**	**(4,250.00)**
Net change in cash and cash equivalents (D=A+B+C)	**(307.05)**	**485.27**
Cash and cash equivalents at the beginning of period (E)	2,422.12	1,543.32
Unrealised exchange differences on translation of cash and cash equivalent in subsidiaries (F)	6.54	37.03
Cash and cash equivalents at the end of period (G= D+E+F)	**2,121.61**	**2,065.62**

Note:
(a) Non-cash changes in liabilities arising from financing activities pertains to impact of fair value changes and foreign exchange fluctuations which are considered to be insignificant.

VARUN BEVERAGES LIMITED NEW DELHI

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(₹ in million, except per share data)

Notes:

1. These standalone and consolidated financial results for the quarter and half year ended on 30 June 2024 have been reviewed and recommended for approval by the Audit, Risk Management and Ethics Committee and accordingly approved by the Board of Directors of Varun Beverages Limited ("VBL" or "the Company") at their respective meetings held on 30 July 2024. The Statutory Auditors have conducted a limited review of these financial results.

2. These financial results have been prepared in accordance with the recognition and measurement principles of applicable Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in section 133 of the Companies Act, 2013 (read with SEBI Circular CIR/CFD/FAC/62/2016 dated 05 July 2016 and other recognised accounting practices and policies).

3. VBL follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

4. The business activities of the Company and its subsidiaries (together referred to as the "Group") predominantly fall within a single primary business segment viz. manufacturing and sale of beverages. There is no separate reportable business segment. The Group operates in two principal geographical areas, i.e., in India, its home country, and in other countries. The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Group is seasonal.

5. During the six months period ended on 30 June 2024, the Company-
(i) On 25 January 2024 has started commercial production of products of the Company including backward integration at its new greenfield production facility at Supa, Maharashtra.
(ii) On 13 April 2024 has started commercial production of products of the Company including backward integration at its new greenfield production facilities at Gorakhpur, Uttar Pradesh.
(iii) On 30 April 2024 has started commercial production of products of the Company including backward integration at its new greenfield production facilities at Khordha, Odisha.

6. Final dividend of ₹ 1.25 (Rupees one and paise twenty-five only) per equity share of the face value of ₹ 5 each for the year ended 31 December 2023, was approved by the shareholders at the Annual General Meeting held on 03 April 2024 and subsequently paid off.

7. On 13 May 2024, the Company has subscribed 9.80% (5.25% on fully diluted basis) of equity share capital of Isharays Energy Two Private Limited, special purpose vehicle incorporated by Sunsource Energy Private Limited for the purposes of developing a captive solar power plant in Uttar Pradesh, India, for a consideration amounting to ₹ 19.20 million.

8. On 26 March 2024, the Company had acquired control of The Beverage Company (Proprietary) Limited, South Africa along with its wholly owned subsidiaries (hereinafter referred as "Bevco") with a shareholding of 95% for a consideration amounting to ₹ 4,037.26 million and the remaining 5% will be held by ESOT (Trust) which is under incorporation.
Bevco is engaged in the business of manufacturing and distribution of licensed (PepsiCo Inc.) and own-branded non-alcoholic beverages in South Africa. Bevco has franchise bottling rights from PepsiCo Inc. for South Africa, Lesotho and Eswatini and distribution rights for Namibia, Botswana, Mozambique and Madagascar.
The Company is in the process of determining the fair values of acquired assets and liabilities including goodwill as per the requirement of Ind AS 103 "Business Combinations". Accordingly, the consolidation of Bevco has been done on provisional basis from the date of acquisition.

9. Subsequent to quarter ended 30 June 2024, Varun Beverages RDC SAS (wholly-owned subsidiary) has started commercial production of carbonated soft drinks and packaged drinking water on 22 July 2024 at its production facility at Kinshasa, Democratic Republic of Congo.

10. On 22 May 2024, the Company has incorporated a newly wholly owned subsidiary Varun Foods (Zimbabwe) (Private) Limited. Subsequent to quarter ended 30 June 2024, Varun Foods (Zimbabwe) (Private) Limited and Varun Beverages (Zambia) Limited, subsidiaries of the Company, had entered into exclusive agreements on 15 July 2024 with Premier Nutrition Trading LLC, Dubai (subsidiary of PepsiCo Inc.) to manufacture, distribute and selling of snacks "Simba Munchiez" in the territory of Zimbabwe and Zambia. The expected date to start the commercial production is on or before 01 October 2025 for Varun Foods (Zimbabwe) (Private) Limited and 01 April 2026 for Varun Beverages (Zambia) Limited.

11. The Board of Directors have approved a payment of interim dividend of ₹ 1.25 (Rupees one and paise twenty-five only) per equity share of the face value of ₹ 5/- each.

12. The Board considered and recommended sub-division/split of existing equity shares of the Company from 1 (One) equity share having face value of ₹ 5 each fully paid-up into such number of equity shares having face value of ₹ 2 (Two) each fully paid-up, subject to the approval of equity shareholders of the Company through postal ballot.

SIGNED FOR
IDENTIFICATION
PURPOSE ONLY

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

Raj Gandhi
Whole Time Director

Place : Gurugram
Dated : 30 July 2024

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

To the Board of Directors of Varun Beverages Limited

1. We have reviewed the accompanying statement of consolidated unaudited financial results ('the Statement') of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associates and joint venture (refer Annexure 1 for the list of subsidiaries, associates and joint venture included in the Statement) for the quarter ended 30 June 2024 and the consolidated year to date results for the period from 01 January 2024 to 30 June 2024 being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').

2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder, and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statements are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

4. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review reports of the other auditors referred to in paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act read with relevant rules issued thereunder, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We did not review the interim financial information of fourteen subsidiaries included in the Statement, whose financial information reflects total assets ₹ 17,024.63 million as at 30 June 2024, and total revenues of ₹ 18,514.29 million and ₹ 29,778.97 million, total net profit after tax of ₹ 1,401.16 million and ₹ 2,184.30 million, total comprehensive income of ₹ 1,399.92 million and ₹ 2,182.41 million for the quarter and year-to-date period ended on 30 June 2024, respectively, and cash flows of ₹ 16.20 million for the period ended 30 June 2024, as considered in the Statement. Out of the above, interim financial information of one subsidiary included in the Statement whose financial information reflects total assets ₹ 1,931.48 million as at 30 June 2024, and total revenues of ₹ 590.70 million and ₹ 944.52 million, total net profit after tax of ₹ 102.36 million and ₹ 158.45 million, total comprehensive income of ₹ 101.72 million and ₹ 157.79 million for the quarter and year-to-date period ended on 30 June 2024, respectively, and cash flows of ₹ (134.80) million for the period ended 30 June 2024, as considered in the Statement have been reviewed by one of the joint auditors, O P Bagla & Co LLP. The Statement also includes the Group's share of net loss after tax of ₹ 6.14 million and ₹ 6.33 million, total comprehensive loss of ₹ 6.14 million and ₹ 6.33 million for the quarter and year-to-date period ended on 30 June 2024, respectively, as considered in the statement in respect of one joint venture whose interim financial information have been reviewed by one of the joint auditors, O P Bagla & Co LLP. These interim financial results have been reviewed by one of the joint auditors, O P Bagla & Co LLP and other auditors whose review reports have been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the review reports of one of the joint auditors, O P Bagla & Co LLP and other auditors, and the procedures performed by us as stated in paragraph 3 above.

J.C. Bhalla & Co. Chartered Accountants

O P Bagla & Co LLP New Delhi Chartered Accountants

Our conclusion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors and O P Bagla & Co LLP.

6. The Statement also includes the Group's share of net profit after tax of ₹ 0.78 million and net loss after tax ₹ 0.64 million, and total comprehensive income of ₹ 0.78 million and total comprehensive loss ₹ 0.64 million for the quarter and year-to-date period ended on 30 June 2024, in respect of two associates is based on their financial information, which have not been reviewed by their auditors. These financial information have been furnished to us by the Holding Company's management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of aforesaid associates is based solely on such unreviewed financial information. According to the information and explanations given to us by the management, these financial information are not material to the Group.

   Our conclusion is not modified in respect of this matter with respect to our reliance on the financial information certified by the Board of Directors of the associate companies.

For J. C. Bhalla & Co.
Chartered Accountants
Firm Registration No. 001111N

J.C. BHALLA & CO. Chartered Accountants

Akhil Bhalla
Partner
Membership No: 505002
UDIN: 24505002BKBYIJ2575

Place: Gurugram
Date: 30 July 2024

B-5, Sector-6, Noida
Uttar Pradesh 201301

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

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN: 24094155BKEPCB8526

Place: Gurugram
Date: 30 July 2024

501, 5th Floor, B-225, Okhla Industrial Area,
Phase 1, New Delhi 110020

Annexure 1

List of entities included in the Statement.

Holding Company

1. Varun Beverages Limited

Subsidiaries

1. Varun Beverages (Nepal) Private Limited
2. Varun Beverages (Lanka) Private Limited
3. Ole Spring Bottlers (Private) Limited
4. Varun Beverages Morocco SA
5. Varun Beverages (Zambia) Limited
6. Varun Beverages (Zimbabwe) (Private) Limited
7. Lunarmech Technologies Private Limited
8. Varun Beverages RDC SAS
9. Varun Beverages International DMCC
10. Varun Beverages South Africa (Pty) Ltd
11. VBL Mozambique, SA
12. The Beverage Company (Proprietary) Limited, South Africa (with effect from 26 March 2024)
13. The Beverage Company Bidco Proprietary Limited (with effect from 26 March 2024)
14. Little Green Beverages Proprietary Limited (with effect from 26 March 2024)
15. Softbev Proprietary Limited (with effect from 26 March 2024)
16. Varun Foods (Zimbabwe) (Private) Limited (with effect from 22 May 2024)

Associates

1. Clean Max Tav Private Limited
2. Huoban Energy 7 Private Limited

Joint Venture

1. IDVB Recycling Operations Private Limited

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Statement of consolidated assets and liabilities

₹ in million

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Assets		
Non-current assets		
(a) Property, plant and equipment	69,858.39	54,415.78
(b) Capital work-in-progress	5,312.38	6,066.32
(c) Right of use assets	10,147.90	9,155.01
(d) Investment property	20.08	-
(e) Goodwill	242.30	242.30
(f) Other intangible assets	5,488.33	5,509.10
(g) Investment in associates and joint venture	51.44	0.04
(h) Financial assets		
(i) Investments	31.51	0.01
(ii) Other financial assets	579.83	486.80
(i) Other non-current assets	3,883.57	6,266.77
Total non-current assets (A)	**95,615.73**	**82,142.13**
Current assets		
(a) Inventories	20,907.24	19,938.85
(b) Financial assets		
(i) Trade receivables	6,035.76	2,993.38
(ii) Cash and cash equivalents	2,065.62	1,543.32
(iii) Bank balances other than (ii) above	1,056.66	1,309.35
(iv) Loans	10.00	-
(v) Other financial assets	5,448.18	3,977.06
(c) Current tax assets (Net)	2.95	-
(d) Other current assets	3,044.07	4,278.34
Total current assets (B)	**38,570.48**	**34,040.30**
Total assets (A+B)	**134,186.21**	**116,182.43**
Equity and liabilities		
Equity		
(a) Equity share capital	6,495.68	6,495.50
(b) Other equity	58,389.81	44,528.30
Equity attributable to owners of the Parent Company	**64,885.49**	**51,023.80**
(c) Non-controlling interest	1,340.74	1,131.07
Total equity (C)	**66,226.23**	**52,154.87**
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	17,871.78	17,270.22
(ia) Lease liabilities	2,032.75	1,654.25
(b) Provisions	2,008.61	2,041.13
(c) Deferred tax liabilities (Net)	3,401.33	3,368.48
(d) Other non-current liabilities	5.55	5.94
Total non-current liabilities (D)	**25,320.02**	**24,340.02**
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	16,966.77	19,677.90
(ia) Lease liabilities	392.82	235.77
(ii) Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises	630.12	659.11
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	10,392.10	7,583.50
(iii) Other financial liabilities	4,416.62	5,593.90
(b) Other current liabilities	7,166.48	4,889.77
(c) Provisions	301.35	291.91
(d) Current tax liabilities (Net)	2,373.70	755.68
Total current liabilities (E)	**42,639.96**	**39,687.54**
Total liabilities (F=D+E)	**67,959.98**	**64,027.56**
Total equity and liabilities (C+F)	**134,186.21**	**116,182.43**

See accompanying notes

Varun Beverages Limited New Delhi

J.C. Bhalla & Co Chartered Accountants

SIGNED FOR
IDENTIFICATION
PURPOSE ONLY

O P Bagla & Co LLP Chartered Accountants FRN: 000018N/N500091 New Delhi

VARUN BEVERAGES LIMITED

Corporate identification number: L74899DL1995PLC069839

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

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

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

Statement of consolidated financial results for the quarter and half year ended on 30 June 2023

₹ in million, except as stated otherwise

Particulars	Three months ended on	Three months ended on	Three months ended on	Six months ended on	Six months ended on	Year ended on
	30 June 2023	31 March 2023	30 June 2022	30 June 2023	30 June 2022	31 December 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Income						
(a) Revenue from operations	56,997.34	39,525.91	50,175.75	96,523.25	78,850.52	133,905.58
(b) Other income	416.01	101.36	104.77	517.37	189.85	388.49
Total income	**57,413.35**	**39,627.27**	**50,280.52**	**97,040.62**	**79,040.37**	**134,294.07**
2. Expenses						
(a) Cost of materials consumed	22,187.25	19,643.11	23,127.61	41,830.36	37,671.54	64,170.92
(b) Excise duty	883.32	596.16	627.60	1,479.48	1,027.65	2,174.16
(c) Purchases of stock-in-trade	1,289.66	1,217.30	494.73	2,506.96	1,088.68	1,885.71
(d) Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress	3,188.82	(2,343.25)	896.05	845.57	(540.01)	(3,445.07)
(e) Employee benefits expense	3,646.04	3,391.22	3,104.37	7,037.26	5,855.00	12,166.42
(f) Finance costs	693.68	625.72	463.98	1,319.40	933.53	1,861.22
(g) Depreciation, amortisation and impairment expense	1,719.27	1,721.99	1,530.73	3,441.26	2,843.92	6,171.89
(h) Other expenses	10,692.05	9,040.99	9,419.22	19,733.04	15,931.52	29,072.39
Total expenses	**44,300.09**	**33,893.24**	**39,664.29**	**78,193.33**	**64,811.83**	**114,057.64**
3. Profit before share of loss of associates and joint venture (1-2)	**13,113.26**	**5,734.03**	**10,616.23**	**18,847.29**	**14,228.54**	**20,236.43**
4. Share of loss of associates and joint venture	(2.39)	(0.27)	-	(2.66)	-	(0.06)
5. Profit before tax (3+4)	**13,110.87**	**5,733.76**	**10,616.23**	**18,844.63**	**14,228.54**	**20,236.37**
6. Tax expense:						
(a) Current tax	2,879.24	1,500.94	2,474.76	4,380.18	3,099.89	4,258.66
(b) Adjustment of tax relating to earlier periods/year	-	-	111.63	-	117.28	226.91
(c) Deferred tax charge/(credit)	177.41	(152.90)	9.73	24.51	280.32	249.66
Total tax expense	**3,056.65**	**1,348.04**	**2,596.12**	**4,404.69**	**3,497.49**	**4,735.23**
7. Net profit after tax (5-6)	**10,054.22**	**4,385.72**	**8,020.11**	**14,439.94**	**10,731.05**	**15,501.14**
8. Other comprehensive income						
A Items that will not be reclassified to profit or loss	(34.96)	30.71	32.70	(4.27)	107.23	107.87
B Income tax relating to items that will not be reclassified to profit or loss	7.35	(7.36)	(8.50)	(0.01)	(27.02)	(27.02)
C Items that will be reclassified to profit or loss	76.32	160.01	(1,756.58)	236.33	(3,147.31)	(3,799.27)
Total other comprehensive income/(loss)	**48.69**	**183.36**	**(1,732.38)**	**232.05**	**(3,067.10)**	**(3,718.42)**
9. Total comprehensive income for the periods/year (7+8)	**10,102.91**	**4,569.08**	**6,287.73**	**14,671.99**	**7,663.95**	**11,782.72**
10. Net profit attributable to:						
A Owners of the Company	9,938.11	4,290.72	7,874.38	14,228.83	10,416.45	14,974.33
B Non-controlling interest	116.11	95.00	145.73	211.11	314.60	526.81
11. Other comprehensive income/(loss) attributable to:						
A Owners of the Company	42.97	190.52	(1,732.23)	233.49	(3,066.96)	(3,154.79)
B Non-controlling interest	5.72	(7.16)	(0.15)	(1.44)	(0.14)	(563.63)
12. Total comprehensive income attributable to:						
A Owners of the Company	9,981.08	4,481.24	6,142.15	14,462.32	7,349.49	11,819.54
B Non-controlling interest	121.83	87.84	145.58	209.67	314.46	(36.82)
13. Paid-up equity share capital (face value of ₹ 5 each)	6,495.68	6,495.58	6,495.50	6,495.68	6,495.50	6,495.50
14. Other equity				58,389.81	41,653.06	44,528.30
15. Earnings per share (of ₹ 5/- each) (not annualised for quarters and half years) (Refer note 5):						
(a) Basic	7.65	3.30	6.06	10.95	8.02	11.53
(b) Diluted	7.65	3.30	6.06	10.95	8.02	11.52
See accompanying notes						

Varun Beverages Limited New Delhi

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Consolidated Cash Flow Statement

(Indirect Method) (₹ in million)

Particulars	Six months period ended on 30 June 2023 (Unaudited)	Six months period ended on 30 June 2022 (Unaudited)
A. Operating activities		
Profit before tax	18,847.29	14,228.54
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	3,441.26	2,843.92
Interest expense at amortised cost	1,319.40	926.80
Interest income at amortised cost	(94.72)	(88.68)
Profit on sale of current investments	(2.57)	(2.48)
Excess provisions/liabilities written back	(302.24)	(8.89)
Share based payment to employees	37.69	-
Loss on disposal/written off of property, plant and equipment (Net)	657.42	562.39
Bad debts written off	2.54	17.27
Allowance for expected credit loss	38.12	49.17
Unrealised foreign exchange fluctuation	(141.51)	201.26
Operating profit before working capital changes	23,802.68	18,729.30
Working capital adjustments		
Increase in inventories	(849.53)	(4,234.34)
Increase in trade receivables	(3,020.61)	(1,395.81)
Increase in current and non-current financial assets and other current and non-current assets	(326.98)	(1,309.32)
Increase in current financial liabilities and other current and non-current liabilities and provisions	5,286.62	6,685.38
Total cash from operations	**24,892.18**	**18,475.21**
Income tax paid	(2,761.55)	(897.73)
Net cash flows from operating activities (A)	**22,130.63**	**17,577.48**
B. Investing activities		
Purchase of property, plant and equipment and intangible assets (including adjustment on account of capital work-in-progress, capital advance paid and capital creditors)	(17,871.23)	(6,621.33)
Proceeds from disposal of property, plant and equipment	227.96	331.98
Loan given to joint venture	(10.00)	-
Investment made in associates and other	(85.56)	-
Interest received	88.33	87.78
Net proceeds from sale of current investments	2.57	2.48
Decrease in other bank balances	252.57	208.91
Net cash used in investing activities (B)	**(17,395.36)**	**(5,990.18)**
C. Financing activities		
Proceeds from long term borrowings	8,105.88	4,479.75
Repayment of long term borrowings	(12,103.99)	(11,285.55)
Repayment of lease liabilities	(113.64)	(91.70)
Proceeds/(repayment) of short term borrowings (Net)	1,865.92	(3,289.68)
Proceeds from issue of share capital (including share premium thereon)	11.26	-
Interest paid (inclusive of interest paid on lease liabilities ₹ 63.27 (30 June 2022: ₹ 23.21))	(1,365.87)	(694.24)
Dividends paid	(649.56)	
Net cash used in financing activities (C)	**(4,250.00)**	**(10,881.42)**
Net change in cash and cash equivalents (D=A+B+C)	**485.27**	**705.88**
Cash and cash equivalents at the beginning of period (E)	1,543.32	1,507.50
Unrealised exchange differences on translation of cash and cash equivalent in subsidiaries (F)	37.03	(566.58)
Cash and cash equivalents at the end of period (G= D+E+F)	**2,065.62**	**1,646.80**

Note:
(a) Non-cash changes in liabilities arising from financing activities pertains to impact of fair value changes and foreign exchange fluctuations which are considered to be insignificant.

Varun Beverages Limited New Delhi

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(₹ in million, except per share data)

Notes:

1. These standalone and consolidated financial results for the quarter and half year ended on 30 June 2023 have been reviewed and recommended for approval by the Audit, Risk Management and Ethics Committee and accordingly approved by the Board of Directors of Varun Beverages Limited ("VBL" or "the Company") at their respective meetings held on 03 August 2023. The Statutory Auditors have conducted a limited review of these financial results.

2. These financial results have been prepared in accordance with the recognition and measurement principles of applicable Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in section 133 of the Companies Act, 2013 (read with SEBI Circular CIR/CFD/FAC/62/2016 dated 05 July 2016 and other recognised accounting practices and policies).

3. VBL follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

4. The business activities of the Company and its subsidiaries (together referred to as the "Group") predominantly fall within a single primary business segment viz. manufacturing and sale of beverages. There is no separate reportable business segment. The Group operates in two principal geographical areas, i.e., in India, its home country, and in other countries. The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Group is seasonal.

5. During the six months period ended on 30 June 2023, the Company has started commercial production from a greenfield production facility for beverages and backward integeration at Bundi (Rajasthan, India) and at Jabalpur (Madhya Pradesh, India).

6. During the quarter ended 30 June 2023, the Company on 15 June 2023 ("Record Date"), sub-divided/split of existing Equity Shares of the Company from 1 (One) Equity Share having face value of ₹ 10/- (Rupees Ten only) each fully paid-up, into 2 (Two) Equity Shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up. Accordingly, earnings per share of comparative periods presented has been calculated based on number of shares outstanding in respective periods, as increased by sub-divided/split of shares.

7. During the six months period ended on 30 June 2023, the Company has incorporated a new wholly-owned subsidiary company i.e. Varun Beverages South Africa (Pty) Ltd in Johannesburg, South Africa by subscription of its 100% share capital for a consideration of ₹ 0.05 million to explore the business of manufacturing and distribution of beverages.

8. The Board of Directors have approved a payment of interim dividend of ₹ 1.25/- (Rupee one and paise twenty five only) per equity share of the face value of ₹ 5/- each.

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

Raj Gandhi
Whole Time Director

Place : Gurugram
Dated : 03 August 2023

SIGNED FOR
IDENTIFICATION
PURPOSE ONLY

J.C. BHALLA & CO
Chartered Accountants

O P BAGLA & CO LLP
FRN: 000018N/N500091
Chartered Accountants

Varun Beverages Limited
New Delhi

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

To the Board of Directors of Varun Beverages Limited

1. We have reviewed the accompanying statement of consolidated unaudited financial results ('the Statement') of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its joint venture and associate (refer Annexure 1 for the list of subsidiaries, joint venture and associate included in the Statement) for the quarter ended 30 June 2023 and the consolidated year to date results for the period from 01 January 2023 to 30 June 2023 being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'),

2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder, and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statements are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

4. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review reports of the other auditors referred to in paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act read with relevant rules issued thereunder, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

J C Bhalla & Co Chartered Accountants

O P Bagla & Co LLP FRN: 000018N/N500091 Chartered Accountants

5. We did not review the interim financial results of nine subsidiaries included in the Statement, whose financial information reflects total assets ₹ 32,222.75 million as at 30 June 2023, and total revenues of ₹ 12,381.83 million and ₹ 20,800.63 million, total net profit after tax of ₹ 1,495.65 million and ₹ 2,163.78 million, total comprehensive income of ₹ 1,482.24 million and ₹ 2,151.51 million for the quarter and year-to-date period ended on 30 June 2023, respectively, and cash flows of ₹ 710.49 million for the period ended 30 June 2023, as considered in the Statement. These interim financial results have been reviewed by other auditors whose review reports have been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the review reports of such other auditors and the procedures performed by us as stated in paragraph 3 above.

   Our conclusion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

6. The review of consolidated unaudited quarterly and year to date financial results for the period ended 30 June 2022 and audit of consolidated financial results for the year ended 31 December 2022, included in the Statement, was carried out and reported jointly by then joint auditors Walker Chandiok & Co. LLP and O P Bagla & Co. LLP who has expressed unmodified conclusion vide their review report dated 01 August 2022 and unmodified opinion vide their audit report dated 06 February 2023, respectively, whose reports have been furnished to us and which have been relied upon by us for the purpose of our review of the Statement. Our conclusion is not modified in respect of this matter.

For J. C. Bhalla & Co.
Chartered Accountants
Firm Registration No. 001111N

Akhil Bhalla
Partner
Membership No: 505002
UDIN: 23505002BGTITA2445

Place: Gurugram
Date: 03 August 2023

B-5, Sector-6, Noida
Uttar Pradesh 201301

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

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN: 23094155BGXORQ6690

Place: Gurugram
Date: 03 August 2023

B-225, 5th Floor, Okhla Industrial Area,
Phase 1, New Delhi 110020

Annexure 1

List of entities included in the Statement

Holding Company

1. Varun Beverages Limited

Subsidiaries

1. Varun Beverages (Nepal) Private Limited
2. Varun Beverages (Lanka) Private Limited
3. Ole Spring Bottlers (Private) Limited
4. Varun Beverages Morocco SA
5. Varun Beverages (Zambia) Limited
6. Varun Beverages (Zimbabwe) (Private) Limited
7. Lunarmech Technologies Private Limited
8. Varun Beverages RDC SAS
9. Varun Beverages International DMCC
10. Varun Beverages South Africa (Pty) Ltd

Associate

1. Clean Max Tav Private Limited
2. Huoban Energy 7 Private Limited

Joint Venture

1. IDVB Recycling Operations Private Limited

Independent Auditor's Report

To the Members of Varun Beverages Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint venture, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31 December 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and joint venture, as at 31 December 2023, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

J.C. BHALLA & CO. Chartered Accountants

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

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 Business combinations and goodwill respectively. Further refer note 5A and note 5B to the consolidated financial statements) The Group carries Goodwill and franchisee rights/trademarks as intangible assets having indefinite life amounting to ₹ 242.30 million and ₹ 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 amounts, being the higher of value in use and fair value less costs of disposal. Recoverable amounts are based on management's view of the future cash flows and prospects of the business, the appropriate discount rates and other industry specific risk factors. The key judgements in determining the recoverable amounts relates to the forecast of future cash flows based on strategy using macroeconomic assumptions such as industry growth, inflation and expected growth in market share, capital expenditure and working capital requirements, among others. Changes in the management forecasts or assumptions can impact the assessment of the discounted cash flows. Considering the materiality of the amounts involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the forecasted cash flows used in the impairment evaluation, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, impairment assessment of Goodwill and the franchise	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 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 test procedures; • 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 the management from an independent valuer for Franchise rights 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 the management by comparing projections for previous financial years with actual results realised and

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O.P. BAGLA & CO LLP Chartered Accountants New Delhi

Key audit matter	How our audit addressed the key audit matter
rights/ trademarks was determined as a key audit matter.	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 Ind AS.
Claims, Appeals and Litigations – provisions and contingent liabilities (Refer note 42 to the consolidated financial statements for the amounts of contingent liabilities) The Group is involved in various direct, indirect tax and other claims, appeals and litigations (hereafter, referred to as "Matters") that are pending with different statutory authorities and judicial courts. The management exercises significant judgement for determining the need for and the amount of provisions, for any liabilities, arising from these matters. 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 matters, the significance of the amounts involved and the subjectivity involved in management's judgement as to whether any amount should be recognised as a provision or be disclosed or not as a contingent liability in the consolidated financial statements.	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 with the applicable accounting standards; • Assessed the Group's process and the underlying controls for identification of the pending matters and completeness for financial reporting and also for monitoring of significant developments in relation to such pending matters; • Assessed the management's assumptions and estimates in respect of matters, including the liabilities or provisions recognised or contingent liabilities disclosed in the consolidated financial statements. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts based on the various legal counsel opinions received by the Group; • 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 and through a discussion with Company's legal department and legal counsels appointed by the Company;

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Key audit matter	How our audit addressed the key audit matter
	• 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 matters and changes in the disputes, if any, through discussions with the management and by reading external advice received by the Group, where relevant, to validate management's conclusions; and • Assessed the appropriateness of the Group's description of the accounting policy, disclosures related to matters and whether these are adequately presented in the consolidated financial statements.

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

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

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

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

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates and joint venture in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, and its associate companies and joint venture company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

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O.P. BAGLA & CO. LLP Chartered Accountants

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

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates and joint venture.

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

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

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

J.C. BHALLA & CO. Chartered Accountants

O.P. BAGLA & CO. LLP Chartered Accountants New Delhi

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

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

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

Other Matters

15. We did not audit the financial statements of nine subsidiaries, whose financial statements reflects total assets of ₹ 35,471.10 million and net assets of ₹ 14,886.98 million as at 31 December 2023, total revenues of ₹ 43,269.44 million and net cash inflows amounting to ₹ 756.13 million for the year ended on that date, as considered in the consolidated financial statements. Out of the above, annual financial statements of one subsidiary included in the consolidated financial statements whose financial statement reflects total assets of ₹ 2,355.06 million and net assets of ₹ 1,773.69 million as at 31 December 2023, total revenues of ₹ 2,037.66 million and net cash outflows amounting to ₹ 213.63 million for the year ended on that date, as considered in the consolidated financial statement have been audited by one of the joint auditors, O P Bagla & Co LLP. The consolidated financial statements also includes the Group share of net loss (including other comprehensive income) ₹ 0.21 million for the year ended 31 December 2023, as considered in the consolidated financial statements, in respect of one associate, whose financial statement have not been audited by us. These financial statements has been audited by other auditor whose report has been furnished to us by the management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, are based solely on the reports of O P Bagla & Co LLP and the other auditors.

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

    The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 1.51 million for the year ended 31 December 2023, as considered in the consolidated financial statements, in respect of one associate based on their financial information, which have not been audited by us. This financial information is unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, this financial information is not material to the Group.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

16. The consolidated financial statements of the Group for the year ended 31 December 2022, were audited and reported jointly by then joint auditors Walker Chandiok & Co LLP and O P Bagla & Co LLP who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 06 February 2023.

J.C. BHALLA & CO. Chartered Accountants

O P BAGLA & CO LLP

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors and one of the joint auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries and associate and joint venture, we report that the Holding Company, and one subsidiary company, incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to nine subsidiary companies, two associate companies and one joint venture company, since none of such companies is a public company as defined under section 2(71) of the Act.

18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us, of company included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such company. Further, following is the company included in the consolidated financial statements for the year ended 31 December 2023 and covered under that Act that is audited by one of the joint auditors for which the respective report under section 143(11) of the Act of such company has not yet been issued by the respective joint auditor, as per information and explanation given to us by the management in this respect.

S No	Name	CIN	Subsidiary/ Associate/ Joint Venture	Remarks
1	Lunarmech Technologies Private Limited	U72900DL2009PTC190619	Subsidiary	Company follows different financial year (April to March)

19. As required by section 143(3) of the Act, based on our audit and on the consideration of the report of one of the joint auditors and other auditor on separate financial statements of the subsidiary, associate and joint venture, incorporated in India whose financial statements/ financial information have been audited under the Act and other financial information of the un-audited financial information of associate incorporated in India whose financial information are provided to us by the management of the Holding Company, 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 one of the joint auditors and other auditor;

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 read with the Companies (Indian Accounting Standards) Rules, 2015;

e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of O P Bagla & Co LLP, the statutory auditor of its subsidiary company, covered under the Act, none of the directors of the Group companies are disqualified as on 31 December 2023 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary company, associate companies and joint venture company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in Annexure II wherein we have expressed an unmodified opinion; and

J.C. BHALLA & CO. Chartered Accountants

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the one of the joint auditors and other auditor on separate financial statements and other financial information of the subsidiary, associates and joint venture incorporated in India whose financial statements have been audited under the Act:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 42 to the consolidated financial statements;

ii. The Holding Company, its subsidiary companies, associate companies and joint venture company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 December 2023

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 company, associate companies and joint venture company covered under the Act, during the year ended 31 December 2023;

iv. a The respective managements of the Holding Company, its subsidiary company and joint venture incorporated in India whose financial statements have been audited under the Act have represented to us and the joint auditors of such subsidiary, and in respect of the un-audited financial information of associate company incorporated in India the management of Holding Company have represented to us that, to the best of their knowledge and belief, as disclosed in note 60(e) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, its associates companies or its joint venture company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, its associate companies or its joint venture company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company, its subsidiary company and joint venture incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary, and in respect of the un-audited financial information of associate company incorporated in India the management of Holding Company have represented to us that, to the best of their knowledge and belief, as disclosed in note 60(f) to the consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies or its joint venture company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies, its associate companies or its joint venture company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiary, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The final dividend paid by the Holding Company during the year ended 31 December 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. The interim dividend declared and paid by the Holding Company during the year ended 31 December 2023 and until the date of this audit report is in compliance with section 123 of

J.C. BHALLA & CO. Chartered Accountants

O.P. BAGLA & CO. LLP FRN: 000018N/N500091 Chartered Accountants the Act. As stated in note 62(iii) to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 December 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year ended 31 December 2023.

For J. C. Bhalla & Co.
Chartered Accountants
Firm Registration No.: 001111N

J.C. BHALLA & CO. Chartered Accountants

Akhil Bhalla
Partner
Membership No. 505002
UDIN: 24505002BKBXPB7387

Place: Gurugram
Date: 05 February 2024

B-5, Sector - 6, Noida
Uttar Pradesh 201301

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

O P BAGLA & CO LLP FRN: 000018N/N500091 CA New Delhi Chartered Accountants

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN: 24094155BKEOZE2952

Place: Gurugram
Date: 05 February 2024

B-225,5th Floor, Okhla Industrial Area,
Phase 1, New Delhi 110020

Annexure I

List of entities included in the Statement

Holding Company

1. Varun Beverages Limited

Subsidiaries

1. Varun Beverages (Nepal) Private Limited
2. Varun Beverages Lanka (Private) Limited
3. Varun Beverages Morocco SA
4. Ole Spring Bottlers (Private) Limited
5. Varun Beverages (Zambia) Limited
6. Varun Beverages (Zimbabwe) (Private) Limited
7. Lunarmech Technologies Private Limited
8. Varun Beverages RDC SAS
9. Varun Beverages International DMCC
10. Varun Beverages South Africa (Pty) Ltd (with effect from 23 May 2023)
11. VBL Mozambique,SA (with effect from 21 November 2023)

Associates

1. Clean Max Tav Private Limited
2. Huoban Energy 7 Private Limited (with effect from 09 May 2023)

Joint Venture

1. IDVB Recycling Operations Private Limited

J.C. BHALLA & CO. Chartered Accountants

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Annexure II

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'), its associates and joint venture as at and for the year ended 31 December 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company, its associate companies and joint venture company, which are companies covered under the Act, as at that date.

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

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

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

3. The audit of internal financial controls with reference to financial statements of the aforementioned associates and joint venture, which are companies covered under the Act, and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13 June 2017 read with corrigendum dated 14 July 2017. Consequently, our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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

J.C. Bhalla & Co. Chartered Accountants

O P Bagla & Co LLP Chartered Accountants 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 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 Holding Company, which is a company covered under the Act, has in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 December 2023, based on the Guidance Note issued by the ICAI.

Other Matter

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of one of the joint auditors, O P Bagla & Co LLP of such Company incorporated in India.

For J. C. Bhalla & Co.
Chartered Accountants
Firm Registration No. 001111N

J.C. BHALLA & CO.
Chartered Accountants

Akhil Bhalla
Partner
Membership No. 505002
UDIN: 24505002BKBXPB7387

Place: Gurugram
Date: 05 February 2024

B-5, Sector-6, Noida
Uttar Pradesh 201301

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

BAGLA & CO LLP
New Delhi
Chartered Accountants

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN: 24094155BKEOZE2952

Place: Gurugram
Date: 05 February 2024

B-225,5th Floor, Okhla Industrial Area,
Phase 1, New Delhi 110020

Varun Beverages Limited
Consolidated Balance Sheet as at 31 December 2023

(₹ in million)

	Notes	As at 31 December 2023	As at 31 December 2022
Assets			
Non-current assets			
(a) Property, plant and equipment	4A	68,031.32	54,415.78
(b) Capital work-in-progress	4B	19,222.22	6,066.32
(c) Right of use assets	4C	10,347.07	9,155.01
(d) Goodwill	5A	242.30	242.30
(e) Other intangible assets	5B	5,471.00	5,509.10
(f) Investments in associates and joint venture	6	179.32	0.04
(g) Financial assets			
(i) Investments	7	31.51	0.01
(ii) Other financial assets	8	622.67	486.80
(h) Other non-current assets	10	5,368.12	6,266.77
Total non-current assets		**109,515.53**	**82,142.13**
Current assets			
(a) Inventories	11	21,505.33	19,938.85
(b) Financial assets			
(i) Trade receivables	12	3,593.85	2,993.38
(ii) Cash and cash equivalents	13	2,422.12	1,543.32
(iii) Bank balances other than (ii) above	14	2,176.50	1,309.35
(iv) Others	15	7,388.23	3,977.06
(c) Current tax assets (Net)	16	3.11	-
(d) Other current assets	17	5,267.16	4,278.34
Total current assets		**42,356.30**	**34,040.30**
Total assets		**151,871.83**	**116,182.43**
Equity and liabilities			
Equity			
(a) Equity share capital	18	6,496.07	6,495.50
(b) Other equity	19	62,868.91	44,528.30
Equity attributable to owners of the Parent Company		**69,364.98**	**51,023.80**
Non-controlling interest		1,481.55	1,131.07
Total equity		**70,846.53**	**52,154.87**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20A	31,889.38	17,270.22
(ia) Lease liabilities	20B	1,978.85	1,654.25
(b) Provisions	21	2,126.44	2,041.13
(c) Deferred tax liabilities (Net)	9	3,430.11	3,368.48
(d) Other non-current liabilities	22	68.40	5.94
Total non-current liabilities		**39,493.18**	**24,340.02**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20C	20,054.49	19,677.90
(ia) Lease liabilities	20D	390.38	235.77
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	23	767.43	659.11
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	23	6,815.05	7,583.50
(iii) Other financial liabilities	24	7,638.39	5,593.90
(b) Other current liabilities	25	4,650.93	4,889.77
(c) Provisions	21	825.43	291.91
(d) Current tax liabilities (Net)	26	390.02	755.68
Total current liabilities		**41,532.12**	**39,687.54**
Total liabilities		**81,025.30**	**64,027.56**
Total equity and liabilities		**151,871.83**	**116,182.43**

Significant accounting policies 3

The accompanying notes 1 to 63 are an integral part of the consolidated financial statements.

As per our report of even date attached.

For J.C. Bhalla & Co.
Chartered Accountants
Firm's Registration No.: 001111N

Akhil Bhalla
Partner
Membership No.: 505002

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

Neeraj Kumar Agarwal
Partner
Membership No.: 094155

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

Lalit Malik
Chief Financial Officer

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

Place: Gurugram
Dated: 05 February 2024

J.C. BHALLA & CO. Chartered Accountants

O P BAGLA & CO LLP New Delhi Chartered Accountants

Varun Beverages Limited
Consolidated Statement of Profit and Loss for the year ended 31 December 2023

(₹ in million, unless otherwise stated)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Income			
Revenue from operations	27	163,210.63	133,905.58
Other income	28	793.59	388.49
Total income		**164,004.22**	**134,294.07**
Expenses			
Cost of materials consumed	29	70,264.61	64,170.92
Excise duty		2,784.82	2,174.16
Purchases of stock-in-trade	30	4,626.96	1,885.71
Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress	31	(842.69)	(3,445.07)
Employee benefits expense	32	14,465.87	12,166.42
Finance costs	33	2,680.99	1,861.22
Depreciation, amortisation and impairment expense	34	6,809.06	6,171.89
Other expenses	35	35,816.21	29,072.39
Total expenses		**136,605.83**	**114,057.64**
Profit before share of loss of associate & joint venture and tax		**27,398.39**	**20,236.43**
Share of loss of associates and joint venture	6	(4.79)	(0.06)
Profit before tax		**27,393.60**	**20,236.37**
Tax expense			
(a) Current tax	26	6,290.81	4,258.66
(b) Adjustment of tax relating to earlier years	26	20.55	226.91
(c) Deferred tax charge	9	64.11	249.66
Total tax expense		**6,375.47**	**4,735.23**
Net profit for the year		**21,018.13**	**15,501.14**
Other comprehensive income	36		
(a) Items that will not to be reclassified to Profit or Loss			
(i) Re-measurement (losses)/gain on defined benefit plans		(28.16)	107.87
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		6.98	(27.02)
(b) Items that will be reclassified to Profit or Loss			
(i) Exchange differences arising on translation of foreign operations		(58.83)	(3,799.27)
Total other comprehensive loss		**(80.01)**	**(3,718.42)**
Total comprehensive income for the year (including non-controlling interest)		**20,938.12**	**11,782.72**
Net profit attributable to:			
(a) Owners of the Company		20,559.22	14,974.33
(b) Non-controlling interest		458.91	526.81
Other comprehensive income attributable to:			
(a) Owners of the Company		(56.45)	(3,154.79)
(b) Non-controlling interest		(23.56)	(563.63)
Total comprehensive income attributable to:			
(a) Owners of the Company		20,502.77	11,819.54
(b) Non-controlling interest		435.35	(36.82)
Earnings per equity share of face value of ₹ 5 each			
Basic (₹)	40	15.83	11.53
Diluted (₹)	40	15.82	11.52
Significant accounting policies	3		

The accompanying notes 1 to 63 are an integral part of the consolidated financial statements.
As per our report of even date attached.

For J.C. Bhalla & Co.
Chartered Accountants
Firm's Registration No.: 001111N

Akhil Bhalla
Partner
Membership No.: 505002

Place: Gurugram
Dated: 05 February 2024

J.C. BHALLA & CO. Chartered Accountants

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

Neeraj Kumar Agarwal
Partner
Membership No.: 094155

O P BAGLA & CO LLP 000018N/N500091 New Delhi Chartered Accountants

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

Lalit Malik
Chief Financial Officer

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

Varun Beverages Limited
Consolidated Statement of Cash Flow for the year ended 31 December 2023

(Indirect Method)

(₹ in million)

Particulars	Year ended 31 December 2023	Year ended 31 December 2022
A. Operating activities		
Profit before tax and share of loss in associates and joint venture	27,398.39	20,236.43
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment on property, plant and equipment	6,409.04	5,830.99
Amortisation of intangible assets and right of use assets	400.02	340.90
Interest expense at amortised cost	2,680.99	1,854.49
Interest income at amortised cost	(238.00)	(228.29)
Gain on derecognition of financial instruments	(0.81)	-
Gain on sale of current investments	(3.51)	(3.67)
Excess provisions and liabilities written back	(322.36)	(9.20)
Share based payments	78.61	29.06
Loss on disposal/written off of property, plant and equipment (Net)	843.64	623.26
Bad debts and advances written off	3.24	25.71
Allowance for expected credit loss	69.47	73.51
Unrealised foreign exchange fluctuation	3.26	(1,287.68)
Operating profit before working capital changes	37,321.98	27,485.51
Working capital adjustments		
Increase in inventories	(1,601.73)	(5,568.33)
Increase in trade receivables	(730.18)	(1,233.80)
Increase in current and non-current financial assets and other current and non-current assets	(4,572.18)	(3,257.13)
Increase in current financial liabilities and other current and non-current liabilities and provisions	169.28	4,207.33
Total cash from operations	30,587.17	21,633.58
Income tax paid	(6,679.39)	(3,733.29)
Net cash flows from operating activities (A)	**23,907.78**	**17,900.29**
B. Investing activities		
Purchase of property, plant and equipment, right of use assets and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors)	(32,640.49)	(18,009.92)
Proceeds from disposal of property, plant and equipment	701.31	510.93
Investment made in associates, joint venture and other	(215.57)	(0.10)
Purchase of additional stake from minority of a subsidiary	(100.00)	-
Interest received	220.16	232.42
Proceeds from sale of current investments (Net)	3.51	3.67
Change in other bank balances	(867.59)	217.02
Net cash used in investing activities (B)	**(32,898.67)**	**(17,045.98)**
C. Financing activities		
Proceeds from long-term borrowings	24,016.61	14,777.20
Repayment of long-term borrowings	(12,765.22)	(11,373.59)
Repayment of lease liabilities	(295.07)	(234.40)
Proceeds/(Repayments) of short-term borrowings (Net)	3,812.66	(7.97)
Proceeds from issue of share capital (including share premium thereon)	44.41	-
Interest paid (inclusive of interest paid on lease liabilities ₹ 170.04 (31 December 2022:₹ 44.26))	(2,694.42)	(1,716.79)
Proceeds from share application money pending allotment	3.51	-
Dividend paid	(2,273.48)	(1,623.87)
Net cash flows from/(used) in financing activities (C)	**9,849.00**	**(179.42)**
Net change in cash and cash equivalents (D=A+B+C)	**858.11**	**674.89**
Cash and cash equivalents at the beginning of year (E)	1,543.32	1,507.50
Unrealised exchange difference on translation of cash and cash equivalent in subsidiaries (F)	20.69	(639.07)
Cash and cash equivalents at the end of year (G= D+E+F) (Refer note 13)	**2,422.12**	**1,543.32**

J.C. BHALLA & CO. Chartered Accountants

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O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

Notes:

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

(₹ in million)

	Non-current borrowings*	Current borrowings	Lease Liabilities (Non-current and current)
Balance as at 01 January 2023	30,671.17	6,276.95	1,890.02
Cash flows (Net)	11,251.39	3,812.66	(295.07)
Non-cash changes:			
Recognition of lease liabilities	-	-	749.28
Impact of fair value changes	(10.74)	-	-
Impact of exchange fluctuations	-	(57.56)	25.00
Balance as at 31 December 2023	**41,911.82**	**10,032.05**	**2,369.23**

(₹ in million)

	Non-current borrowings*	Current borrowings	Lease Liabilities (Non-current and current)
Balance as at 01 January 2022	27,134.03	6,284.92	448.65
Cash flows (Net)	3,403.61	(7.97)	(234.40)
Non-cash changes:			
Recognition of lease liabilities	-	-	1,665.92
Impact of fair value changes	74.19	-	-
Impact of exchange fluctuations	59.34	-	9.85
Balance as at 31 December 2022	**30,671.17**	**6,276.95**	**1,890.02**

*includes current maturities of long-term debts amounting to ₹ 10,022.44 million (31 December 2022: ₹ 13,400.95 million). (Refer note 20A and 20C)

The accompanying notes 1 to 63 are an integral part of the consolidated financial statements.
As per our report of even date attached.

For J.C. Bhalla & Co.
Chartered Accountants
Firm's Registration No.: 001111N

Akhil Bhalla
Partner
Membership No.: 505002

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

Neeraj Kumar Agarwal
Partner
Membership No.: 094155

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

Lalit Malik
Chief Financial Officer

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

Place: Gurugram
Dated: 05 February 2024

Varun Beverages Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2023

A Equity share capital

(₹ in million)

Particulars	Notes	Number of shares	Amount
Balance as at 01 January 2022		433,033,080	4,330.33
Changes in equity share capital during the year 2022		216,516,540	2,165.17
Balance as at 31 December 2022	18	**649,549,620**	**6,495.50**
Changes in equity share capital during the year 2023		649,665,356	0.57
Balance as at 31 December 2023	18	**1,299,214,976**	**6,496.07**

B Other Equity

(₹ in million)

Particulars	Note	Attributable to Owners of the Company									Non-controlling interests	Total
		Reserve and surplus						Share application money pending allotment	Exchange differences on translating the financial statements of foreign operations	Total attributable to owners of the Group		
		Capital reserve on consolidation	Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings					
Balance as at 01 January 2022		(2,279.78)	533.93	24,734.73	-	444.26	13,967.42	-	(931.81)	36,468.75	1,167.89	37,636.64
Profit for the year		-	-	-	-	-	14,974.33	-	-	14,974.33	526.81	15,501.14
Other comprehensive income for the year (Net of deferred taxes)												
Re-measurement gains on defined benefit plans (Net of taxes)#		-	-	-	-	-	80.96	-	-	80.96	(0.11)	80.85
Exchange differences arising on translation of foreign operations		-	-	-	-	-	-	-	(3,235.76)	(3,235.76)	(563.52)	(3,799.28)
Dividend paid** (Refer note 41)		-	-	-	-	-	(1,623.87)	-	-	(1,623.87)	-	(1,623.87)
Recognition of share based payment expenses (Refer note 32)		-	-	-	29.06	-	-	-	-	29.06		29.06
Amount utilised for bonus issue		-	-	(2,165.17)	-	-	-	-	-	(2,165.17)	-	(2,165.17)
Balance as at 31 December 2022	19	**(2,279.78)**	**533.93**	**22,569.56**	**29.06**	**444.26**	**27,398.84**	-	**(4,167.57)**	**44,528.30**	**1,131.07**	**45,659.37**
Profit for the year		-	-	-	-	-	20,559.22	-	-	20,559.22	458.91	21,018.13
Other comprehensive income for the year (Net of deferred taxes)												
Re-measurement losses on defined benefit plans (Net of taxes)#		-	-	-	-	-	(21.08)	-	-	(21.08)	(0.10)	(21.18)
Exchange differences arising on translation of foreign operations		-	-	-	-	-	-	-	(35.37)	(35.37)	(23.46)	(58.83)
Dividend paid** (Refer note 41)		-	-	-	-	-	(2,273.48)	-	-	(2,273.48)	-	(2,273.48)
Pursuant to exercise of employee stock options		-	-	67.03	(23.19)	-	-	-	-	43.84	-	43.84
Share application money pending allotment		-	-	-	-	-	-	3.51	-	3.51		3.51
Recognition of share based payment expenses (Refer note 32)		-	-	-	79.10	-	-	-	-	79.10	-	79.10
Purchase of additional stake in subsidiary from minority		(15.13)	-	-	-	-	-	-	-	(15.13)	(84.87)	(100.00)
Balance as at 31 December 2023	19	**(2,294.91)**	**533.93**	**22,636.59**	**84.97**	**444.26**	**45,663.50**	**3.51**	**(4,202.94)**	**62,868.91**	**1,481.55**	**64,350.46**

The disaggregation of changes in OCI by each type of reserves in equity is disclosed in Note 36.

**Transaction with owners in their capacity as owners.

The accompanying notes 1 to 63 are an integral part of the consolidated financial statements.

As per our report of even date attached.

For J.C. Bhalla & Co.
Chartered Accountants
Firm's Registration No.: 001111N

Akhil Bhalla
Partner
Membership No.: 505002

J.C. BHALLA & CO. Chartered Accountants

Place: Gurugram
Dated: 05 February 2024

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

Neeraj Kumar Agarwal
Partner
Membership No.: 094155

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

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

Lalit Malik
Chief Financial Officer

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

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 with Corporate Identification Number L74899DL1995PLC069839 under the provisions of the Companies Act 1956.

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

2. Basis of preparation

These Consolidated Financial Statements ("the CFS") of the Group have been prepared in accordance with the Indian Accounting Standards ("Ind AS") and comply with requirements of Ind AS, stipulations contained in Schedule III (revised) as applicable under Section 133 of the Companies Act, 2013 ("the Act"), and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI) the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other pronouncements/ provisions of applicable laws. These financial statements are authorised for issue on 05 February 2024 in accordance with a resolution of the Board of Directors. The Board of Directors can permit the revision to the standalone financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

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

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

i. Derivative financial instruments;
ii. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);
iii. Defined benefit plans- plan assets measured at fair value; and
iv. Share based payments;

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

i. Expected to be realised or intended to sold or consumed in normal operating cycle;
ii. Held primarily for the purpose of trading;
iii. Expected to be realised within twelve months after the reporting period; or
iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current if it satisfies any of the following conditions:
i. It is expected to be settled in normal operating cycle;
ii. It is held primarily for the purpose of trading;
iii. It is due to be settled within twelve months after the reporting period; or
iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

J.C. Bhalla & Co. Chartered Accountants

O P Bagla & Co LLP FRN: 000018N/N500091 Chartered Accountants New Delhi

Basis of preparation [Cont'd]

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.

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.

J.C. BHALLA & CO. Chartered Accountants

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

Basis of consolidation [Cont'd]

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/Joint venture:

Interests in associates/joint venture 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/joint venture are recognised in the CFS only to the extent of interests in the associate/joint venture 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/joint venture 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/joint venture. 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/joint venture, 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/joint venture are eliminated to the extent of the interest in the associate/joint venture. The aggregate of the Group's share of profit or loss of an associate/joint venture 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/joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate/joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate/joint venture and its carrying value, and then recognises the loss as 'Share of loss of associates and joint venture' in the Consolidated Statement of Profit and Loss.

J.C. BHALLA & CO. Chartered Accountants

Basis of consolidation [Cont'd]

Upon loss of significant influence over the associate/joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate/joint venture 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.

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.

J.C. BHALLA & CO. Chartered Accountants

O.P. BAGLA & CO. LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

b) Revenue recognition

Revenue is recognised upon transfer of control of promised goods or services to customers at an amount that reflects the consideration to which the Group is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable considerations) 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 variable considerations on account 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.

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, 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 including management and technical know-how service, job work are 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.

J.C. BHALLA & CO. Chartered Accountants

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

Inventories [Cont'd]

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

d) Property, plant and equipment

Measurement at recognition:

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

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

a. it is probable that future economic benefits associated with the item will flow to the entity; and
b. the cost of the item can be measured reliably.

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

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

Depreciation:

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

Description	Useful lives (upto)
Leasehold land	Over lease period
Buildings - factory	20-50 years
Buildings - others	59-60 years
Plant and equipment	4-20 years
Furniture and fixtures	5-10 years
Delivery vehicles	4-10 years
Vehicles (other than delivery vehicles)	4-7 years
Office equipment	4-10 years
Computer equipment	3-5 years
Containers	4-10 years
Post-mix vending machines and refrigerators (Visi-Coolers)	7-10 years
Power generating assets	22 years

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Property, plant and equipment [Cont'd]

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:

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

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Intangible assets [Cont'd]

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

f) Borrowing costs

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

g) Leases

The Group as a lessee

The Group enters into an arrangement for lease of buildings and equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with Ind AS 116 – Leases, at inception of the contract, the Group assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability 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.

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Leases [Cont'd]

The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfills the requirements of Ind AS 40 - Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Consolidated Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item in the standalone financial statements of the Group.

The Group has elected not to apply the requirements of Ind AS 116 - Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

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'.

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Leases [Cont'd]

The accounting policies applicable to the Group as a lessor in the comparative period were not different from Ind AS 116 - Leases. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

h) Employee benefits

Contribution to provident and other funds
Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity
Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Group recognises termination benefit as a liability and an expense when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Gratuity liability is accrued on the basis of an actuarial valuation made at the end of the year. The actuarial valuation is performed by an independent actuary as per projected unit credit method, except for few subsidiary companies where gratuity liability is provided on full cost basis.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in Consolidated Statement of Profit and Loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring cost

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

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Employee benefits [Cont'd]

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

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

Compensated absences
The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit which are computed based on the actuarial valuation using the projected unit credit method at the year end except for few subsidiary companies where accumulated leave liability is provided on full cost basis. Actuarial gains/losses are immediately taken to the Consolidated Statement of Profit and Loss and are not deferred. The

Group presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the balance is presented as a non-current liability.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

All other employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognised in the Consolidated Statement of Profit and Loss in the period in which the employee renders the related service.

i) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments which are classified as equity-settled transactions.

The cost of equity-settled transactions is determined by the fair value at the date 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 in relation to options granted to employees of the Group.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the parent company's best estimate of the number of equity instruments that will ultimately vest.

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

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.
No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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Share-based payments [Cont'd]

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the parent company or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

j) Foreign currency transactions and translations

The Group's consolidated financial statements are presented in INR, which is also the parent company's 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.

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Foreign currency transactions and translations [Cont'd]

Financial statements of entity whose functional currency is the currency of a hyperinflationary economy

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy is stated in terms of the measuring unit current at the end of the reporting period.

Monetary items are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period.

Non-monetary items, which are carried at amounts current at the end of the reporting period, such as net realisable value and fair value, are not restated. All other nonmonetary assets and liabilities which are carried at cost or cost less depreciation are restated by applying to its historical cost and accumulated depreciation the change in a general price index from the date of acquisition to the end of the reporting period. However, where detailed records of the acquisition dates are not available or capable of estimation, in those cases, restatement is computed based on independent professional assessment or by using the best estimate, i.e., by capturing the movements in the exchange rate between the functional currency and a relatively stable foreign currency.

Statement of profit and loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore all amounts are restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

At the beginning of the first period of application, the components of shareholder's equity, excluding retained earnings and any revaluation surplus, are restated by applying a general price index from 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.

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Business combinations and goodwill [Cont'd]

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments' ("Ind AS 109"), is measured at fair value with changes in fair value recognised in the Consolidated Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve.

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

A cash generating unit to which goodwill has been allocated is tested for impairment annually, 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.

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Business combinations and goodwill [Cont'd]

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

l) Government grants

Grants from the Government are recognised when there is reasonable assurance that all underlying conditions will be complied with and that the grant will be received.

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'. Further, where 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 favourable 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 to be received. That grant is recognised in the Consolidated Statement of Profit and Loss under 'other operating revenue'. The loan is subsequently measured in the year of disbursement 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.

m) Taxes

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

Current income tax

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

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

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate including amount expected to be paid/recovered for uncertain tax position.

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

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Taxes [Cont'd]

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

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

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n) Segment reporting

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

o) Discontinued operations

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

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

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

p) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless

the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

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.

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Impairment of non-financial assets [Cont'd]

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 ("FVTPL"), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

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

a) Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost where the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and contractual terms of the asset give rise to cash flows on specified dates that are solely payments of principal and interest.
After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income from these financial assets is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

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

c) Debt instruments at Fair Value Through Profit or Loss

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

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

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

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

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Financial instruments [Cont'd]

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

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

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

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

Financial liabilities

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

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

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

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

a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the 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.

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Financial instruments [Cont'd]

b) Financial liabilities at amortised cost

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

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

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

Derivative financial instruments

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

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

Non-current assets classified as held for sale are presented separately in the Balance Sheet and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arises on remeasurement or sale is included in the Consolidated Statement of Profit and Loss.

If an entity has classified an asset (or disposal group) as held for sale, but the held-for-sale criteria as specified in Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations' are no longer met, the Group ceases to classify the asset (or disposal group) as held for sale.

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

a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and
b) its recoverable amount at the date of the subsequent decision not to sell.

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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 and sub-divison/split, the number of ordinary shares outstanding is increased by number of shares issued as bonus shares and sub-divison/split respectively 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.

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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.

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Significant accounting judgements, estimates and assumptions [Cont'd]

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.

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4A. Property, plant and equipment

(₹ in million)

	Land freehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount										
Balance as at 01 January 2023	7,797.60	15,541.43	43,694.33	290.23	2,064.15	401.89	326.12	5,427.93	11,981.78	87,525.46
Additions for the year	587.25	3,986.62	12,341.75	117.60	2,122.24	112.60	97.53	1,557.21	724.81	21,647.61
Disposals/adjustments for the year	(12.49)	(273.73)	(1,364.31)	(0.19)	(125.57)	(5.74)	(11.80)	(918.86)	(318.33)	(3,031.02)
Foreign exchange fluctuation for the year	60.07	(44.35)	(11.55)	(1.19)	(10.19)	(0.39)	(2.30)	(147.26)	35.63	(121.53)
Balance as at 31 December 2023	8,432.43	19,209.97	54,660.22	406.45	4,050.63	508.36	409.55	5,919.02	12,423.89	106,020.52
Accumulated depreciation										
Balance as at 01 January 2023	-	3,531.23	15,596.24	183.59	1,610.47	249.22	222.80	2,416.92	9,299.21	33,109.68
Depreciation charge for the year	-	626.97	3,471.30	29.42	198.02	58.80	48.83	940.08	1,035.62	6,409.04
Reversal on disposals/adjustments for the year	-	(57.53)	(507.37)	(0.18)	(120.68)	(4.68)	(10.91)	(722.46)	(109.10)	(1,532.91)
Foreign exchange fluctuation for the year	-	7.79	49.51	(0.52)	(8.83)	0.17	(1.43)	(70.63)	27.33	3.39
Balance as at 31 December 2023	-	4,108.46	18,609.68	212.31	1,678.98	303.51	259.29	2,563.91	10,253.06	37,989.20
Carrying amount as at 31 December 2023	**8,432.43**	**15,101.51**	**36,050.54**	**194.14**	**2,371.65**	**204.85**	**150.26**	**3,355.11**	**2,170.83**	**68,031.32**

(₹ in million)

	Land freehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount										
Balance as at 01 January 2022	7,203.14	14,414.94	39,658.25	293.35	2,102.07	344.58	284.03	4,508.86	12,080.03	80,889.25
Additions for the year	781.60	1,711.03	6,919.33	26.69	118.26	93.13	64.80	1,530.65	430.47	11,675.96
Disposals/adjustments for the year	(7.13)	(2.30)	(1,575.38)	(4.10)	(51.00)	(13.15)	(8.43)	(507.58)	(196.18)	(2,365.25)
Foreign exchange fluctuation for the year	(180.01)	(582.24)	(1,307.87)	(25.71)	(105.18)	(22.67)	(14.28)	(104.00)	(332.54)	(2,674.50)
Balance as at 31 December 2022	7,797.60	15,541.43	43,694.33	290.23	2,064.15	401.89	326.12	5,427.93	11,981.78	87,525.46
Accumulated depreciation and impairment										
Balance as at 01 January 2022	-	3,023.30	13,315.18	175.03	1,598.82	218.72	199.19	2,072.37	8,734.92	29,337.53
Depreciation charge for the year	-	537.87	2,859.42	21.97	117.11	49.91	37.73	809.85	922.89	5,356.75
Impairment loss for the year (Refer footnote iv)	-	84.24	386.38	-	-	-	-	-	-	470.62
Reversal on disposals/adjustments for the year	-	(0.58)	(591.90)	(3.32)	(38.40)	(9.70)	(7.76)	(383.55)	(171.75)	(1,206.96)
Foreign exchange fluctuation for the year	-	(113.60)	(372.84)	(10.09)	(67.06)	(9.71)	(6.36)	(81.75)	(186.85)	(848.26)
Balance as at 31 December 2022	-	3,531.23	15,596.24	183.59	1,610.47	249.22	222.80	2,416.92	9,299.21	33,109.68
Carrying amount as at 31 December 2022	**7,797.60**	**12,010.20**	**28,098.09**	**106.64**	**453.68**	**152.67**	**103.32**	**3,011.01**	**2,682.57**	**54,415.78**

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4A. Property, plant and equipment (Cont'd)

Footnotes to Note 4A

i. Refer note 55 for information on property, plant and equipment pledged as security by the Group.

ii. Pre-operative expenses incurred and capitalised during the year are as under:

(₹ in million)

Net Book Value	31 December 2023	31 December 2022
Balance at the beginning of the year	359.72	179.74
Add: Incurred during the year		
Net gain on foreign currency transactions	(76.87)	(34.64)
Finance costs	625.45	171.76
Employee benefits expense and other expenses	685.56	466.43
Less: Capitalised during the year	(411.44)	(423.57)
Amount carried over included in CWIP	1,182.42	359.72

iii. The amount of contractual commitments for the acquisitions of property, plant and equipment are disclosed in Note 43.

iv. During the year ended on 31 December 2022, the Holding Company has impaired some of the property, plant and equipment, primarily used in production of beverages, amounting to ₹ 470.62 million, based on the detailed evaluation of capacity utilisation during the peak season and considering the future usability.

v. All title deeds of immovable properties are held in the name of the Group.

4B. Capital work-in-progress (CWIP): The changes in the carrying value of capital work-in-progress for the year ended 31 December 2023 and 31 December 2022 are as follows :

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2023	6,066.32
Additions for the year*	20,855.34
Transfer to property, plant and equipment	(7,529.15)
Foreign exchange fluctuation for the year	(170.29)
Balance as at 31 December 2023	19,222.22

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2022	4,966.08
Additions for the year*	7,551.52
Transfer to property, plant and equipment	(6,299.30)
Impairment loss for the year#	(3.62)
Foreign exchange fluctuation for the year	(148.36)
Balance as at 31 December 2022	6,066.32

* includes finance cost amounting to ₹ 625.45 million (31 December 2022: ₹ 171.76 million) and Employee benefits expenses & other expenses amounting to ₹ 685.56 million (31 December 2022: ₹ 466.43 million) respectively.

During the year ended 31 December 2022, the Holding Company has impaired some of the plant and equipment amounting to ₹ 3.62 million which indicates the cost incurred on Capital work-in-progress related to plant impaired during the previous year, based on the detailed evaluation of capacity utilisation during the peak season and considering the future usability.

4B(i) CWIP ageing schedule

(₹ in million)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress					
As at 31 December 2023	17,735.60	1,482.00	1.15	3.47	19,222.22
As at 31 December 2022	5,999.31	63.54	3.25	0.22	6,066.32

There are no projects as on each reporting period where activity has been suspended. Also, there are no project as on reporting period which has exceeded cost as compared to its original plan or where completion is overdue.

4C. Right of use assets (ROU)

(₹ in million)

	Land leasehold	Leased buildings	Leased plant and equipment	Vehicles	Visi Coolers	Total
Gross carrying amount						
Balance as at 01 January 2023	8,996.88	326.20	314.26	456.84	-	10,094.18
Additions for the year	992.32	78.41	-	399.36	153.24	1,623.33
Rebate (Refer footnote i below)	(16.61)	-	-	-	-	(16.61)
Disposals for the year	-	(30.65)	-	-	-	(30.65)
Foreign exchange fluctuation for the year	(86.73)	-	13.99	30.61	3.59	(38.54)
Balance as at 31 December 2023	9,885.86	373.96	328.25	886.81	156.83	11,631.71
Accumulated Amortisation						
Balance as at 01 January 2023	483.81	250.61	49.00	155.75	-	939.17
Amortisation charge for the year	122.52	40.92	45.57	127.52	22.98	359.51
Reversal on disposals for the year	-	(28.22)	-	-	-	(28.22)
Foreign exchange fluctuation for the year	0.38	-	3.03	10.23	0.54	14.18
Balance as at 31 December 2023	606.71	263.31	97.60	293.50	23.52	1,284.64
Carrying amount as at 31 December 2023	**9,279.15**	**110.65**	**230.65**	**593.31**	**133.31**	**10,347.07**
Gross carrying amount						
Balance as at 01 January 2022	5,752.31	326.11	13.60	289.40	-	6,381.42
Additions for the year	3,316.84	0.09	291.75	163.92	-	3,772.60
Grant received (Refer footnote ii below)	(68.24)	-	-	-	-	(68.24)
Refund received (Refer footnote iii below)	(10.35)	-	-	-	-	(10.35)
Foreign exchange fluctuation for the year	6.32	-	8.91	3.52	-	18.75
Balance as at 31 December 2022	8,996.88	326.20	314.26	456.84	-	10,094.18
Accumulated Amortisation						
Balance as at 01 January 2022	388.99	171.23	4.41	88.80	-	653.43
Amortisation charge for the year	94.77	79.38	43.32	65.40	-	282.87
Foreign exchange fluctuation for the year	0.05	-	1.27	1.55	-	2.87
Balance as at 31 December 2022	483.81	250.61	49.00	155.75	-	939.17
Carrying amount as at 31 December 2022	**8,513.07**	**75.59**	**265.26**	**301.09**	**-**	**9,155.01**

Footnotes to Note 4C:

(i) During the year ended on 31 December 2023, the Holding Company has received rebate on leasehold land acquired in Gorakhpur amounting to ₹ 16.61 million on account of full premium payment as per prescribed timeline. The rebate received is adjusted against the carrying value of the respective asset.

(ii) During the year ended on 31 December 2022, the Holding Company had received government grant related to leasehold land acquired in Bihar amounting to ₹ 68.24 million. The grant received is adjusted against the carrying value of the respective asset.

(iii) During the year ended on 31 December 2022, the Holding Company had received refund amounting to ₹ 10.35 million due to revision in rates of leasehold land acquired during the previous year at Kathua (Jammu and Kashmir). The refund received is adjusted against the carrying value of the respective asset.

(iv) All lease deeds of immovable properties are held in the name of the Company except as disclosed below:

Description of property	Gross carrying value	Net carrying value	Whether title deed holder is a Promoter, director or relative of promoter/director or employee	Date since the property is held	Reason for not being held in name of Holding Company
Land situated at Buxar, Bihar	327.30	327.30	No	21 December 2023	The Holding Company has received the possession letter dated 21 December 2023 of land situated at Buxar, Bihar and is in the process of getting lease deed in its name.
Land situated at Sonarpur, Kolkata	1.50	1.42	No	01 October 2018	The Holding Company has executed the lease agreement Sonarpur, (Kolkata) land, which is yet to be registered.

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5A. Goodwill (Refer note i)

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2023	242.30
Acquired during the year	-
Balance as at 31 December 2023	242.30
Amortisation	
Balance as at 01 January 2023	-
Amortisation charge for the year	-
Balance as at 31 December 2023	-
Carrying amount as at 31 December 2023	242.30

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2022	242.30
Acquired during the year	-
Balance as at 31 December 2022	242.30
Amortisation	
Balance as at 01 January 2022	-
Amortisation charge for the year	-
Balance as at 31 December 2022	-
Carrying amount as at 31 December 2022	242.30

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 2023	71.36	157.64	6,043.55	279.73	6,552.28
Additions for the year	-	-	-	1.34	1.34
Foreign exchange fluctuation for the year	3.32	-	(0.59)	0.04	2.77
Balance as at 31 December 2023	74.68	157.64	6,042.96	281.11	6,556.39
Amortisation					
Balance as at 01 January 2023	41.13	79.88	657.19	264.98	1,043.18
Amortisation charge for the year	11.95	19.70	-	8.86	40.51
Foreign exchange fluctuation for the year	1.89	-	(0.22)	0.03	1.70
Balance as at 31 December 2023	54.97	99.58	656.97	273.87	1,085.39
Carrying amount as at 31 December 2023	19.71	58.06	5,385.99	7.24	5,471.00

(₹ in million)

	Market infrastructure	Distribution network	Franchise rights/ trademarks (Refer note i)	Computer software	Total
Gross carrying amount					
Balance as at 01 January 2022	71.73	157.64	6,043.54	313.03	6,585.94
Additions for the year	-	-	-	1.48	1.48
Disposals/adjustments for the year	-	-	-	(34.71)	(34.71)
Foreign exchange fluctuation for the year	(0.37)	-	0.01	(0.07)	(0.43)
Balance as at 31 December 2022	71.36	157.64	6,043.55	279.73	6,552.28
Amortisation					
Balance as at 01 January 2022	29.06	60.18	657.15	253.81	1,000.20
Amortisation charge for the year	11.86	19.70	0.03	26.44	58.03
Reversal on disposals/adjustments on assets for the year	-	-	-	(15.20)	(15.20)
Foreign exchange fluctuation for the year	0.21	-	0.01	(0.07)	0.15
Balance as at 31 December 2022	41.13	79.88	657.19	264.98	1,043.18
Carrying amount as at 31 December 2022	30.23	77.76	5,386.36	14.75	5,509.10

Footnotes to Note 5A and 5B:

i. Goodwill and franchise rights/trade marks with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

The Group has considered the related provisions of Ind AS 38 on 'Intangibles Assets' which permit certain intangible assets to have an indefinite life and accordingly the carrying value of franchisee rights have been considered to have an indefinite life. These franchisee rights meet the prescribed criteria of renewal at nominal cost, renewal with no specific conditions attached, are sustainable and the same is supported by evidences of being renewed. Management is of the opinion that, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the franchise rights are expected to generate net cash inflows for the Group.

The assumptions used in this impairment assessment are most sensitive to following:
a) Weighted average cost of capital "WACC" of 13.33%-18.90% (Previous year - 13.52%) for the explicit period and 13.33%-18.90% (Previous year - 13.52%) for the terminal year.
b) For arriving at the terminal value, approximate growth rate of 2%-5% (Previous year - 5%) is considered.
c) Number of years for which cash flows were considered are 5 years.
d) The approximate rate of growth in sales is estimated at 8%-10% (Previous year - 8%-10%) in the discrete period.
e) Profit before tax 1%-2% in the discrete period for the impairment testing of goodwill.
No impairment loss was identified on the above assessment.

ii. The amount of contractual commitments for the acquisitions of intangible assets are disclosed in Note 43.
iii. Refer Note 55 for information on other intangible assets pledged as security by the Group.

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6. Investment in associate and joint venture

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Investment in joint ventures accounted as per equity method (unquoted)		
13,007,000 (31 December 2022: 7,000) fully paid equity shares of ₹ 10 each in IDVB Recycling Operations Private Limited~	130.07	0.07
Add: Share in loss of joint venture (Refer footnotes below)	(3.07)	(0.01)
	127.00	0.06
Investment in associates accounted as per equity method (unquoted)		
21,000 (31 December 2022: 2,600) fully paid equity shares of ₹ 10 each in Clean Max Tav Private Limited@	32.85	0.03
Add: Share in loss of associate (Refer footnotes below)	(0.26)	(0.05)
	32.59	(0.02)
1,247,943 (31 December 2022: Nil) fully paid equity shares of ₹ 10 each in Huoban Energy 7 Private Limited#	21.24	-
Add: Share in loss of associate (Refer footnotes below)	(1.51)	-
	19.73	-
Aggregate amount of unquoted investments*	179.32	0.04

~The Holding Company has subscribed the equity investment of IDVB Recycling Operations Private Limited amounting to ₹ 120.00 million (31 December 2022: ₹ 0.01 million) and loan given amounting to ₹ 10.00 million were converted into equity investment on 25 September 2023.

@The Holding Company has made investment in Clean Max Tav Private Limited amounting to ₹ 3.28 million and ₹ 29.54 million on 27 January 2023 and 13 March 2023 respectively.

The Holding Company has made equity investment in Huoban Energy 7 Private Limited amounting to ₹ 21.24 million on 09 May 2023.

The above investment is for business purposes.

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Loss for the year*	(4.79)	(0.06)
Add/(less): Other comprehensive income	-	-
Total comprehensive income	(4.79)	(0.06)

*Refer note 58

7. Investments

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Fair value through Profit and Loss ("FVTPL")		
Investment in fully paid equity shares (unquoted)		
200 (31 December 2022: 200) shares of ₹ 50 each in The Margao Urban Co-operative Bank Limited	0.01	0.01
250 (31 December 2022: 250) shares of ₹ 10 each in The Goa Urban Co-operative Bank Limited**	0.00	0.00
3,150,000 (31 December 2022: Nil) fully paid equity shares of ₹ 10 each in Lone Cypress Ventures Private Limited ~	31.50	-
	31.51	0.01

**Rounded off to Nil.

Aggregate amount of unquoted investments	31.51	0.01

~ The Holding Company has made equity investment in Lone Cypress Ventures Private Limited amounting to ₹ 31.50 million on 13 March 2023.

8. Other non-current financial assets

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Financial assets at amortised cost		
Security deposits	577.63	477.53
Balance in deposit accounts with remaining maturity of more than 12 months#	10.49	9.27
Others	34.55	-
	622.67	486.80

#Includes deposits pledged as security with electricity department/banks.

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9. Deferred tax assets and liabilities

Movement in deferred tax assets/liabilities during the year ended 31 December 2023 and 31 December 2022:

(₹ in million)

Deferred tax liabilities/(assets)	As at 01 January 2023	Recognised in other comprehensive income**	Recognised in the Consolidated Statement of Profit and Loss	As at 31 December 2023
Accelerated depreciation for tax purposes	3,914.39	-	213.39	4,127.78
Benefit accrued on government grants	96.59	-	(22.14)	74.45
Carry forward of unused tax losses	(61.07)	-	61.07	-
Allowance for doubtful debts	(85.32)	-	(0.92)	(86.24)
Accrued bonus	(47.50)	-	2.99	(44.51)
Provision for retirement benefits	(481.66)	(6.98)	(22.25)	(510.89)
Fair valuation of financial instruments	(15.22)	-	(10.65)	(25.87)
Borrowings	(1.00)	-	0.35	(0.65)
Gain on acquisition of control over existing associate	36.83	-	-	36.83
Other expenses allowable on payment basis	12.44	-	(153.23)	(140.79)
	3,368.48	**(6.98)**	**68.61**	**3,430.11**
Exchange difference on re-statement of deferred tax balances	-	-	**(4.50)**	-
	3,368.48	**(6.98)**	**64.11**	**3,430.11**
Classified as:				
Deferred tax assets (Net)	-			-
Deferred tax liabilities (Net)	3,368.48			3,430.11

(₹ in million)

Deferred tax liabilities/ (assets)	As at 01 January 2022	Recognised in other comprehensive income**	Recognised in the Consolidated Statement of Profit and Loss	As at 31 December 2022
Accelerated depreciation for tax purposes	3,958.14	-	(43.75)	3,914.39
Benefit accrued on government grants	136.58	-	(39.99)	96.59
Minimum alternate tax (MAT) credit*	(168.12)	-	168.12	-
Carry forward of unused tax losses	(164.98)	-	103.91	(61.07)
Allowance for doubtful debts	(77.08)	-	(8.24)	(85.32)
Accrued bonus	(19.73)	-	(27.77)	(47.50)
Provision for retirement benefits	(543.34)	27.02	34.66	(481.66)
Fair valuation of financial instruments	(35.50)	-	20.28	(15.22)
Borrowings	(1.24)	-	0.24	(1.00)
Gain on acquisition of control over existing associate	36.83	-	-	36.83
Other expenses allowable on payment basis	(34.22)	-	46.66	12.44
	3,087.34	**27.02**	**254.12**	**3,368.48**
Exchange difference on re-statement of deferred tax balances	-	-	**(4.46)**	-
	3,087.34	**27.02**	**249.66**	**3,368.48**
Classified as:				
Deferred tax assets (Net)	24.07			-
Deferred tax liabilities (Net)	3,111.41			3,368.48

*MAT credit (recognised in Holding Company):

(₹ in million)

	Recognised in profit and loss	Utilised from profit and loss
31 December 2023	-	-
31 December 2022	-	(168.12)

(i) A subsidiary of the Group has the following unused tax losses and unabsorbed depreciation, for which no deferred tax asset has been recognised in the books of accounts:

a) Unused business losses and unabsorbed amortisation on intangible assets that can be carried forward as follows:

(₹ in million)

Financial year of origination	Financial year of expiry	31 December 2023	31 December 2022
31 December 2018	31 December 2022	-	390.75
31 December 2019	31 December 2023	-	-
Total		-	**390.75**

b) Unused unabsorbed depreciation on tangible assets amounting to ₹ 1,957.14 million (31 December 2022: ₹ 1,870.10 million) can be carried forward indefinitely.

Notes:

** The amounts recognised in other comprehensive income relates to the re-measurement of net defined retirement benefit liability and exchange differences arising on translation of foreign operations. Refer note 36 for the amount of the income tax relating to these components of other comprehensive income.

All significant deferred tax assets have been recognised in the balance sheet.

(ii) Three subsidiaries included in the Group are under the tax holiday period and based on the evaluation of future taxability and estimates of reversal of timing differences during the tax holiday periods, no deferred tax assets/liabilities has been recognised for these subsidiaries.

10. Other non-current assets

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
(Unsecured, considered good)		
Capital advances	5,194.24	6,111.99
Advances other than capital advances		
- Security deposits	12.07	5.89
- Income tax paid (includes amount paid under protest)	10.42	10.29
- Balance with statutory authorities (paid under protest)	117.21	111.69
- Prepaid expenses	34.18	26.91
	5,368.12	6,266.77

11. Inventories

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
(Valued at lower of cost or net realisable value)		
Raw and packing material (including raw material in transit of ₹ 345.74 (31 December 2022: ₹ 562.15)	9,756.31	9,613.51
Work in progress	25.81	61.80
Intermediate goods (including goods in transit of ₹ 232.21 (31 December 2022: ₹ 53.09))	4,372.42	3,392.40
Finished goods (including goods in transit of ₹ 152.14 (31 December 2022: ₹ 8.18))*	4,160.22	4,313.41
Stores and spares	3,190.57	2,557.73
	21,505.33	19,938.85

*The Group manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods and the value of stock in trade being insignificant, it is not separately ascertainable and disclosed.

The cost of inventories recognised as an expense during the year are disclosed in Note 29, Note 30, Note 31 and Note 35.

12. Trade receivables

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Trade receivables considered good - Unsecured	3,330.75	2,742.81
Trade receivables considered good - Secured	263.10	250.57
Trade receivables - Credit impaired	586.23	538.87
	4,180.08	3,532.25
Less : Allowance for expected credit losses (Refer note 52.2)	(586.23)	(538.87)
	3,593.85	2,993.38
Includes amounts due, in the ordinary course of business, from companies in which directors of the Holding Company are also directors:		
i. Alisha Torrent Closures (India) Private Limited	0.00*	5.41
ii. Devyani Airport Services (Mumbai) Private Limited#	-	0.13

*Rounded off to Nil.
#Amalgamated with Devyani International Limited w.e.f. 01 April 2022 vide Hon'ble National Company Law Tribunal order dated 13 July 2023.

Trade receivables are non-interest bearing and credit period generally falls in the range of 0 to 120 days.
No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed above.

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12. Trade receivables ageing schedule

31 December 2023

(₹ in million)

Particulars	Outstanding from transaction date					Total
	Less than 6 months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade Receivables – considered good	3,413.46	60.32	57.86	7.35	54.86	3,593.85
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	193.48	11.64	21.95	6.80	175.79	409.66
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	3.10	3.03	24.51	145.93	176.57
Total	**3,606.94**	**75.06**	**82.84**	**38.66**	**376.58**	**4,180.08**

31 December 2022

(₹ in million)

Particulars	Outstanding from transaction date					Total
	Less than 6 months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade Receivables – considered good	2,820.39	78.17	33.51	25.46	35.85	2,993.38
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	157.46	26.66	4.35	102.94	69.24	360.65
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	0.59	2.82	30.42	144.39	178.22
Total	**2,977.85**	**105.42**	**40.68**	**158.82**	**249.48**	**3,532.25**

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13. Cash and cash equivalents

(also for the purpose of Consolidated Statement of Cash Flow)

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Balance with banks in current accounts*	1,707.72	938.31
Balance in deposits with original maturity of less than three months	613.35	539.52
Cash on hand	101.05	65.49
	2,422.12	1,543.32

* Includes inward remittance not yet cleared amounting to ₹ 127.77 million (31 December 2022: ₹ 278.49 millions)

14. Bank balances other than cash and cash equivalents

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Deposits with original maturity more than 3 months but less than 12 months*	2,150.25	1,308.52
Deposits with bank held as margin money	25.28	-
Unpaid dividend account**	0.97	0.83
	2,176.50	1,309.35

*Includes deposited pledged as security with statutory authorities/banks.
**These balances are not available for use by the Group and corresponding balance is disclosed as unclaimed dividend in Note 24.

15. Other current financial assets

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
(Unsecured, considered good)		
Interest accrued on:		
- Term deposits	22.37	16.36
- Others	34.99	23.16
Security deposits	137.93	106.49
Advances to Employees~	141.57	94.14
Government grant receivable	6,002.38	3,018.19
Claims receivable	595.27	550.31
Other receivables	453.72	168.41
	7,388.23	3,977.06
~Advance given to key management personnel (Refer Note 45A)	38.50	-

16. Current tax assets (Net)

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Advance tax (net of provision)	3.11	-
	3.11	-

17. Other current assets

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
(Unsecured, considered good)		
Security deposits	16.79	8.18
Advance to related party*	66.75	104.47
Other advances:		
- Contractors and suppliers	2,029.35	2,440.99
- Prepaid expenses	290.14	238.90
- Balance with statutory/government authorities	2,732.46	1,300.54
- Other advances	131.67	185.26
	5,267.16	4,278.34

*Amounts due, in the ordinary course of business, from related party: SMV Beverages Private Limited	66.75	104.47

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18. Equity share capital

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Authorised share capital:		
2,000,000,000 (31 December 2022: 1,000,000,000) equity shares of ₹ 5 each (31 December 2022: ₹ 10 each)	10,000.00	10,000.00
	10,000.00	**10,000.00**
Issued, subscribed and fully paid up:		
1,299,214,976 equity shares of ₹ 5 each (31 December 2022: 649,549,620 equity shares of ₹ 10 each)	6,496.07	6,495.50
	6,496.07	**6,495.50**

a) Reconciliation of share capital

Particulars	No. of shares	Amount
Balance as at 01 January 2023	649,549,620	6,495.50
Add: Shares issued of ₹ 10 each pursuant to exercise of employee stock options	8,412	0.08
Add: Sub-division/split of 1 share of face value ₹ 10/- each into 2 share of face value ₹ 5/- each effective 15 June 2023 (Increase in shares on account of sub-division/split) (Refer note (b) below)	649,558,032	-
Add: Shares issued of ₹ 5 each pursuant to exercise of employee stock options	98,912	0.49
Balance as at 31 December 2023	**1,299,214,976**	**6,496.07**

Particulars	No. of shares	Amount
Balance as at 01 January 2022	433,033,080	4,330.33
Add: Bonus shares issued during the year (Refer note (d) below)	216,516,540	2,165.17
Balance as at 31 December 2022	**649,549,620**	**6,495.50**

b) Terms/rights attached to shares

The Holding Company has only one class of equity shares having a par value of ₹ 5 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 2023	No. of shares (face value of ₹ 5 each)	% of shareholding
R J Corp Limited	349,750,824	26.92%
Mr. Ravi Kant Jaipuria	229,104,059	17.63%
Mr. Varun Jaipuria	208,343,948	16.04%

Shareholders as at 31 December 2022	No. of shares (face value of ₹ 10 each)	% of shareholding
R J Corp Limited	177,900,412	27.39%
Mr. Ravi Kant Jaipuria	116,734,060	17.97%
Mr. Varun Jaipuria	104,171,974	16.04%

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 during the period of five years immediately preceding the reporting date:

(i) During the year ended 31 December 2019, the Holding Company has issued 91,327,613 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

(ii) During the year ended 31 December 2021, the Holding Company has issued 144,344,360 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

(iii) During the year ended 31 December 2022, the Holding Company has issued 216,516,540 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

For the period of five years of the date of the immediately preceding the reporting date, there was no share allotment made for consideration other than cash. Further, there has been no buy back of shares during the period of five years immediately preceding 31 December 2023 and 31 December 2022.

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18. Equity share capital [Cont'd]

e) Shares held by holding and ultimate Holding Company

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
RJ Corp Limited, Parent company* 349,750,824 fully paid-up equity shares of ₹ 5 each (31 December 2022: 177,900,412 fully paid-up equity shares of ₹ 10 each)	1,748.75	1,779.00
	1,748.75	**1,779.00**

*As defined under Ind AS 110 - Consolidated Financial Statements

f) Details of shares held by promoters:

Shareholders as at 31 December 2023	No. of shares (face value of ₹ 5 each)	% of shareholding	% change during the year
R J Corp Limited	349,750,824	26.92%	-0.47%
Mr. Ravi Kant Jaipuria	229,104,059	17.63%	-0.34%
Mr. Varun Jaipuria	208,343,948	16.04%	0.00%

Shareholders as at 31 December 2022	No. of shares (face value of ₹ 10 each)	% of shareholding	% change during the year
R J Corp Limited	177,900,412	27.39%	-0.30%
Mr. Ravi Kant Jaipuria	116,734,060	17.97%	-0.69%
Mr. Varun Jaipuria	104,171,974	16.04%	0.00%

g) Conversion of authorised Preference share capital into authorised Equity share capital

On 07 April 2022, the Holding Company had converted the authorised preference share capital of 50,000,000 preference shares of ₹ 100 each into authorised equity share capital of 500,000,000 equity shares of ₹ 10 each.

h) Sub-division/split of equity shares

The Board of Directors of the Holding Company in their meeting held on 02 May 2023 recommended the sub-division/split of existing Equity Shares of the Holding Company from 1 (One) Equity Share having face value of ₹ 10/- (Rupees Ten only) each fully paid-up, into 2 (Two) Equity Shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up. The above sub-division/split has been approved by the equity shareholders of the Holding Company dated 02 June 2023 through postal ballot. Pursuant to sub-division/split of shares effective 15 June 2023 ("Record Date"), the paid up equity share capital of the Holding Company is ₹ 6,495.58 consisting of 1,299,116,064 equity shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up.

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19. Other equity

Refer Consolidated Statement of Changes in Equity for detailed movement in Other Equity balance.

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Capital reserve on consolidation	(2,294.91)	(2,279.78)
Capital reserve	533.93	533.93
General reserve	444.26	444.26
Securities premium	22,636.59	22,569.56
Retained earnings	45,663.50	27,398.84
Share option outstanding account	84.97	29.06
Share application money pending allotment	3.51	-
Exchange differences on translating the financial statements of foreign operations	(4,202.94)	(4,167.57)
	62,868.91	**44,528.30**

Description of nature and purpose of each reserve:

Capital reserve on consolidation - Created on additional consideration paid in form of cash on business combinations involving entities including businesses/entities under common control.

Capital reserve - Created on merger of Varun Beverages (International) Limited with the Holding Company pursuant to and in accordance with the Court approved scheme of amalgamation. Includes gain from bargain purchases.

General reserve - Created by way of transfer from debenture redemption reserve on redemption of debentures.

Securities premium - Created to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Retained earnings - Created from the profit of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

Share option outstanding account - Created to recognise the grant date fair value of options issued to employees under the employee stock option schemes and is adjusted on exercise / forfeiture of options.

Share application money pending allotment - Created to record the amount of money received for the purpose of allotment of equity share of the company pending at the reporting date. It will be utilised in accordance with the provisions of the Companies Act, 2013 upon issuance of equity shares.

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.

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20. Borrowings

A. Non-current borrowings:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Term loans (secured) (Refer note 20E)		
- Loans from banks	31,442.52	16,689.81
- Loan from others	446.86	580.41
	31,889.38	**17,270.22**

Loans and borrowing above are recognised at amortised cost taking into account any discount or premium on acquisition and fee or costs that are part of effective interest rate, accordingly the outstanding balances above may not necessarily reconcile with repayment amounts.

The carrying value of financial assets pledged as security for borrowings as disclosed under Note 55.

B. Non-current financial liabilities

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Lease liabilities (Refer note 46)	1,978.85	1,654.25
	1,978.85	**1,654.25**

C. Current borrowings:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Loans repayable on demand		
- Working capital facilities from banks (secured) (Refer footnote (a))	7,082.05	5,434.28
- Working capital facilities from banks (unsecured) (Refer footnote (b))	2,450.00	300.00
Working capital facility from banks (unsecured) (Refer footnote (c))	500.00	542.67
Current maturities of long-term debts (Refer note 20E)	10,022.44	13,400.95
	20,054.49	**19,677.90**

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 (wherever applicable). One short term loan facility from a bank were secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company and during the previous year two facilities were secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company. These facilities carry interest rates ranging between 7.45% to 7.76% (31 December 2022: 7.05% to 7.45%).

Working capital facilities in case of subsidiaries amounting to ₹ 2,277.05 million (31 December 2022: ₹ 1,104.00 million), are secured mainly by charge on trade receivables, inventories and other current assets of the respective subsidiary company, ranking pari passu and charge on certain movable and immovable assets of the respective subsidiary. Some of the facilities of subsidiaries are guaranteed by respective subsidiary company, as per the terms of respective agreements. The working capital facilities carries interest rates ranging between 5.50% to 14.50% (31 December 2022: 5.50% to 17%).

b) The Holding Company has availed working capital facilities from banks carrying interest rates ranging between 7.70% to 7.72% per annum (31 December 2022: 7.10% per annum).

c) The Holding Company has availed working capital facility from a bank carrying interest rate 7.76% per annum is repayable in three equal instalments from the date of disbursement. During the previous year, buyers credit carrying interest rate ranging between 3.70% to 3.86% per annum were repaid during the year.

There are no defaults in repayment of principal borrowing or interest thereon.

D. Current financial liabilities:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Lease liabilities (Refer note 46)	390.38	235.77
	390.38	**235.77**

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20E. Terms and conditions/details of securities for loans:

(₹ in million)

Particulars	Loan outstanding			
	31 December 2023		31 December 2022	
	Non-current	Current	Non-current	Current
Term loans				
i) Indian rupee loan from banks (secured)				
Loans carrying weighted average rate of interest 8.01% (31 December 2022: 7.50%) depending upon tenure of the loans. For repayment terms refer note 20F. 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 and lands for which no mortgages have been created till date.	29,283.63	8,068.46	14,233.50	11,273.11
ii) Indian rupee loan from banks (secured)				
Loans carrying rate of interest 7.40% (31 December 2022: 7.15%) depending upon tenure of the loans. For repayment terms refer note 20F. These loans are secured with subservient charge on movable fixed assets of the Company and one facility during the previous year was further secured with first pari-passu charge on the inventories and receivables of the Holding Company.	-	800.00	800.00	600.00
iii) Indian rupee loan from banks (secured)				
Loans carrying rate of interest 7.95% (31 December 2022: 7.35%) depending upon tenure of the loans. For repayment terms refer note 20F. These loan are secured on first pari-passu charge on the entire movable assets of the Company including the territory /franchisee rights acquired under the business acquisition except vehicles.	375.00	541.67	916.67	541.67
iv) Vehicle rupee term loan in Holding Company				
Loans carrying rate of interest in range of Nil (31 December 2022: 8.02% to 9.25 %). These loans were repaid during the year.	-	-	2.00	37.92
v) Term loan at Varun Beverages Morocco				
(a) Loan carrying a rate of interest of 4.00% per annum. For repayment terms refer note 20F.	54.72	41.67	92.11	38.11
(b) Loan carrying a rate of interest of 5.00% per annum. For repayment terms refer note 20F. Above loan are secured by corporate guarantee of the Holding Company.	337.04	92.25	408.65	64.55
(c) Loan carrying a rate of interest of 5.75% per annum and is secured against Land. For repayment terms refer note 20F.	799.95	-	-	-

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20E. Terms and conditions/details of securities for loans [Cont'd]

(₹ in million)

Particulars	Loan outstanding			
	31 December 2023		31 December 2022	
	Non-current	Current	Non-current	Current
vi) Term loan at Lunarmech Technologies Private Limited				
(a) Loan carrying a rate of interest of Euribor+48 bps per annum and are repayable over a period of 3 years as a single payment. The loan was secured against respective asset financed and paid on 10 Jan 2023.	-	-	-	95.10
(b) Loan carrying a rate of interest of Euribor+55 bps per annum and are repayable over a period of 3 years as a single payment. The loan was secured against respective asset financed and paid on 20 March 2023.	-	-	-	95.10
(c) Loan carrying a rate of interest of Euribor+88 bps per annum and are repayable over a period of 3 years as a single payment. The loan was secured against respective asset financed and paid on 28 December 2023.	-	-	-	95.12
(d) Loan carrying a rate of interest of Euribor+88 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 10 January 2024 and are secured against respective asset financed.	-	99.28	95.12	-
(e) Loan carrying a rate of interest of Euribor+88 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 31 May 2024 and are secured against respective asset financed.	-	48.69	46.65	-
(f) Loan carrying a rate of interest of Euribor+75 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 14 April 2025 and are secured against respective asset financed.	99.28	-	95.11	-
(g) Loan carrying a rate of interest of 8.10% per annum and are repayable from Jan 2025 in equal monthly installments. The loan is secured against respective asset financed.	1.00	-	-	-
vii) Term loan at Varun Beverages RDC SA				
(a) Loan carrying a rate of interest of 7.25% per annum. For repayment terms refer note 20F. Above loan is secured by corporate guarantee of the Holding Company.	491.90	-	-	-
Total loans from banks (secured)	**31,442.52**	**9,692.02**	**16,689.81**	**12,840.68**

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20E. Terms and conditions/details of securities for loans [Cont'd]

(₹ in million)

Particulars	Loan outstanding			
	31 December 2023		31 December 2022	
	Non-current	Current	Non-current	Current
Loans from others (secured)				
Interest free loans 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. Loans are secured against bank guarantee equivalent to 100% of loan amount valid up to the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.52%-9.72% (31 December 2022: 8.52%-9.72%) The repayment schedule is as under: Date of repayment — Amount 30 November 2024 — 177.83 01 November 2025 — 211.98 31 March 2030 — 65.90 07 July 2030 — 139.92	308.20	166.86	323.34	141.42
Interest free loans from The Director of Industries and Commerce, Haryana are repayable in one instalment after expiry of five years from the date of disbursement. Loans are secured against bank guarantee equivalent to 100% of loan amount valid up to the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.33% (31 December 2022: 8.33%) The repayment schedule is as under: Date of repayment — Amount 20 February 2024 — 91.36 27 May 2024 — 36.85 29 August 2024 — 39.10 17 February 2025 — 43.98 13 October 2025 — 23.96 21 February 2027 — 70.83 18 July 2028 — 33.30	138.66	163.56	257.07	418.85
Total loans from others (secured)	446.86	330.42	580.41	560.27
Total	31,889.38	10,022.44	17,270.22	13,400.95

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20F. Repayment terms:

(₹ in million, unless stated otherwise)

S. No.	Description	31 December 2023		31 December 2022		Repayment terms
		Non-current	Current	Non-current	Current	
i) Indian rupee loan from banks						
1	Term loan - 1	-	-	-	150.00	Loan was repaid during the year
2	Term loan - 2	-	-	-	250.00	Loan was repaid during the year
3	Term loan - 3	-	240.00	240.00	90.00	One instalment of ₹ 90.00 due in May 2024 and one instalment of ₹ 150.00 due in June 2024.
4	Term loan - 4	-	-	-	85.00	Loan was repaid during the year
5	Term loan - 5	-	-	-	241.60	Loan was repaid during the year
6	Term loan - 6	-	-	-	222.40	Loan was repaid during the year
7	Term loan - 7	291.49	291.80	583.18	291.60	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.
8	Term loan - 8	-	-	-	749.79	Loan was repaid during the year
9	Term loan - 9	499.32	500.00	998.51	500.00	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.
10	Term loan - 10	-	-	-	599.59	Loan was repaid during the year
11	Term loan - 11	200.00	200.00	400.00	150.00	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.
12	Term loan - 12	199.73	200.00	398.56	200.00	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.
13	Term loan - 13	-	-	-	500.00	Loan was repaid during the year
14	Term loan - 14	-	-	-	676.47	Loan was repaid during the year
15	Term loan - 15	-	-	-	1,300.00	Loan was repaid during the year
16	Term loan - 16	699.75	400.00	1,100.00	200.00	Two instalments of ₹ 200.00 each due in May 2024 and June 2024, two instalments of ₹ 200.00 each due in May 2025 and June 2025, one instalment of ₹ 200.00 due in May 2026 and one instalment of ₹ 100.00 due in June 2026.
17	Term loan - 17	-	-	-	2,000.00	Loan was repaid during the year
18	Term loan - 18	1,050.00	380.00	1,430.00	300.00	Two instalments of ₹ 190.00 each due in May 2024 and June 2024, two instalments of ₹ 190.00 each due in May 2025 and June 2025, two instalments of ₹ 185.00 each due in May 2026 and June 2026 and two instalments of ₹ 150.00 each due in May 2027 and June 2027.
19	Term loan - 19	-	800.00	800.00	600.00	Two instalments of ₹ 400.00 each due in May 2024 and June 2024.
20	Term loan - 20	1,600.00	500.00	2,100.00	200.00	Two instalments of ₹ 250.00 each due in May 2024 and June 2024, two instalments of ₹ 250.00 each due in May 2025 and June 2025, two instalments of ₹ 250.00 each due in May 2026 and June 2026 and two instalments of ₹ 300.00 each due in May 2027 and June 2027
21	Term loan - 21	1,350.00	300.00	1,650.00	100.00	Two instalments of ₹ 150.00 each due in May 2024 and June 2024, one instalment of ₹ 150.00 due in May 2025, one instalment of ₹ 180.00 due in June 2025, two instalments of ₹ 180.00 each due in May 2026 and June 2026 and three instalments of ₹ 220.00 each due in May 2027, June 2027 and July 2027.
22	Term loan - 22	1,333.34	666.66	1,333.26	666.66	Two instalments of ₹ 333.33 each due in May 2024 and June 2024, two instalments of ₹ 333.33 each due in May 2025 and June 2025 and two instalments of ₹ 333.34 each due in May 2026 and June 2026.

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20F. Repayment terms [Cont'd]:

(₹ in million, unless stated otherwise)

S.no	Description	31 December 2023		31 December 2022		Repayment terms
		Non-current	Current	Non-current	Current	
23	Term loan - 23	3,750.00	1,250.00	1,000.00	-	Two instalments of ₹ 625.00 each due in May 2024 and June 2024, two instalments of ₹ 625.00 each due in May 2025 and June 2025, two instalments of ₹ 625.00 each due in May 2026 and June 2026 and two instalments of ₹ 625.00 each due in May 2027 and June 2027.
24	Term loan - 24	-	-	-	1,800.00	Loan was repaid during the year
25	Term loan - 25	375.00	375.00	750.00	375.00	Two instalments of ₹ 187.50 each due in May 2024 and June 2024 and two instalments of ₹ 187.50 each due in May 2025 and June 2025
26	Term loan - 26	-	166.67	166.67	166.67	Two instalments of ₹ 83.33 each due in May 2024 and June 2024
27	Term loan - 27	2,000.00	1,000.00	2,999.99	-	Two instalments of ₹ 500.00 each due in May 2024 and June 2024, two instalments of ₹ 500.00 each due in May 2025 and June 2025 and two instalments of ₹ 500.00 each due in May 2026 and June 2026.
28	Term loan - 28	2,350.00	100.00	-	-	Two instalments of ₹ 50.00 each due in May 2024 and June 2024, two instalments of ₹ 250.00 each due in May 2025 and June 2025, two instalments of ₹ 250.00 each due in May 2026 and June 2026, two instalments of ₹ 350.00 each due in May 2027 and June 2027,one instalment of ₹ 350.00 due in May 2028 and one instalment of ₹ 300.00 due in June 2028.
29	Term loan - 29	2,400.00	600.00	-	-	Two instalments of ₹ 300.00 each due in May 2024 and June 2024, two instalments of ₹ 300.00 each due in May 2025 and June 2025, two instalments of ₹ 300.00 each due in May 2026 and June 2026, two instalments of ₹ 300.00 each due in May 2027 and June 2027 and two instalments of ₹ 300.00 each due in May 2028 and June 2028.
30	Term loan - 30	1,900.00	100.00	-	-	Two instalments of ₹ 50.00 each due in May 2024 and June 2024, two instalments of ₹ 200.00 each due in May 2025 and June 2025, two instalments of ₹ 250.00 each due in May 2026 and June 2026, two instalments of ₹ 250.00 each due in May 2027 and June 2027 and two instalments of ₹ 250.00 each due in May 2028 and June 2028.
31	Term loan - 31	750.00	250.00	-	-	Two instalments of ₹ 125.00 each due in May 2024 and June 2024, two instalments of ₹ 125.00 each due in May 2025 and June 2025, two instalments of ₹ 125.00 each due in May 2026 and June 2026 and two instalments of ₹ 125.00 each due in May 2027 and June 2027.
32	Term loan - 32	3,150.00	350.00	-	-	Two instalments of ₹ 175.00 each due in May 2024 and June 2024, two instalments of ₹ 525.00 each due in May 2025 and June 2025, two instalments of ₹ 525.00 each due in May 2026 and June 2026 and two instalments of ₹ 525.00 each due in May 2027 and June 2027.
33	Term loan - 33	2,760.00	240.00	-	-	Two instalments of ₹ 120.00 each due in May 2024 and June 2024, two instalments of ₹ 240.00 each due in May 2025 and June 2025, two instalments of ₹ 360.00 each due in May 2026 and June 2026, two instalments of ₹ 360.00 each due in May 2027 and June 2027and two instalments of ₹ 420.00 each due in May 2028 and June 2028

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20F. Repayment terms [Cont'd]:

(₹ in million, unless stated otherwise)

S.no	Description	31 December 2023		31 December 2022		Repayment terms
		Non-current	Current	Non-current	Current	
34	Term loan - 34	1,500.00	-	-	-	Two instalments of ₹ 75.00 each due in May 2025 and June 2025, two instalments of ₹ 131.25 each due in May 2026 and June 2026, two instalments of ₹ 168.75 each due in May 2027 and June 2027, two instalments of ₹ 187.50 each due in May 2028 and June 2028 and two instalments of ₹ 187.50 each due in May 2029 and June 2029
35	Term loan - 35	1,500.00	500.00	-	-	Two instalments of ₹ 250.00 each due in May 2024 and June 2024, two instalments of ₹ 250.00 each due in May 2025 and June 2025, two instalments of ₹ 250.00 each due in May 2026 and June 2026 and two instalments of ₹ 250.00 each due in May 2027 and June 2027.
	Total (A)	**29,658.63**	**9,410.13**	**15,950.17**	**12,414.78**	
ii) Term Loan at Varun Beverages Morocco						
36	Term loan - 36	54.72	41.67	92.11	38.11	Balance amount as at 31 December 2023 is repayable in multiple instalments till January 2026.
37	Term loan - 37	337.04	92.25	408.65	64.55	Balance amount as at 31 December 2023 is repayable in multiple instalments till January 2028.
38	Term loan - 38	799.95	-	-	-	Balance amount as at 31 December 2023 is repayable in multiple instalments once full disbursement is done.
	Total (B)	**1,191.71**	**133.92**	**500.76**	**102.66**	
iii) Term Loan at Varun Beverages RDC SA						
39	Term loan - 39	491.90	-	-	-	Balance amount as at 31 December 2023 is repayable in equal monthly instalments starting from January 2025.
	Total (C)	**491.90**	**-**	**-**	**-**	
	Total (A+B+C)	**31,342.24**	**9,544.05**	**16,450.93**	**12,517.44**	

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21. Provisions

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Non-current		
Provision for employee benefits (Refer note 39)		
Defined benefit liability (net)	1,470.83	1,431.93
Other long term employee obligations	655.61	609.20
	2,126.44	**2,041.13**
Current		
Provision for employee benefits (Refer note 39)		
Defined benefit liability (net)	3.99	2.18
Other short term employee obligations	317.72	289.73
Others (Refer note 59)	503.72	-
	825.43	**291.91**

22. Other non-current liabilities

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Deferred revenue on government grant	5.16	5.94
Deferred income	63.24	-
	68.40	**5.94**

23. Trade payables

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Total outstanding dues of-		
Micro enterprises and small enterprises (Refer note 48)	767.43	659.11
Creditors other than micro enterprises and small enterprises	6,815.05	7,583.50
	7,582.48	**8,242.61**

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23. Trade payables ageing schedule

31 December 2023

(₹ in million)

Particulars	Unbilled	Outstanding from date of transactions				Total
		Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed trade payable						
Micro enterprises and small enterprises	68.73	692.31	5.34	0.36	0.50	767.24
Others	2,123.29	4,408.76	157.26	16.32	30.08	6,735.71
Disputed trade payable	-	-	-	-	-	
Micro enterprises and small enterprises	-	0.19	-	-	-	0.19
Others	-	52.46	13.18	6.95	6.75	79.34
Total	**2,192.02**	**5,153.72**	**175.78**	**23.63**	**37.33**	**7,582.48**

31 December 2022

(₹ in million)

Particulars	Unbilled	Outstanding from date of transactions				Total
		Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed trade payable						
Micro enterprises and small enterprises	-	657.80	0.28	0.37	0.50	658.95
Others	1,910.88	5,481.13	41.55	45.14	21.60	7,500.30
Disputed trade payable						
Micro enterprises and small enterprises	-	-	0.01	0.15	-	0.16
Others	-	48.49	11.48	11.97	11.26	83.20
Total	**1,910.88**	**6,187.42**	**53.32**	**57.63**	**33.36**	**8,242.61**

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24. Other current financial liabilities

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Interest accrued but not due on borrowings	115.82	82.79
Interest payable	27.21	13.71
Payable for capital expenditures	4,543.04	2,448.01
Employee related payables	810.91	761.56
Unclaimed dividends#	0.97	0.83
Security deposits	2,140.44	2,287.00
	7,638.39	**5,593.90**

#Not due for deposit to the Investor Education and Protection Fund in the books of Holding Company.

25. Other current liabilities

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Advances from customers	1,804.71	2,033.83
Statutory dues payable	2,806.31	2,853.67
Deferred income	39.91	2.27
	4,650.93	**4,889.77**

26. Current tax liabilities (Net)

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Provision for tax (Net)	390.02	755.68
	390.02	**755.68**

The key components of income tax expense for the year ended 31 December 2023 and 31 December 2022 are:

A. Income tax expense reported in the Consolidated Statement of Profit and Loss:

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
(i) Profit and Loss section		
(a) Current tax	6,290.81	4,258.66
(b) Adjustment of tax relating to earlier years	20.55	226.91
(c) Deferred tax charge	64.11	249.66
	6,375.47	**4,735.23**
Income tax charged to OCI:		
(ii) OCI section		
Deferred tax related to items recognised in OCI during the year:		
(a) Net gain on remeasurements of defined benefit plans	6.98	(27.02)
	6.98	**(27.02)**

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26. Current tax liabilities (Net) {cont'd]:

B. Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Accounting profit before tax	**27,393.60**	**20,236.37**
Tax expense at statutory income tax rate of 25.167% (31 December 2022: 25.167%)	6,894.15	5,092.89
Adjustments in respect of current income tax of previous years	20.55	226.91
Non deductible expenses	75.14	89.92
Deduction claimed u/s Chapter-VI A of Income-tax Act, 1961 by Holding Company	(109.46)	(271.45)
Income chargeable at lower tax rate	102.56	135.77
Tax rate differential for taxes provided in subsidiaries	(145.66)	(34.09)
Tax impact of exempted income of subsidiaries	(512.55)	(603.63)
Impact due to change in tax rate*	-	114.32
Others	50.74	(15.41)
Income tax expense at effective tax rate reported in the Consolidated Statement of Profit and Loss	**6,375.47**	**4,735.23**

*The Holding Company had made an assessment of the impact of Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax (MAT) credit and expiry of other tax benefits/holidays available. The Holding Company had decided to opt for the new tax regime u/s 115BAA of the Income Tax Act,1961 w.e.f. Assessment year 2023-24 after utilisation of all unutilised Minimum Alternate Tax credit and other tax benefits/holidays available and hence the tax provision has been done accordingly.

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27. Revenue from operations

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Sale of products (inclusive of excise duty) *	158,687.38	131,383.91
Rendering of services	314.86	0.77
Other operating revenue	4,208.39	2,520.90
	163,210.63	**133,905.58**

*Sale of products includes excise duty collected from customers of ₹ 2,784.82 million (31 December 2022: ₹ 2,174.16 million) in subsidiaries.

Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers:

A. Reconciliation of revenue recognised with the contracted price:

Particulars	Year ended 31 December 2023	Year ended 31 December 2022
Gross revenue/Contracted price	162,329.34	135,195.74
Less: Discounts and rebates	(3,327.10)	(3,811.06)
Revenue from contracts with customers	**159,002.24**	**131,384.68**

B. Disaggregation of revenue

a) Information about geographical area (₹ in million)

Particulars	Year ended 31 December 2023	Year ended 31 December 2022
i. Sale of products and rendering of services		
(i) Within India	121,594.93	102,606.78
(ii) Outside India	37,407.31	28,777.90
Total sale of products and rendering of services	**159,002.24**	**131,384.68**

b) Revenue from sale of goods and services are recognised at a point in time.There are no disaggregation of revenue with respect to this information.

c) No single external customer amounts to 10% or more of the Company's revenue from operations.

d) The Group manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods and the value of stock in trade being sold is insignificant, it is not separately ascertainable and disclosed.

C. Contract balances:

The following table provides information about trade receivables and contract liabilities from contract with customers:

Receivables

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Trade receivables	4,180.08	3,532.25
Less: Allowances for expected credit loss	(586.23)	(538.87)
Net receivables	**3,593.85**	**2,993.38**

Contract liabilities

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Advance from customers (Refer note 25)	1,804.71	2,033.83
	1,804.71	**2,033.83**

D. Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liabilities are on account of the advance payment received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 120 days from the completion of performance obligation.

There is no significant financing component in any transaction with the customers.

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Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers [Cont'd]:

E. Government grant recognised under the head 'Other operating revenue' amounts to ₹ 3,462.98 million (31 December 2022 ₹ 1,853.06 million) under different industrial promotion tax exemption schemes.

F. Changes in the contract liabilities balances during the year are as follows:

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Balance at the beginning of the year	2,033.83	794.30
Addition during the year	1,804.71	2,033.83
Revenue recognised during the year	(2,033.83)	(794.30)
Balance at the closing of the year	**1,804.71**	**2,033.83**

28. Other income

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Interest income on items at amortised cost:		
- term deposits	205.44	203.46
- others	32.56	24.83
Gain on sale of current investments	3.51	3.67
Excess provisions and liabilities written back	322.36	9.20
Gain on derecognition of financial instruments	0.81	-
Miscellaneous income	228.91	147.33
	793.59	**388.49**

29. Cost of materials consumed

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Raw material and packing material consumed		
Inventories at beginning of the year	9,613.51	8,070.05
Purchases during the year (Net)	72,762.19	72,052.48
	82,375.70	80,122.53
Less: Sold during the year	2,354.78	6,338.10
Less: Inventories at end of the year	9,756.31	9,613.51
	70,264.61	**64,170.92**

30. Purchases of stock-in-trade

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Beverages	1,378.89	1,082.66
Others	3,248.07	803.05
	4,626.96	1,885.71

31. Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
As at the beginning of the year		
- Finished goods	4,313.41	2,530.16
- Intermediate goods	3,392.40	1,795.66
- Work in progress	61.80	69.24
	7,767.61	4,395.06
As at the closing of the year		
- Finished goods	4,160.22	4,313.41
- Intermediate goods	4,372.42	3,392.40
- Work in progress	25.81	61.80
	8,558.45	7,767.61
Finished goods used as property, plant and equipment*	(51.85)	(72.52)
	(842.69)	**(3,445.07)**

*The Holding Company and a subsidiary manufacture plastic shells at some of their manufacturing facilities. The shells manufactured are used for beverages operations of the Group as property, plant and equipment (under the head 'Containers'). These containers are sold to third parties. The cost of manufacturing of plastic shells is being shown here separately with a corresponding debit to property, plant and equipment.

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32. Employee benefits expense

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Salaries, wages and bonus*	13,041.12	11,026.09
Contribution to provident fund and other funds*	679.36	538.82
Staff welfare expenses*	666.78	572.45
Share based payments** (Refer note 51)	78.61	29.06
	14,465.87	**12,166.42**

*Refer note 4A for capitalisation of employee benefits expense in setting-up of new manufacturing facilities.

**excluding expenses of ₹ 0.49 related to one subsidiary, which has been capitalised in new projects.

33. Finance costs

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Interest on items at amortised cost:		
- Term loans*	2,044.26	1,282.52
- Working capital facilities*	214.28	272.70
- Financial liabilities (inclusive of interest on lease liabilities ₹ 170.04 (31 December 2022: ₹ 44.26))	260.05	137.15
- Bank guarantee fees	17.82	17.48
- Others (inclusive of interest on income tax ₹ 82.28 (31 December 2022: ₹ 111.47))	130.03	127.08
Exchange differences regarded as an adjustments to borrowings	-	6.73
Other ancillary borrowing costs	14.55	17.56
	2,680.99	**1,861.22**

*Refer note 4A for capitalisation of finance costs in setting-up of new manufacturing facilities.

34. Depreciation, amortisation and impairment expense

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Depreciation on property, plant and equipment	6,409.04	5,356.75
Amortisation of intangible assets	40.51	58.03
Amortisation of ROU	359.51	282.87
Impairment of property, plant and equipment and others (Refer Note 4A and 4B)	-	474.24
	6,809.06	**6,171.89**

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35. Other expenses*

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Power and fuel	5,502.85	4,792.20
Repairs to plant and equipment	2,973.81	2,577.68
Repairs to buildings	178.12	138.03
Other repairs	923.29	811.00
Consumption of stores and spares	1,296.28	1,193.75
Rent (Refer note 46 (iv))	801.60	542.21
Rates and taxes	901.80	204.98
Insurance	180.99	159.31
Printing and stationery	91.43	70.11
Communication	121.27	101.99
Travelling and conveyance	1,215.23	1,064.08
Sitting fees/commission paid to non-executive directors (Refer note 45A)	5.85	185.55
Payment to auditors**	27.69	31.45
Vehicle running and maintenance	594.23	180.49
Lease and hire (Refer note 46 (iv))	297.62	304.77
Security and service charges	564.00	445.46
Legal, professional and consultancy	510.05	339.25
Bank charges	234.96	179.65
Advertisement and sales promotion	1,963.65	1,397.69
Meeting and conferences	117.98	35.91
Royalty	165.93	159.68
Freight, octroi and insurance paid (net)	11,020.58	9,112.67
Delivery vehicle running and maintenance	832.34	841.58
Distribution expenses	2,250.15	2,100.79
Loading and unloading charges	881.69	681.47
Donations	2.23	2.04
Property, plant and equipment written off	1.37	54.01
Loss on disposal of property, plant and equipment (net)	842.27	569.25
Bad debts and advances written off	3.24	25.71
Allowance for expected credit loss and advances	69.47	73.51
Corporate social responsibility expenditure	169.42	92.57
Net loss on foreign currency transactions and translations	574.92	64.74
General office and other miscellaneous	499.90	538.81
	35,816.21	29,072.39

*Refer note 4A for capitalisation of other expenses in setting-up of new manufacturing facilities.

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

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Services rendered for:		
- Audit and reviews	11.46	13.33
- taxation matters	2.11	2.30
- other matters#	1.86	0.64
- reimbursement of expenses	0.23	0.92
	15.66	**17.19**

#Excludes expense of ₹ 0.23 (31 December 2022: ₹ Nil) towards fee related to other matters, which has been capitalised in new projects.

36. Other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserves in equity is shown below:

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Retained earnings		
Re-measurement (losses)/gain on defined benefit plans	(28.16)	107.87
Tax impact on re-measurement gains on defined benefit plans	6.98	(27.02)
Exchange differences arising on translation of foreign operations	(58.83)	(3,799.27)
	(80.01)	**(3,718.42)**

37. Composition of the Group

These consolidated financial statements include the respective financial statements of Varun Beverages Limited (the "Parent Company" or the "Holding Company"), its subsidiaries and the results of operations of its associate & joint venture as listed below. The principal activity of the Parent Company, subsidiaries and erstwhile associate, predominantly comprise manufacturing and sale of beverages including its packing material.

Name of the company/entity	Country of incorporation and principal place of business	Proportion of ownership interests held by the Group at year end	
		As at 31 December 2023	As at 31 December 2022
Varun Beverages (Nepal) Private Limited ("VBL Nepal")	Nepal	100.00%	100.00%
Varun Beverages Lanka (Private) Limited ("VBL Lanka")	Sri Lanka	100.00%	100.00%
Varun Beverages Morocco SA ("VBL Morocco")	Morocco	100.00%	100.00%
Ole Spring Bottlers Private Limited ("Ole")*	Sri Lanka	100.00%	100.00%
Varun Beverages (Zambia) Limited ("VBL Zambia")	Zambia	90.00%	90.00%
Varun Beverages (Zimbabwe) (Private) Limited ("VBL Zimbabwe")	Zimbabwe	85.00%	85.00%
Varun Beverages RDC SAS ("VBL RDC")	Democratic Republic of the Congo	100.00%	99.90%
Varun Beverages South Africa (PTY) Limited**	South Africa	100.00%	Not Applicable
Lunarmech Technologies Private Limited#	India	60.07%	55.04%
Varun Beverages International DMCC@	Dubai	100.00%	100.00%
Clean Max Tav Private Limited^	India	26.00%	26.00%
IDVB Recycling Operations Private Limited##	India	50.00%	50.00%
Huoban Energy 7 Private Limited~	India	26.34%	Not Applicable
VBL Mozambique, SA^^	Mozambique	100.00%	0.00%

*subsidiary of VBL Lanka
**w.e.f 23 May 2023 (refer note 49)
@w.e.f. 31 January 2022 (refer note 49)
^w.e.f. 23 November 2022 ((refer note 6)
##w.e.f. 01 July 2022 (refer note 6)
~w.e.f 09 May 2023 (refer note 6)
refer note 49
^^Subsidiary incorporated on 21 November 2023, 100% share capital subscribed subsequent to year end 31 December 2023

38. The Group conducts business operations in the Republic of Zimbabwe through its subsidiary VBL Zimbabwe.

During the year ended 31 December 2019, the Reserve Bank of Zimbabwe ("RBZ") 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.

During the year ended 31 December 2019, the Zimbabwean economy was classified as hyperinflationary in accordance with the factors and characteristics of a hyperinflationary economy as described in Ind AS 29 'Financial Reporting in Hyper-Inflationary Economies' ("Ind AS 29"). In accordance with Ind AS 29, the historical cost financial statements of VBL Zimbabwe have been restated for the changes in the general purchasing power of the functional currency and consequently are stated in terms of the measuring unit current at the year end. For the purposes of restatement, the management has applied the Consumer Price Index ("CPI") published by the Reserve Bank of Zimbabwe. The CPI (in units) was 13,672.91 on 31 December 2022.

During the current financial year, on the basis of the factors mentioned in Ind AS 21 in relation to functional currency assessment, functional and presentation currency has changed from ZWL to USD since the substantial transactions in sales, purchase, manpower and other cost are being transacted in USD.

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39. Gratuity and other post-employment benefit plans

(₹ in million, unless otherwise stated)

Parent Company and other components of the Group provide its employees gratuity and compensated absences benefits in accordance with the respective local statutory requirements and entity's policies. The following tables summaries the changes in their present values over the reporting periods, components of expense recognised in the Consolidated Statement of Profit and Loss, their funded status and amounts recognised in the consolidated balance sheet:

	Gratuity		Compensated absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Changes in present values are as follows:				
Balance at the beginning of the year	1,852.54	1,817.62	898.93	830.82
Current service cost	235.94	221.07	168.68	141.55
Interest cost	137.42	119.39	65.54	57.31
Benefits settled	(101.03)	(185.59)	(59.74)	(77.14)
Actuarial loss/(gain)	25.66	(108.20)	(99.43)	(53.67)
Foreign exchange translation reserve	(2.82)	(11.75)	(0.65)	0.06
Balance at the end of the year	**2,147.71**	**1,852.54**	**973.33**	**898.93**

	Gratuity		Compensated absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Changes in fair value of plan assets are as follows:				
Plan assets at the beginning of the year, at fair value	418.43	65.61	-	-
Expected income on plan assets	36.31	13.75	-	-
Actuarial loss	(2.51)	(0.34)	-	-
Contributions by employer	250.00	350.00	-	-
Benefits settled	(29.34)	(10.59)	-	-
Plan assets at the end of the year, at fair value	**672.89**	**418.43**	**-**	**-**

The Holding Company has taken an insurance policy against its liability towards gratuity, the same has been disclosed as plan assets above.

	Gratuity		Compensated absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Reconciliation of present value of the obligation and the fair value of the plan assets:				
Present value of obligation	2,147.71	1,852.54	973.33	898.93
Fair value of plan assets	(672.89)	(418.43)	-	-
Net liability recognised in the consolidated balance sheet	**1,474.82**	**1,434.11**	**973.33**	**898.93**

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39. Gratuity and other post-employment benefit plans [Cont'd]

(₹ in million, unless otherwise stated)

	Gratuity		Compensated absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Amount recognised in consolidated statement of profit and loss:				
Current service cost	235.94	221.07	168.68	141.55
Interest cost	137.42	119.39	65.54	57.31
Expected return on plan assets	(36.31)	(13.75)	-	-
Actuarial gain	-	-	(99.43)	(53.67)
Net cost recognised	**337.05**	**326.71**	**134.79**	**145.19**

	Gratuity		Compensated absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Amount recognised in Other Comprehensive Income:				
Actuarial changes arising from changes in financial assumptions	21.67	(114.92)	-	-
Experience adjustments	3.98	6.71	-	-
Return on plan assets	2.51	0.34	-	-
Amount recognised loss/(gain)	**28.16**	**(107.87)**	-	-

	Gratuity		Compensated absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
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	7.23%-13.50%	7.4%-25%	7.23%-8.50%	6.40%-11.00%
Rate of return on plan assets	6.79%-7.65%	6.69%-7.40%	0.00%	0.00%
Withdrawal rate	3%-12%	3%-12%	3%-12%	3%-12%
Salary increase	6% -12%	6% -18%	6%-12%	6%-12%
Rate of leave availment	-	-	3.50%-20%	3.50%-20%
Retirement age (Years)	55-70 years	55-70 years	58-70 years	58-70 years

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39. Gratuity and other post-employment benefit plans [Cont'd]

(₹ in million, unless otherwise stated)

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 2023	India	Outside India	Total
Defined benefit obligation	2,097.23	50.48	2,147.71
Fair value of plan assets	672.89	-	672.89

31 December 2022	India	Outside India	Total
Defined benefit obligation	1,806.97	45.57	1,852.54
Fair value of plan assets	418.43	-	418.43

A quantitative sensitivity analysis for significant assumption is as shown below:

	Sensitivity level		Gratuity		Compensated absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Discount rate	+1%	+1%	(129.68)	(112.82)	(29.68)	(27.59)
	-1%	-1%	145.63	126.73	31.60	29.39
Salary increase	+1%	+1%	138.06	120.39	29.98	27.92
	-1%	-1%	(125.76)	(109.60)	(28.73)	(26.75)
Withdrawal rate	+1%	+1%	(30.37)	(25.98)	(9.80)	(9.21)
	-1%	-1%	33.59	28.60	10.33	9.70

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 2022: (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.

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39. Gratuity and other post-employment benefit plans [Cont'd]

Effect of the defined benefit plan on the Company's future cash flows:

Funding arrangements and funding policy:

The Holding Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the company. Any deficit in the assets arising as a result of such valuation is funded by the company.

Expected contribution during the next annual reporting period:
The Holding Company's best estimate of contribution during the next financial year approximates to ₹ 1,637.97 million (31 December 2022: ₹ 1,566.90 million).

(₹ in million, unless otherwise stated)

The following are maturity profile of Defined Benefit Obligations in future years (before adjusting fair value of plan assets):

	Gratuity		Compensated absences	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
i) Weighted average duration of the defined benefit obligation	6 years -10 years	5.62 years -9.38 years	3 years- 5 years	3 years- 6 years
ii) Expected cash flows over the years (valued on undiscounted basis):				
Duration (years)				
1	328.23	265.79	315.81	287.12
2 to 5	961.20	843.17	627.31	584.93
Above 5	2,433.78	2,176.33	312.80	297.01
	3,723.21	**3,285.29**	**1,255.92**	**1,169.06**

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 ₹ 679.36 million (31 December 2022 ₹ 538.82 million) (Refer note 32)

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40. Earnings per share (EPS)

(₹ in million, unless otherwise stated)

	31 December 2023	31 December 2022
Profit attributable to the equity shareholders	20,559.22	14,974.33
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (nos.)*	1,299,140,257	1,299,099,240
Add: Weighted average number of potential equity shares on account of employee stock options	559,133	342,466
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (nos.)*	1,299,699,390	1,299,441,706
Nominal value per equity shares (₹)	5.00	5.00
Basic earnings per share (₹)	15.83	11.53
Diluted earnings per share (₹)	15.82	11.52

*Previous year numbers are adjusted for shares split during the current year (refer note 18h).

41. Dividend

(₹ in million)

	31 December 2023	31 December 2022
Dividend on equity shares declared and paid during the year:		
Final dividend of ₹ 0.50 per share for financial year ended 31 December 2022* by Holding Company	649.55	-
Interim dividend ₹ 1.25 per share (31 December 2022: ₹ 1.25 per share)* by Holding Company	1,623.93	1,623.87

*Refer note 56

42. Contingent liabilities

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Claims against the Group not acknowledged as debts (being contested):		
i. Goods and Service Tax	140.90	26.70
ii. For excise and service tax	103.35	145.81
iii. For customs	90.75	90.75
iii. For sales tax (VAT)/entry tax	778.65	1,010.99
iv. For income tax	378.35	223.35
v. For mandi tax and others*	388.60	447.43

*excludes pending matters where amount of liability is not ascertainable.

43. Commitments

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
a. Guarantee issued to third party by subsidiaries for business purposes	373.39	355.43
b. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 5,194.24 (31 December 2022 ₹ 6,111.99))*	30,726.98	16,804.28

*Inclusive of commitment as mentioned in note no. 61.

44. Pursuant to transfer pricing legislations under the Income-tax Act, 1961, the Holding Company is required to use specified methods for computing arm's length price in relation to specified international and domestic transactions with its associated enterprises. Further, the Holding Company is required to maintain prescribed information and documents in relation to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have 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.

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45. Related party disclosures (as per Ind AS-24)

Following are the related parties and transactions entered with related parties for the relevant financial year:

i. List of related parties and relationships:-

I. Key managerial personnel (KMPs)

Mr. Ravi Kant Jaipuria	Non-executive chairman
Mr. Varun Jaipuria	Executive vice chairman (w.e.f. 03 March 2022) and Whole Time Director
Mr. Raj Pal Gandhi	Whole Time Director
Mr. Rajinder Jeet Singh Bagga	Whole Time Director
Mr. Kapil Agarwal	Chief Executive Officer (till 03 March 2022) and Whole Time Direc (till 01 November 2022)
Mr. Lalit Bishambernath Malik	Chief Financial Officer (appointed w.e.f. 04 August 2023)
Mrs. Sita Khosla	Non-executive independent director
Dr. Ravi Gupta	Non-executive independent director
Mrs. Rashmi Dhariwal	Non-executive independent director
Mr. Abhiram Seth	Non-executive independent director (w.e.f. 02 May 2023)
Mr. Anil Kumar Sondhi	Non-executive independent director (w.e.f. 02 May 2023)
Mr. Pradeep Khushalchand Sardana	Non-executive independent director (till 27 March 2023)
Mr. Naresh Kumar Trehan	Non-executive independent director (till 30 November 2023)
Mr. Ravi Batra	Company secretary
Mr. Rajesh Chawla	Chief Financial Officer (till 03 August 2023)
Mr. Mahavir Prasad Garg	Company secretary of the parent, namely RJ Corp Limited

II. Parent and ultimate parent

RJ Corp Limited	Parent

III. Fellow subsidiaries and entities controlled by parent and ultimate parent*

Devyani International Limited
Devyani Food Industries Limited
Varun Food and Beverages Zambia Limited
Varun Developers Private Limited
Wellness Holdings Limited
SVS India Private Limited
Ole Marketing (Private) Limited
Devyani Food Industries (Kenya) Limited
Devyani Airport Services (Mumbai) Private Limited#
Devyani International Nepal Private Limited
Cryoviva Biotech Private Limited

IV. Joint venture and associate*

IDVB Recycling Operations Private Limited	Joint venture (w.e.f. 01 July 2022)
Clean Max Tav Private Limited	Associate (w.e.f. 23 November 2022)
Huoban Energy 7 Private Limited	Associate (w.e.f. 09 May 2023)

V. Relatives of KMPs*

Mrs. Dhara Jaipuria
Mrs. Devyani Jaipuria
Mr. Ravindra Dhariwal
Mrs. Aastha Agarwal (till 01 November 2022)
Mr. Kaustubh Agarwal (till 01 November 2022)

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45. Related party transactions (cont'd)

VI. Entities in which a director or his/her relative is a member/director/trustee*

SMV Beverages Private Limited
Alisha Torrent Closures (India) Private Limited
Lineage Healthcare Limited
Jai Beverages Private Limited
Diagno Labs Private Limited (till 29 March 2022)
RJ Foundation (Trust)
Global Health 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.
#Amalgamated with Devyani International Limited w.e.f. 01 April 2022 vide Hon'ble National Company Law Tribunal order dated 13 July 2023.

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 len; transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year thro examining the financial position of the related party and the market in which the related party operates.

iii. Transactions with KMPs (Refer note 45A)

iv. Transactions with related parties (Refer note 45B)

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45A. Transactions with KMPs

(₹ in million)

	For year ended 2023	For year ended 2022
I. Remuneration paid		
Mr. Ravi Kant Jaipuria	151.72	-
Mr. Varun Jaipuria	54.02	54.69
Mr. Raj Pal Gandhi	62.45	56.60
Mr. Kapil Agarwal	-	237.21
Mr. Lalit Bishambernath Malik	20.63	-
Mr. Rajesh Chawla	6.35	9.61
Mr. Ravi Batra	14.85	13.30
Mr. Rajinder Jeet Singh Bagga	57.66	52.45
Mr. Mahavir Prasad Garg	2.99	2.74
II. Director sitting fees paid		
Mr. Pradeep Khushalchand Sardana	0.10	0.60
Mrs. Sita Khosla	1.00	1.00
Dr. Ravi Gupta	1.40	1.70
Mrs. Rashmi Dhariwal	1.80	1.80
Mr. Abhiram Seth	0.40	-
Mr. Anil Kumar Soodhi	0.40	-
III. Dividend paid		
Mr. Varun Jaipuria	364.60	260.43
Mr. Raj Pal Gandhi	4.66	3.36
Mr. Kapil Agarwal	-	2.12
Mr. Ravi kant Jaipuria	403.11	291.84
Mr. Rajinder Jeet Singh Bagga	1.02	0.73
Mr. Pradeep Khushalchand Sardana	0.00*	0.01
IV. Commission paid to non-executive director		
Mr. Ravi Kant Jaipuria	-	180.45
V. Defined benefit obligation (Cumulative) for KMP		
i. Gratuity		
Mr. Varun Jaipuria	56.52	52.21
Mr. Raj Pal Gandhi	53.21	48.83
Mr. Ravi Batra	3.41	2.64
Mr. Mahavir Prasad Garg	0.97	0.76
Mr. Rajinder Jeet Singh Bagga	45.13	39.50
Mr. Rajesh Chawla	-	0.42
Mr. Lalit Bishambernath Malik	0.01	-
ii. Compensated absences		
Mr. Varun Jaipuria	21.01	20.89
Mr. Raj Pal Gandhi	15.19	14.48
Mr. Ravi Batra	2.29	2.07
Mr. Mahavir Prasad Garg	0.68	0.68
Mr. Rajinder Jeet Singh Bagga	12.93	11.74
Mr. Rajesh Chawla	-	0.88
Mr. Lalit Bishambernath Malik	0.79	-

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45A. Transactions with KMPs [Cont'd]

(₹ in million)

		For year ended 2023	For year ended 2022
VI.	**Bonus Share issued**		
	Mr. Varun Jaipuria	-	347.24
	Mr. Raj Pal Gandhi	-	4.58
	Mr. Kapil Agarwal	-	2.83
	Mr. Ravi kant Jaipuria	-	389.11
	Mr. Pradeep Khushalchand Sardana	-	0.01
	Mr. Rajinder Jeet Singh Bagga	-	0.97
VII.	**Advance given**		
	Mr. Lalit Bishambernath Malik	38.50	-
VII.	**Balances (payable)/ receivable outstanding at the end of the year, net**		
	Mr. Varun Jaipuria	(2.78)	(2.60)
	Mr. Raj Pal Gandhi	(1.96)	(1.75)
	Mr. Rajinder Jeet Singh Bagga	(2.22)	0.36
	Mr. Ravi Batra	(0.73)	(0.72)
	Mr. Mahavir Prasad Garg	0.46	0.11
	Mr. Rajesh Chawla	(0.49)	(0.45)
	Mr. Lalit Bishambernath Malik	37.02	-
	Dr. Ravi Gupta	(0.09)	-
	Mrs. Rashmi Dhariwal	(0.09)	-
	Mr. Abhiram Seth	(0.09)	-
	Mr. Anil Kumar Sondhi	(0.09)	-
	Mrs. Sita Khosla	(0.09)	-

*Rounded off to Nil.

Note:

(i) Stock options have been granted to KMPs of the Group. The number of stock options granted to such KMPs outstanding as at 31 December 2023: 58,000 (31 December 2022 : 28,000). However as the liability has not been determined for individual employees, the charge thereof for the individual employees is not disclosed above.

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45B. Transactions with related parties

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint ventures and associate (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sale of goods														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	105.41	148.32	-	-	105.41	148.32
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	11.35	21.28	-	-	11.35	21.28
- Devyani Food Industries (Kenya) Limited	-	-	32.38	59.04	-	-	-	-	-	-	-	-	32.38	59.04
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	170.49	197.12	-	-	170.49	197.12
- Devyani International Limited	-	-	59.15	89.37	-	-	-	-	-	-	-	-	59.15	89.37
- Devyani Food Industries Limited	-	-	30.19	45.23	-	-	-	-	-	-	-	-	30.19	45.23
- Lineage Healthcare Limited	-	-	-	-	-	-	-	-	0.11	0.11	-	-	0.11	0.11
- Devyani Airport Services (Mumbai) Private Limited	-	-	2.02	2.36	-	-	-	-	-	-	-	-	2.02	2.36
- Devyani International Nepal Private Limited	-	-	-	8.59	-	-	-	-	-	-	-	-	-	8.59
Sale of raw materials and stores														
- Devyani Food Industries (Kenya) Limited	-	-	8.50	-	-	-	-	-	-	-	-	-	8.50	-
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	2.17	-	-	-	2.17
- Devyani Food Industries Limited	-	-	45.91	36.26	-	-	-	-	-	-	-	-	45.91	36.26
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	172.40	219.28	-	-	172.40	219.28
Purchase of goods														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	575.53	525.89	-	-	575.53	525.89
- Devyani Food Industries Limited	-	-	384.89	464.64	-	-	-	-	-	-	-	-	384.89	464.64
Purchase of raw materials and stores														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	16.65	14.37	-	-	16.65	14.37
- Devyani Food Industries Limited	-	-	60.45	79.13	-	-	-	-	-	-	-	-	60.45	79.13
House keeping and cleaning charges paid														
- Varun Developers Private Limited	-	-	-	12.53	-	-	-	-	-	-	-	-	-	12.53
Loan given														
- IDVB Recycling Operations Private Limited	-	-	-	-	10.00	-	-	-	-	-	-	-	10.00	-
- Varun Developers Private Limited	-	-	407.08	-	-	-	-	-	-	-	-	-	407.08	-
Loan taken														
-Varun Developers Private Limited	-	-	407.08	-	-	-	-	-	-	-	-	-	407.08	-
Conversion of loan into investment														
- IDVB Recycling Operations Private Limited	-	-	-	-	10.00	-	-	-	-	-	-	-	10.00	-
Interest received/(paid)														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	(7.00)	(2.00)	-	-	(7.00)	(2.00)
- IDVB Recycling Operations Private Limited	-	-	-	-	0.68	-	-	-	-	-	-	-	0.68	-
Contribution to corporate social responsibility														
- RJ Foundation (Trust)	-	-	-	-	-	-	-	-	158.50	85.04	-	-	158.50	85.04
Equity investment														
- IDVB Recycling Operations Private Limited	-	-	-	-	120.00	0.07	-		-	-	-	-	120.00	0.07
- Clean Max Tav Private Limited	-	-	-	-	32.82	0.03	-			-	-	-	32.82	0.03
- Hindon Energy 7 Private Limited	-	-	-	-	21.24	-	-			-	-	-	21.24	-

45B. Transactions with related parties [Cont'd]

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint ventures and associate (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Professional charges paid														
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	1.25	4.88	-	-	-	-	1.25	4.88
Travelling expenses paid														
- Wellness Holdings Limited	-	-	102.02	263.80	-	-	-	-	-	-	-	-	102.02	263.80
Contribution to gratuity trust														
- VBL Employees' Gratuity Trust	-	-	-	-	-	-	-	-	-	-	250.00	350.00	250.00	350.00
Dividend paid														
- RJ Corp Limited	615.09	444.75	-	-	-	-	-	-	-	-	-	-	615.09	444.75
- Mrs. Aastha Agarwal	-	-	-	-	-	-	-	0.75	-	-	-	-	-	0.75
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	-	0.56	-	-	-	-	-	0.56
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	0.02	0.02	-	-	-	-	0.02	0.02
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	55.15	39.39	-	-	-	-	55.15	39.39
(Recovery of Expenses incurred by the Company on behalf of others)/expenses incurred by others on behalf of the Company														
- Devyani International Limited	-	-	3.37	0.79	-	-	-	-	-	-	-	-	3.37	0.79
- RJ Corp Limited	(2.43)	(1.81)	-	-	-	-	-	-	-	-	-	-	(2.43)	(1.81)
- Devyani Food Industries (Kenya) Limited	-	-	(0.61)	(1.34)	-	-	-	-	-	-	-	-	(0.61)	(1.34)
- Devyani Food Industries Limited	-	-	(21.36)	(19.70)	-	-	-	-	-	-	-	-	(21.36)	(19.70)
Licence fee paid														
- Devyani Food Industries Limited	-	-	0.90	1.27	-	-	-	-	-	-	-	-	0.90	1.27
Purchase of property, plant and equipment														
- Devyani Food Industries (Kenya) Limited	-	-	-	3.32	-	-	-	-	-	-	-	-	-	3.32
- Varun Food and Beverages Zambia Limited	-	-	-	43.10	-	-	-	-	-	-	-	-	-	43.10
- Cryoviva Biotech Private Limited	-	-	-	3.62	-	-	-	-	-	-	-	-	-	3.62
Rent/ lease charges paid/(received)														
- RJ Corp Limited	112.80	112.80	-	-	-	-	-	-	-	-	-	-	112.80	112.80
- Devyani Food Industries Limited	-	-	(8.82)	(8.82)	-	-	-	-	-	-	-	-	(8.82)	(8.82)
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	27.00	27.00	-	-	27.00	27.00
- SVS India Private Limited	-	-	2.97	2.73	-	-	-	-	-	-	-	-	2.97	2.73
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	(1.23)	-	-	-	(1.23)

45B. Transactions with related parties (Cont'd)

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint ventures and associate (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/director/trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
IT infrastructure support fee														
- Devyani Food Industries Limited	-	-	11.96	8.86	-	-	-	-	-	-	-	-	11.96	8.86
- RJ Corp Limited	0.84	1.03	-	-	-	-	-	-	-	-	-	-	0.84	1.03
- Devyani Food Industries (Kenya) Limited	-	-	2.06	1.77	-	-	-	-	-	-	-	-	2.06	1.77
- Diagno Labs Private Limited	-	-	-	-	-	-	-	-	-	0.03	-	-	-	0.03
- Devyani International Limited	-	-	4.41	1.53	-	-	-	-	-	-	-	-	4.41	1.53
- Cryoviva Biotech Private Limited	-	-	3.16	0.89	-	-	-	-	-	-	-	-	3.16	0.89
- Lineage Healthcare Limited	-	-	-	-	-	-	-	-	0.57	-	-	-	0.57	-
Capital commitments														
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	201.60	201.60	-	-	201.60	201.60
Bonus share issued														
- RJ Corp Limited	-	593.00	-	-	-	-	-	-	-	-	-	-	-	593.00
- Mrs. Aastha Agarwal	-	-	-	-	-	-	-	1.00	-	-	-	-	-	1.00
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	-	0.75	-	-	-	-	-	0.75
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	0.02	-	-	-	-	-	0.02
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	-	52.52	-	-	-	-	-	52.52
Medical Expenditure paid														
- Global Health Limited	-	-	-	-	-	-	-	-	0.11	-	-	-	0.11	-
Electricity Charges (Solar Power) Paid														
- Clean Max Tav Private Limited	-	-	-	-	28.24	-	-	-	-	-	-	-	28.24	-
- Hoshan Energy 7 Private Limited	-	-	-	-	13.34	-	-	-	-	-	-	-	13.34	-
Balances outstanding at the end of the year, (net)														
A. Receivable/(payable), net														
- Devyani International Limited	-	-	11.90	3.75	-	-	-	-	-	-	-	-	11.90	3.75
- RJ Corp Limited	36.24	35.60	-	-	-	-	-	-	-	-	-	-	36.24	35.60
- Wellness Holdings Limited	-	-	-	(23.07)	-	-	-	-	-	-	-	-	-	(23.07)
- Devyani International Nepal Private Limited	-	-	0.49	0.95	-	-	-	-	-	-	-	-	0.49	0.95
- Lineage Healthcare Limited	-	-	-	-	-	-	-	-	0.39	(0.00)*	-	-	0.39	(0.00)*
- Ole Marketing (Private) Limited	-	-	24.68	21.64	-	-	-	-	-	-	-	-	24.68	21.64
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	100.23	161.91	-	-	100.23	161.91
- Diagno Labs Private Limited	-	-	-	-	-	-	-	-	-	0.12	-	-	-	0.12
- Devyani Food Industries (Kenya) Limited	-	-	24.94	20.76	-	-	-	-	-	-	-	-	24.94	20.76
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	0.00	5.41	-	-	0.00	5.41
- Devyani Airport Services (Mumbai) Private Limited	-	-	-	0.13	-	-	-	-	-	-	-	-	-	0.13
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	1.05	0.70	-	-	1.05	0.70
- Devyani Food Industries Limited	-	-	4.95	(56.21)	-	-	-	-	-	-	-	-	4.95	(56.21)
- Varun Food and Beverages Zambia Limited	-	-	(48.85)	(59.28)	-	-	-	-	-	-	-	-	(48.85)	(59.28)
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	-	(0.40)	-	-	-	-	-	(0.40)
- SVS India Private Limited	-	-	(0.58)	(1.17)	-	-	-	-	-	-	-	-	(0.58)	(1.17)
- Cryoviva Biotech Private Limited	-	-	4.78	1.05	-	-	-	-	-	-	-	-	4.78	1.05
- TDVB Recycling Operations Private Limited	-	-	-	-	(0.00)	-	[illegible]	[illegible]	-	-	-	-	(0.00)	-
- Clean Max Tav Private Limited	-	-	-	-	(1.88)	-	[illegible]	[illegible]	-	-	-	-	(1.88)	-
- Hoshan Energy 7 Private Limited	-	-	-	-	(1.70)	-	[illegible]	[illegible]	-	-	-	-	(1.70)	-

*Rounded off to Nil.

46. Disclosure on lease transactions pursuant to Ind AS 116 - Leases

The Group lease asset class primarily consists of leases for land, buildings, plant and equipments and vehicles. With the exception of short-term leases, leases of low-value and cancellable long-term leases underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liability.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the weighted average borrowing rate on the date of adoption ranging between 5.44% - 13.56% (31 December 2022: 5.44% - 10.00%).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right of use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets other than leasehold lands as security against the Group's other debts and liabilities.

i. Lease liabilities are presented in the balance sheet as under:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Current maturities of lease liabilities (Refer note 20D)	390.38	235.77
Non-current lease liabilities (Refer note 20B)	1,978.85	1,654.25
Total	**2,369.23**	**1,890.02**

ii. The recognised right of use assets relate to land, buildings and plant and equipments as at 31 December 2023 and 31 December 2022:

(₹ in million)

	As at 31 December 2023	As at 31 December 2022
Right of use assets - land, buildings and plant and equipments		
Balance at the beginning of the year	9,155.01	5,727.99
Additions for the year	1,623.33	3,772.60
Derecognition for the year	(2.43)	-
Rebate/grant related to asset received	(16.61)	(68.24)
Refund received for the year	-	(10.35)
Amortisation charge for the year	(359.51)	(282.87)
Exchange differences on translation of foreign operations	(52.72)	15.88
Balance at the end of the year	**10,347.07**	**9,155.01**

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

(₹ in million)

	Year ended 31 December 2023	Year ended 31 December 2022
Amortisation charge on right of use assets	359.51	282.87
Interest expense on lease liabilities*	179.04	44.26
Total	**538.55**	**327.13**

*In Holding Company, during the previous year ended on 31 December 2022, interest expense on leasehold lands acquired were capitalised as pre-operative expense amounting to ₹ 24.70 million.

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 ₹ 1,099.22 (31 December 2022: ₹ 846.98 million).

v. Refer Consolidated Cash Flow Statement for total cash outflow for leases for the year ended 31 December 2023 and 31 December 2022.

vi. Maturity of lease liabilities

Future minimum lease payments for year ended 31 December 2023 were as follows:

(₹ in million)

	Lease payments	Interest expense	Net Present value*
Not later than 1 year	554.90	169.21	390.38
Later than 1 year not later than 5 years	1,872.67	379.76	1,508.34
Later than 5 years	1,359.42	881.62	470.51
Total	**3,786.99**	**1,430.59**	**2,369.23**

* Includes exchange differences on translation of foreign operations of ₹ 12.83 million

Future minimum lease payments for year ended 31 December 2022 were as follows:

(₹ in million)

	Lease payments	Interest expense	Net Present value*
Not later than 1 year	370.84	138.33	235.77
Later than 1 year not later than 5 years	1,430.10	354.68	1,086.53
Later than 5 years	1,133.92	568.87	567.72
Total	**2,934.86**	**1,061.88**	**1,890.02**

* Includes exchange differences on translation of foreign operations of ₹ 17.04 million

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47. Segment reporting

The business activity of the Group predominantly fall within a single reportable business segment viz manufacturing and sale of beverages. There are no separate reportable business segments. As part of reporting for geographical segments, the Group operates in two principal geographical areas of the world, i.e., within India and other countries (outside India). The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Group is seasonal.

The following table presents segment non-current assets, revenue from external customers regarding geographical segments:

	As at 31 December 2023	As at 31 December 2022
Non-current assets*		
-Within India	89,820.78	67,717.76
-Outside India	18,861.25	13,937.52

* excluding Investment in associates & joint venture, financial instruments and post-employment benefit assets.

	As at 31 December 2023	As at 31 December 2022
Revenue from external customers		
-Within India	125,763.47	105,100.36
-Outside India	37,447.16	28,805.22

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(₹ in million)

48. Dues to Micro and Small Enterprises

The dues to micro and small enterprises as required under the Micro, Small and Medium Enterprises Development Act ("MSMED"), 2006 to the extent information available with the Holding Company is given below:

Particulars	31 December 2023	31 December 2022
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	767.43	659.11
Interest due on above	4.83	1.07
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*	522.67	116.95
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.	8.67	2.91
The amount of interest accrued and remaining unpaid at the end of each accounting year	27.21	13.71
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	27.21	13.71

*includes principal amounting to ₹ 522.67 million (31 December 2022: ₹ 116.95 million).

49. Investments in Subsidiary

i On 23 May 2023, the Holding Company incorporated a new wholly-owned subsidiary company i.e. Varun Beverages South Africa (Pty) Ltd in Johannesburg, South Africa by subscription of its 100% share capital for a consideration of ₹ 0.05 million to explore the business of manufacturing and distribution of beverages.

ii On 16 October 2023, the Holding Company has acquired 50,000 equity shares of Lunarmech Technologies Private Limited for a purchase consideration of ₹ 100 million. Post acquisition, the Holding Company is holding 60.07% of the effective equity share capital of Lunarmech Technologies Private Limited.

iii On 21 November 2023, incorporated a new subsidiary company i.e. VBL Mozambique,SA in Mozambique for selling and distribution of beverages. Subsequent to year ended 31 December 2023, the Group has subscribed its 100% share capital for a consideration of ₹ 1.33 million.

iv The Holding Company has subscribed 370,370 equity shares of Varun Beverages (Nepal) Private Limited amounting to ₹ 625.00 million on 18 May 2023 and Varun Beverages (Nepal) Private Limited on 24 December 2023 allotted 551,130 equity shares as bonus shares of NPR 1,000 each to its existing shareholder.

v During the previous year ended 31 December 2022, the Holding Company has subscribed equity shares of Varun Beverages International DMCC amounting to ₹ 2.05 million and ₹ 18.63 million on 31 January 2022 and 11 April 2022 respectively to render business-related management and technical services to the Group.

50. The Holding Company follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

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51. Share-based payments

a. Description of share based payment arrangements

i) Share Options Schemes (equity settled)

Employees Stock Option Scheme 2016 ("ESOS 2016 or scheme")

The ESOP 2016 was approved by the Board of Directors and the shareholders on 27 April 2016 and further ratified and amended by the shareholders in their meetings held on 17 April 2017 and 07 April 2022 respectively. Further, National Stock Exchange of India Limited and BSE Limited have accorded their in principle approvals for issue and allotment of upto 16,695,152 equity shares ("Ceiling Limit"). The scheme was formulated with the objective to enable the Company to grant Options for equity shares of the Company to certain eligible employees as defined in the Scheme at a pre-determined price.

The Options were granted on the dates as mentioned in the table below:

31 December 2023

Scheme	Grant Date	Number of Options Granted	Exercise Price	Vesting Conditions	Vesting Period	Contractual period
ESOS 2016	06-Feb-23	54,000	628	Graded vesting over 4 years	06 Feb 2023 to 01 Jan 2027	0-3.92 Years
ESOS 2016	02-May-23	12,000	643	Graded vesting over 4 years	02 May 2023 to 01 Jan 2027	0-3.67 Years
ESOS 2016	03-Aug-23	50,000	801	Graded vesting over 4 years	03 Aug 2023 to 01 Jan 2027	0-3.42 Years
ESOS 2016	06-Nov-23	26,000	899	Graded vesting over 4 years	06 Nov 2023 to 01 Jan 2027	0-3.17 Years
ESOS 2016	23-Nov-23	30,000	899	Graded vesting over 4 years	23 Nov 2023 to 01 Jan 2027	0-3.09 Years

31 December 2022

Scheme	Grant Date	Number of Options Granted	Exercise Price	Vesting Conditions	Vesting Period	Contractual period
ESOS 2016	04-Jan-22	280,950	303	Graded vesting over 4 years	04 Jan 2023 to 01 Jan 2026	0-4 Years
ESOS 2016	03-Feb-22	9,000	299	Graded vesting over 4 years	03 Feb 2023 to 01 Jan 2026	0-3.92 Years
ESOS 2016	03-Mar-22	18,000	298	Graded vesting over 4 years	03 Mar 2023 to 01 Jan 2026	0-3.83 Years
ESOS 2016	13-Apr-22	9,000	303	Graded vesting over 4 years	13 Apr 2023 to 01 Jan 2026	0-3.75 Years
ESOS 2016	28-Apr-22	18,000	306	Graded vesting over 4 years	28 Apr 2023 to 01 Jan 2026	0-3.75 Years
ESOS 2016	24-Sep-22	902,000	435	Graded vesting over 4 years	24 Sep 2023 to 01 Jan 2026	0-3.33 Years

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51. Share-based payments [Cont'd]

b. Measurement of fair values

The fair values are measured based on the Black-Scholes-Merton model. The fair value of the options and inputs used in the measurement of the grant date fair values of the equity-settled share based payments are as follows:

31 December 2023

Particulars	Options granted on 06 February 2023	Options granted on 02 May 2023	Options granted on 03 August 2023	Options granted on 06 November 2023	Options granted on 23 November 2023
Fair value per Option at grant date (in ₹)	172.00	263.87	243.57	290.42	347.52
Share price at grant date (in ₹)	577.45	722.60	808.10	951.85	1,031.35
Exercise price (in ₹)	627.50	643.00	801.00	899.00	899.00
Expected volatility	38.03%-40.07%	37.33%-39.95%	36.65%-39.12%	35.77%-37.09%	35.71%-36.46%
Expected life (in years)	1.6-4.5	1.6-4.2	1.6-4.0	1.57-3.72	1.57-3.68
Expected dividends	0.22%	0.24%	0.43%	0.37%	0.34%
Risk-free interest rate	6.57%-6.91%	6.60%-6.69%	6.67%-6.80%	6.82%-6.96%	6.75%-6.89%

31 December 2022

Particulars	Options granted on 04 January 2022	Options granted on 03 February 2022	Options granted on 03 March 2022	Options granted on 13 April 2022	Options granted on 28 April 2022	Options granted on 24 September 2022
Fair value per Option at grant date (in ₹)	130.82	154.17	166.75	167.58	184.29	244.41
Share price at grant date (in ₹)	439.90	470.33	487.93	491.95	518.23	579.48
Exercise price (in ₹)	453.50	448.50	447.00	453.50	459.00	435.00
Expected volatility	37.45%-39.59%	37.59%-39.90%	37.56%-39.94%	37.83%-40.09%	37.64%-40.26%	37.45%-40.70%
Expected life (in years)	1.6-4.6	1.6-4.5	1.6-4.4	1.6-4.3	1.6-4.3	1.6-3.8
Expected dividends	0.28%	0.27%	0.26%	0.25%	0.24%	0.22%
Risk-free interest rate	4.28%-5.59%	4.41%-5.83%	4.52%-5.79%	4.82%-6.27%	4.9%-6.22%	6.44%-6.92%

The risk-free interest rate (continuous compounding) being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the options on the date of grant of options based on the zero-coupon yield curve for Government Securities available as on Valuation date taken from www.ccilindia.com.

The measure of volatility used in the Option-Pricing Model is the annualised standard deviation of the continuous rates of return on the stock over a period of time.

c. Effect of employee stock option schemes on the standalone statement of profit and loss

(₹ in million, unless otherwise stated)

	31 December 2023	31 December 2022
Employee stock option expense*	78.61	29.06

*included in employee benefits expense (refer note 32)

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51. Share-based payments [Cont'd]

d. Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option scheme is as follows:

	As at 31 December 2023		As at 31 December 2022	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Number of options granted,exercised and forfeited				
Options outstanding as at the beginning of the year	1,221,950	399.55	-	-
Add: Options granted during the year	172,000	767.41	1,236,950	399.55
Less: Options exercised during the year	115,736	399.55	-	-
Less: Options forfeited/lapsed during the year	45,000	399.55	15,000	399.55
Options outstanding as at the end of the year	1,233,214	450.86	1,221,950	399.55
Options exercisable at the end of the year	180,750	399.55	-	-

	As at 31 December 2023	As at 31 December 2022
Weighted average remaining life of options outstanding at the end of year (in years)	2.70	3.56

Also refer note 18(h) on sub-division/split of equity shares of the Holding Company during the year. The outstanding stock options (whether vested or unvested as on the Record Date) and exercise prices as above has been adjusted to ensure fair and reasonable adjustment to the entitlement of the Eligible Employees under the Schemes due to the sub-division/split of equity shares.

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52. Financial instruments risk

Financials risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of financial risks are market risk, credit risk and liquidity risk.

The respective management of the Holding Company and other companies/entities comprising the Group monitors and manages the financial risks relating to the operations of the respective entity/company on a continuous basis. The Group's risk management is coordinated at head office, in close cooperation with the management of respective entity/company, and focuses on actively securing the short to medium-term cash flows and simultaneously minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

52.1 Market risk analysis

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and commodity price risk, which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

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 ("EUR"), Australian Dollars (AUD), Pound Sterling ("GBP"), Zuid-Afrikaanse Rand ("ZAR"), Emirati Dirham ("AED") 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	EUR	ZWL	AUD	AED	ZAR
31 December 2023							
Financial assets							
(i) Trade receivables	0.78	-	-	6,884.63	-	-	0.02
(ii) Others	6.43	-	-	-	-	-	-
(iii) Cash and cash equivalents	7.42	-	-	10,016.19	-	-	0.79
(iv) Other bank balances	0.01	-	-	-	-	-	0.00
Total financial assets	**14.64**	**-**	**-**	**16,900.82**	**-**	**-**	**0.81**
Financial liabilities							
(i) Borrowings	7.89	-	2.76	-	-	-	-
(ii) Trade payables	15.98	0.00	1.88	2,570.26	-	-	4.27
(iii) Other financial liabilities	3.46	-	9.63	196.19	-	-	-
Total financial liabilities	**27.33**	**0.00**	**14.27**	**2,766.45**	**-**	**-**	**4.27**
31 December 2022							
Financial assets							
(i) Trade receivables	5.72	-	-	-	-	-	0.00*
(ii) Others	2.13	-	-	-	-	-	-
(iii) Cash and cash equivalents	3.42	-	-	-	-	-	6.01
(iv) Other bank balances	0.13	-	-	-	-	-	-
Total financial assets	**11.40**	**-**	**-**	**-**	**-**	**-**	**6.01**
Financial liabilities							
(i) Borrowings	2.77	-	5.92	-	-	-	-
(ii) Trade payables	16.26	0.00*	1.67	-	0.03	0.02	2.91
(iii) Other financial liabilities	3.21	-	6.38	-	-	-	-
Total financial liabilities	**22.24**	**0.00***	**13.97**	**-**	**0.03**	**0.02**	**2.91**

*Rounded off to Nil.

^Outstanding foreign currency exposure hedged (excluding interest thereon)

There are no other exposure hedged against advance currency fluctuations.

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52. **Financial instruments risk [Cont'd]**

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 2023 (31 December 2022: +/-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 against the USD by 1% (31 December 2022: 1%), AUD by 1% (31 December 2022: 1%), GBP by 1% (31 December 2022: 1%), ZWL by 1% (31 December 2022: 1%) EUR by 1% (31 December 2022: 1%), AED by 1% (31 December 2022: 1%) and ZAR by 1% (31 December 2022: 1%), the following would have been the impact:

(₹ in million)

	Profit/(loss) for the year		Equity	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
USD	10.55	8.97	10.55	8.97
GBP	0.00	0.00*	0.00	0.00*
EUR	13.14	12.32	13.14	12.32
ZWL	(32.43)	-	(32.43)	-
AUD	-	0.02	-	0.02
ZAR	0.16	(0.15)	0.16	(0.15)
AED	-	0.00	-	0.00

*Rounded off to Nil.

If the INR had weakened against the USD by 1% (31 December 2022: 1%), AUD by 1% (31 December 2022: Nil), GBP by 1% (31 December 2022: 1%), ZWL by 1% (31 December 2022: 1%) EUR by 1% (31 December 2022: 1%), AED by 1% (31 December 2022: Nil) and ZAR by 1% (31 December 2022: 1%), the following would have been the impact:

(₹ in million)

	Profit/(loss) for the year		Equity	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
USD	(10.55)	(8.97)	(10.55)	(8.97)
GBP	(0.00)	(0.00)*	(0.00)	(0.00)*
EUR	(13.14)	(12.32)	(13.14)	(12.32)
ZWL	32.43	-	32.43	-
AUD	-	(0.02)	-	(0.02)
ZAR	(0.16)	0.15	(0.16)	0.15
AED	-	(0.00)	-	(0.00)

*Rounded off to Nil.

Exposures to foreign exchange rates vary during the year depending on the volume of the overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

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52. Financial instruments risk [Cont'd]

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 2022: +/- 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 2023	(396.00)	396.00	(396.00)	396.00
31 December 2022	(293.64)	293.64	(293.64)	293.64

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	Effect on profit/(loss)		Effect on equity	
31 December 2023					
Sugar	+/-1%	(169.53)	169.53	(169.53)	169.53
Pet chips	+/-1%	(145.18)	145.18	(145.18)	145.18
31 December 2022					
Sugar	+/-1%	(148.65)	148.65	(148.65)	148.65
Pet chips	+/-1%	(107.25)	107.25	(107.25)	107.25

Other price sensitivity

The Group is not exposed to any listed equity or listed debt price risk as it does not hold any investments in listed entities.

52.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is operating through a network of distributors and other distribution partners based at different locations. The Group is exposed to this risk for various financial instruments, for example loans granted, receivables from customers, deposits placed etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at end of each reporting period, as summarised below:

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Classes of financial assets-carrying amounts:		
Investments (non-current)	31.51	0.01
Others non-current financial assets	622.67	486.80
Trade receivables	3,593.85	2,993.38
Cash and cash equivalents	2,422.12	1,543.32
Bank balances (other than those classified as cash and cash equivalents above)	2,176.50	1,309.35
Others current financial assets	7,388.23	3,977.06
	16,234.88	10,309.92

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.

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52. Financial instruments risk [Cont'd]

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 2023	As at 31 December 2022
Balance as at beginning of the year	538.87	495.36
Loss allowance measured at lifetime expected credit loss	69.47	73.51
Reversal of allowance during the year	(2.31)	-
Foreign currency translation reserve	(19.80)	(30.00)
Balance at the end of the year	**586.23**	**538.87**

The credit risk for cash and cash equivalents, bank deposits including interest accrued thereon and Government grant receivables is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and State Government bodies.

In respect of financial guarantees provided by the Group, the maximum exposure to which the Group is exposed to is the maximum amount which it would have to pay if the guarantee is called upon. Based on the expectation at the end of each reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

52.3 Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and considering the maturity profiles of financial assets and other financial liabilities as well as forecast of operational cash inflows and outflows. Liquidity needs are monitored in various time bands, on a day-to-day basis, a week-to-week basis and a month-to-month basis. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the Group's ability to avail further credit facilities subject to creation of requisite charge on its assets. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

As at 31 December 2023, the Group's non-derivative financial liabilities have contractual undiscounted maturities as summarised below:

(₹ in million)

31 December 2023	Carrying value	1 to 12 months	1 to 5 years	Later than 5 years	Total contractual cash flow
Borrowings (current and non-current)	51,943.87	20,069.19	31,452.89	580.82	52,102.91
Lease liabilities (current and non-current)	2,369.23	554.90	1,872.67	1,359.42	3,786.99
Trade payables	7,582.48	7,582.48	-	-	7,582.48
Other financial liabilities (current)	7,638.39	7,638.39	-	-	7,638.39
Total	**69,533.97**	**35,844.96**	**33,325.56**	**1,940.24**	**71,110.77**

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

(₹ in million)

31 December 2022	Carrying value	1 to 12 months	1 to 5 years	Later than 5 years	Total contractual cash flow
Borrowings (current and non-current)	36,948.12	19,666.69	17,388.87	-	37,055.56
Lease liabilities (current and non-current)	1,890.02	370.84	1,430.10	1,133.92	2,934.86
Trade payables	8,242.61	8,242.61	-	-	8,242.61
Other financial liabilities (current)	5,593.90	5,593.90	-	-	5,593.90
Total	**52,674.65**	**33,874.04**	**18,818.97**	**1,133.92**	**53,826.93**

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53. Fair value measurements

Financial instruments by categories

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

Particulars	31 December 2023		31 December 2022	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
(i) Non-current financial assets				
(a) Investment (non-current)	31.51	-	0.01	-
(ii) Non-current financial assets				
(a) Others financial assets	-	622.67	-	486.80
(iii) Current financial assets				
(a) Trade receivables	-	3,593.85	-	2,993.38
(b) Cash and cash equivalents	-	2,422.12	-	1,543.32
(c) Bank balances other than above	-	2,176.50	-	1,309.35
(d) Others financial assets	-	7,388.23	-	3,977.06
Total	**31.51**	**16,203.37**	**0.01**	**10,309.91**
Financial liabilities				
(i) Non-current borrowings (excluding those disclosed under FVTPL category above)	-	31,889.38	-	17,270.22
(ii) Non-current lease liabilities	-	1,978.85	-	1,654.25
(iii) Current financial liabilities				
(a) Borrowings	-	20,054.49	-	19,677.90
(b) Lease liabilities	-	390.38	-	235.77
(c) Trade payables	-	7,582.48	-	8,242.61
(d) Others financial liabilities	-	7,638.39	-	5,593.90
Total	**-**	**69,533.97**	**-**	**52,674.65**

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 2023 and 31 December 2022 as follows: (also refer note 3(u))

(₹ in million)

31 December 2023	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 2023	31.51	-	-	31.51

There have been no transfers of financial assets and financial liabilities between the levels during the year 2022

(₹ in million)

31 December 2022	Date of valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2022	0.01	-	-	0.01

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54. Capital management

For the purpose of the Group's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity shareholders of the Group.
The Group's capital management objectives are:
- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, non-current and current borrowings, deferred payment liabilities, current maturity of long-term debts and lease liabilities, less cash and cash equivalents, excluding discontinued operations, if any.

The amounts managed as capital by the Group for the reporting periods are summarised as follows:

(₹ in million)

Particulars		As at 31 December 2023	As at 31 December 2022
Non-current borrowings (Refer note 20A)		31,889.38	17,270.22
Current borrowings (Refer note 20C)		20,054.49	19,677.90
Lease liabilities (Refer note 20B)		1,978.85	1,654.25
Current portion of lease liabilities (Refer note 20D)		390.38	235.77
		54,313.10	**38,838.14**
Less: Cash and cash equivalents (Refer note 13)		(2,422.12)	(1,543.32)
Net debt	**(A)**	**51,890.98**	**37,294.82**
Equity share capital (Refer note 18)		6,496.07	6,495.50
Other equity (Refer note 19)		62,868.91	44,528.30
Total capital	**(B)**	**69,364.98**	**51,023.80**
Capital and net debt	**(C=A+B)**	**121,255.96**	**88,318.62**
Gearing ratio	**(A/C)**	**42.79%**	**42.23%**

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 2023 and 31 December 2022.
There is no breaches in the financial covenants of the borrowing that would permit the banks to immediately call loans and borrowings in the reporting periods.

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55. Assets pledged as security

The carrying amount of assets pledged as security are:

(₹ in million)

Particulars	As at 31 December 2023	As at 31 December 2022
Inventories and trade receivable	19,928.92	18,518.69
Other bank deposits	1,652.34	1,219.30
Other current financial assets	8,243.82	4,907.30
Other current assets	4,086.65	3,545.52
Other non current assets	42.23	1,815.72
Other intangible assets	5,450.94	5,478.86
Property, plant and equipment (including capital work-in-progress)	83,894.08	54,313.33
Right of use assets	6,400.64	6,578.77
Cash and cash equivalent	129.20	-

56. During the year ended 31 December 2023, the Holding Company on 15 June 2023 ("Record Date"), sub-divided/split of existing Equity Shares of the Company from 1 (One) Equity Share having a face value of ₹ 10/- (Rupees Ten only) each fully paid-up, into 2 (Two) Equity Shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up. Accordingly, the final dividend per share of the current year and interim dividend per share of the previous year presented have been recalculated based on the number of shares outstanding in respective periods, as increased by sub-divided/split of shares.

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57. Additional information, as required to Consolidated Financial Statements pursuant to Schedule III to the Companies Act, 2013

(₹ in million)

Name of the company/entity	Net assets i.e., total assets minus total liabilities		Share of profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
	As % of consolidated net assets*	Amount	As % of consolidated profit/(loss)*	Amount	As % of consolidated OCI*	Amount	As % of consolidated TCI*	Amount
For the year ended 31 December 2023								
A. Parent Company								
Varun Beverages Limited	84.07%	70,758.02	84.17%	17,751.30	-874.44%	(20.77)	84.06%	17,730.53
B. Subsidiaries								
Indian								
Lunarmech Technologies Private Limited	2.11%	1,773.69	1.93%	407.47	-10.54%	(0.25)	1.93%	407.22
Foreign								
Varun Beverages (Nepal) Private Limited	2.79%	2,346.21	3.33%	701.72	0.00%	-	3.33%	701.72
Varun Beverages Lanka (Private) Limited (Consolidated)	2.37%	1,992.19	1.91%	403.14	-6.73%	(0.16)	1.91%	402.98
Varun Beverages Morocco SA	3.41%	2,868.04	2.12%	446.63	0.00%	-	2.12%	446.63
Varun Beverages (Zambia) Limited (Consolidated)	0.55%	459.59	-2.71%	(571.56)	0.00%	-	-2.71%	(571.56)
Varun Beverages (Zimbabwe) (Private) Limited	5.76%	4,851.54	10.05%	2,119.24	0.00%	-	10.05%	2,119.24
Varun Beverages RDC SAS	-0.03%	(22.03)	-0.01%	(2.26)	0.00%	-	-0.01%	(2.26)
Varun Beverages International DMCC	0.73%	617.76	1.42%	299.06	0.00%	-	1.42%	299.06
Varun Beverages South Africa (PTY) Limited	0.00%	0.04	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Non-controlling interests in subsidiaries	-1.76%	(1,481.55)	-2.19%	(458.91)	991.91%	23.56	-2.07%	(435.35)
C. Associate (Investment as per equity method)								
Indian								
Clean Max Tav Private Limited^	0.00%	-	0.00%	(0.21)	0.00%	-	0.00%	(0.21)
Huoban Energy 7 Private Limited	0.00%	-	-0.01%	(1.51)	0.00%	-	-0.01%	(1.51)
D. Joint venture (Investment as per equity method)								
Indian								
IDVB Recycling Operations Private Limited^	0.00%	-	-0.01%	(3.07)	0.00%	-	-0.01%	(3.07)
	100.00%	**84,163.50**	**100.00%**	**21,091.03**	**100.00%**	**2.38**	**100.01%**	**21,093.41**
Inter group eliminations/adjustments		(14,798.52)		(531.81)		(58.83)		(590.64)
Total		**69,364.98**		**20,559.22**		**(56.45)**		**20,502.77**
For the year ended 31 December 2022								
A. Parent Company								
Varun Beverages Limited	85.19%	55,174.01	81.73%	12,701.99	12.51%	80.60	78.98%	12,782.59
B. Subsidiaries								
Indian								
Lunarmech Technologies Private Limited	2.11%	1,366.47	3.08%	478.85	-0.04%	(0.25)	2.96%	478.60
Foreign								
Varun Beverages (Nepal) Private Limited	2.20%	1,426.37	1.90%	294.66	0.00%	-	1.82%	294.66
Varun Beverages Lanka (Private) Limited (Consolidated)	2.20%	1,424.60	0.53%	82.87	0.08%	0.50	0.52%	83.37
Varun Beverages Morocco SA	3.68%	2,385.33	0.71%	110.42	0.00%	-	0.68%	110.42
Varun Beverages (Zambia) Limited (Consolidated)	1.70%	1,097.89	0.83%	128.42	0.00%	-	0.79%	128.42
Varun Beverages (Zimbabwe) (Private) Limited	4.19%	2,712.82	12.81%	1,991.16	0.00%	-	12.30%	1,991.16
Varun Beverages RDC SAS	-0.01%	(7.87)	-0.02%	(2.40)	0.00%	-	-0.01%	(2.40)
Varun Beverages International DMCC	0.48%	313.58	1.81%	281.78	0.00%	-	1.74%	281.78
Non-controlling interests in subsidiaries	-1.74%	(1,131.07)	-3.38%	(526.81)	87.45%	563.63	0.22%	36.82
C. Associate (Investment as per equity method)								
Indian								
Clean Max Tav Private Limited^	0.00%	-	0.00%	(0.05)	0.00%	-	0.00%	(0.05)
D. Joint venture (Investment as per equity method)								
Indian								
IDVB Recycling Operations Private Limited^	0.00%	-	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
	100.00%	**64,762.13**	**100.00%**	**15,540.88**	**100.00%**	**644.48**	**100.00%**	**16,185.36**
Inter group eliminations/adjustments		(13,738.33)		(566.55)		(3,799.27)		(4,365.82)
Total		**51,023.80**		**14,974.33**		**(3,154.79)**		**11,819.54**

*Percentage has been determined before considering elimination/adjustments arising out of consolidation.

^ Refer note 6.

58. **Summarised financial information for Associate and Joint Venture:**

The Group has subscribed 50% ownership interest in IDVB Recycling Operations Private Limited ("IDVB"), a joint venture on 1 July 2022, 26% ownership interest in Clean Max Tav Private Limited ("Clean Max") on 23 November 2022 and 26.34% ownership interest in Huoban Energy 7 Private Limited ("Huoban") on 09 May 2023. The Holding Company's interest in IDVB, Huoban and Clean Max is accounted at cost using the equity method in these financial statements. Summarised financial information of IDVB, Huoban and Clean Max, is set out below:

A. **Principal place of business:** India

B. **Summarised balance sheet as on 31 December 2023:**

(₹ in million)

Particulars	IDVB	Huoban	Clean Max
Non-current assets	140.30	323.32	449.58
Current assets	120.85	22.92	30.26
Non-current liabilities	(7.16)	(250.91)	(336.11)
Current liabilities	(0.01)	(32.18)	(18.35)
Net assets	**253.98**	**63.15**	**125.38**
Group share of net assets	50.00%	26.34%	26.00%
Group's carrying amount of investment	**126.99**	**16.63**	**32.60**

C. **Group's share of loss for the year**

(₹ in million)

Particulars	IDVB	Huoban	Clean Max
Revenue	-	12.55	36.68
Other income	0.69	0.18	1.13
Total income	**0.69**	**12.73**	**37.81**
Finance costs	2.17	10.53	26.10
Depreciation and amortisation expense	0.09	4.34	10.60
Other expenses	4.57	3.76	11.39
Total expense	**6.83**	**18.63**	**48.09**
Loss before tax	**(6.14)**	**(5.90)**	**(10.28)**
Tax expense	-	(0.18)	(9.49)
Loss after tax	**(6.14)**	**(5.72)**	**(0.79)**
Other comprehensive income	-	-	-
Total comprehensive income	**(6.14)**	**(5.72)**	**(0.79)**
Group's share of loss	(3.07)	(1.51)	(0.21)
Group's share of OCI	-	-	-
Group's share of total comprehensive income	**(3.07)**	**(1.51)**	**(0.21)**

59. **Disclosure relating to provision of goods and service tax (GST):**

(₹ in million)

Particulars	Provision of GST*	
	31 December 2023	31 December 2022
Opening balance	-	-
Addition	503.72	-
Utilisation	-	-
Closing balance	**503.72**	**-**

*The Holding Company has made GST provision towards tax rate difference based on the demand order amounting to ₹ 120.08 million issued by Central GST Commissionerate, Jalandhar for the period 01 July 2017 to 30 September 2021 in the State of Punjab. Considering the demand order, Holding Company has provided for GST liability on entire sales of a product for the said period. The Holding Company has not recovered the additional GST liability from its customers.

Notes:

i This provision represent estimates made mainly for probable claim arising out of dispute pending with authority. The probability and the timing of the outflow with regard to the matter depend on the final outcome of the dispute. Hence, the Holding Company is not able to reasonably ascertain the timing of the outflow.

ii Discounting obligation has not been considered as the dispute relates to Government Authority.

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60. **Additional regulatory information not disclosed elsewhere in the financial information**

a) The Holding Company and its Indian subsidiary does not have any Benami property and no proceedings have been initiated or pending against the Group for holding any Benami property, under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the rules made thereunder.

b) The Holding Company and its Indian subsidiary does not have any transactions with struck off companies under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956, except for the parties mentioned below:

Name of the struck off company	Nature of transactions with struck off company	Balance outstanding as at 31 December 2023	Relationship with the struck off company	Balance outstanding as at 31 December 2022	Relationship with the struck off company
Ace Polypet Private Limited	Sale of goods	(0.00)*	No relationship	(0.00)*	No relationship
C A Trade Links Private Limited	Security deposit received	(0.09)	No relationship	(0.09)	No relationship
Ngen Auto Private Limited	Purchases	0.00*	No relationship	0.00*	No relationship
J K Cement Private Limited	Purchases	-	No relationship	0.00*	No relationship
Nts Engineering Private Limited	Purchases	-	No relationship	-	No relationship

*Rounded off to Nil

c) The Group does not have any charges which is yet to be registered with ROC beyond the statutory period. The Group had obtained loans from banks in earlier years which have been fully repaid. However pending NOCs from banks, the satisfaction of charges is yet to be registered with ROC in some of the cases.

d) The Group has not traded or invested in Crypto currency or Virtual Currency during the current and previous financial year.

e) The Group has not advanced or provided loan to or invested funds in any entity(ies) including foreign entities (Intermediaries) or to any other person(s), with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

f) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

g) The Group has not undertaken any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

h) The Holding Company and its Indian subsidiary has not been declared a 'Wilful Defaulter' by any bank (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

i) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

j) The borrowings obtained by the Holding Company from banks have been applied for the purposes for which such loans were taken.

k) The Holding Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

l) The Holding Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the holding company with banks are in agreement with the books of accounts.

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61. On 19 December 2023, the Holding Company has entered into a binding agreement to acquire 100% stake in the business conducted by The Beverage Company (Proprietary) Limited, South Africa along with its wholly owned subsidiaries (hereinafter referred as "Bevco") with an option to accept minority co-investment from large equity fund, subject to approvals from PepsiCo Inc., Competition Commissions and other regulatory approvals (if any) for a proposed purchase consideration amounting to ZAR 3 Billion (₹ 13.2 Billion; 1 ZAR= ₹4.4). The indicative time period for completion of the acquisition is on or before 31 July 2024.
Bevco is engaged in the business of manufacturing and distribution of licensed (PepsiCo Inc.) and own-branded non-alcholic beverages in South Africa. Bevco has franchise bottling rights from PepsiCo Inc. for South Africa, Lesotho and Eswatini and distribution rights for Namibia and Botswana.

Notes:

i This provision represent estimates made mainly for probable claim arising out of dispute pending with authority. The probability and the timing of the outflow with regard to the matter depend on the final outcome of the dispute. Hence, the Holding Company is not able to reasonably ascertain the timing of the outflow.

ii Discounting obligation has been ignored considering that these dispute relate to Government Authority.

62. **Subsequent events occurred after the balance sheet date:**

i On 25 January 2024, the Holding Company has started commercial production of products of the Company including backward integeration at its new greenfiled production facility at Supa, Maharashtra.

ii The Holding Company and Varun Beverages International DMCC has subscribed its 99% and 1% share capital for a consideration of ₹ 1.32 million and ₹ 0.01 million on 02 January 2024 and 18 January 2024 respectively in newly incorporated subsidiary company i.e. Varun Beverages Mozambique,SA in Mozambique for selling and distribution of beverages.

iii The Board of Directors in their meeting held on 05 February 2024 have approved a payment of final dividend of ₹ 1.25 (Rupees one and paise twenty five only) per equity share of the face value of ₹ 5 each, subject to the approval of equity shareholders in ensuing annual general meeting of the Holding Company. With this, total dividend declared for year ended 31 December 2023 stands at ₹ 2.50 (Rupees two and paise fifty only) per equity share of the face value of ₹ 5 each.

63. The amounts of previous reported period have been regrouped/reclassified wherever considered necessary in order to comply with financial reporting requirements.

The accompanying notes 1 to 63 are an integral part of the consolidated financial statements.
As per our report of even date attached.

For J.C. Bhalla & Co.
Chartered Accountants
Firm's Registration No.: 001111N

Akhil Bhalla
Partner
Membership No.: 505002

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

Neeraj Kumar Agarwal
Partner
Membership No.: 094155

Place: Gurugram
Dated: 05 February 2024

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

Lalit Malik
Chief Financial Officer

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

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/Associate companies/Joint ventures

Part A: Subsidiaries

(₹ in million, except as stated otherwise)

S.No		1	2	3	4	5	6	7	8	9
	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**	**Varun Beverages RDC SAS**	**Varun Beverages International DMCC**	**Varun Beverages South Africa (Pty) Limited^**
	Date of acquisition	01 January 2012	01 January 2012	01 January 2012	01 January 2016	01 January 2016	04 November 2019	31 December 2021	31 January 2022	23 May 2023
	Financial year ended	16 July 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 March 2023	31 December 2023	31 December 2023	31 December 2023
	Reporting period for consolidation	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023
	Reporting Currency	NPR	LKR	MAD	ZMW	USD	INR	CDF	AED	ZAR
	Exchange rate on the last day of financial year	0.62441	0.25509	8.25350	3.21714	83.11640	1.00000	0.03075	22.60700	4.53425
	Average exchange rate during the financial year	0.62441	0.25096	8.06442	4.11611	82.59991	1.00000	0.03537	22.47730	4.53425
1	Share Capital	907.31	2,896.82	6,215.07	843.71	0.07	9.95	0.74	20.68	0.05
2	Reserves and surplus	1,438.90	(904.63)	(3,347.04)	(384.12)	4,851.46	1,763.74	(22.78)	597.07	(0.01)
3	Total Assets	5,652.98	2,598.37	9,228.87	2,081.67	7,300.82	2,355.06	2,779.47	3,473.86	0.04
4	Total Liabilities	3,306.77	606.24	6,339.92	1,627.68	2,449.28	581.37	2,782.55	2,853.66	-
5	Investments	-	-	-	-	-	-	-	-	-
6	Turnover	6,631.65	2,848.23	10,164.07	3,415.72	14,379.04	2,001.10	-	3,395.26	-
7	Profit/(Loss) before tax	890.07	444.55	410.98	(406.37)	2,111.76	540.11	(2.26)	298.09	(0.01)
8	Provision for tax	188.35	85.17	38.96	-	-	132.64	-	-	-
9	Profit/(Loss) after tax	701.72	359.39	372.02	(406.37)	2,111.76	407.47	(2.26)	298.09	(0.01)
10	Proposed Dividend	407.53	-	-	-	-	-	-	-	-
11	% of shareholding	100.00%	100.00%	100.00%	90.00%	85.00%	60.07%	100.00%	100.00%	100.00%

* Consolidated figures

^Incorporated on 23 May 2023 and yet to commence operations as on reporting date.

Note: On 21 November 2023, incorporated a new subsidiary named "VBL Mozambique, SA" and subsequent to the year ended 31 December 2023, the Group has subscribed its 100% share capital and the said subsidiary is yet to commence its operations as on reporting date.

J.C. BHALLA & CO. Chartered Accountants

O.P. BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

Part B: Associates and Joint venture

(₹ in million, except as stated otherwise)

S.No.	Particulars	IDVB Recycling Operations Private Limited*	Clean Max Tav Private Limited	Huoban Energy 7 Private Limited
	Latest Audited Balance sheet date	31 March 2023	31 December 2023	31 March 2023
	Date of acquisition	01 July 2022	23 November 2022	09 May 2023
	Reporting Currency	INR	INR	INR
1	Shares of Associate/Joint venture held by the Holding company on the year end: (Number)	13,007,000	21,030	1,247,943
	Amount of investment in Associate/joint venture	130.07	32.85	21.24
	Total number of shares	26,014,000	80,881	4,738,129
	Extent of holding %	50.00%	26.00%	26.34%
	Description of how there is significant influence	Joint Venture	Associate	Associate
2	Networth attributable to shareholding as per latest Balance Sheet	253.98	125.38	63.14
3	Loss for the year:			
	Considered in consolidation	(3.07)	(0.21)	(1.51)
	Not considered in consolidation	(3.07)	(0.59)	(4.22)

* Incorporated on 20 May 2022 and yet to commence commercial operations as on reporting date.

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

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

Lalit Malik
Chief Financial Officer

Place: Gurugram
Dated: 05 February 2024

Independent Auditor's Report

To the Members of Varun Beverages Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 December 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint venture, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associate and joint venture, as at 31 December 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of intangible assets including Goodwill (Refer note 3(e) and 3(k) for accounting policies on Intangibles assets and Business combinations and Goodwill respectively. Further note 5 to the consolidated financial statements)	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 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

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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 5,386.36 million respectively, that are required to be tested for impairment by the management on an annual basis in accordance with Ind AS 36, Impairment of Assets. The aforesaid assessment of the impairment testing involves significant judgement around the determination of the recoverable amounts, being the higher of value in use and fair value less costs of disposal. Recoverable amounts are based on management's view of the future cash flows and prospects of the business, the appropriate discount rates and other industry specific risk factors. The key judgements in determining the recoverable amounts relates to the forecast of future cash flows based on strategy using macroeconomic assumptions such as industry growth, inflation and expected growth in market share, capital expenditure and working capital requirements, among others. Changes in the management forecasts or assumptions can impact the assessment of the discounted cash flows. Considering the materiality of the amounts involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the forecasted cash flows used in the impairment evaluation, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, impairment assessment of Goodwill and the Franchise rights was determined as a key audit matter.	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 test procedures; • 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 the management from an independent valuer for Franchise rights 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 the 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 Ind AS.
Claims, Appeals and Litigations – provisions and contingent liabilities (Refer note 42 to the consolidated financial statements for the amounts of contingent liabilities) The Group is involved in various direct, indirect tax and other claims, appeals and litigations (hereafter, referred to as "Matters") that are pending with different statutory authorities and judicial courts. The management exercises significant judgement for determining the need for and the amount of provisions, for any liabilities, arising from these matters.	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 with the applicable accounting standards; • Assessed the Group's process and the underlying controls for identification of the pending matters and completeness for financial reporting and also for monitoring of significant developments in relation to such pending matters; • Assessed the management's assumptions and estimates in respect of matters, including the liabilities or provisions recognised or contingent liabilities disclosed in the consolidated financial statements. This involved assessing the probability of an

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Key audit matter	How our audit addressed the key audit matter
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 matters, the significance of the amounts involved and the subjectivity involved in management's judgement as to whether any amount should be recognised as a provision or be disclosed or not as a contingent liability in the consolidated financial statements.	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; • Assessed the management's conclusions through understanding relevant judicial precedents in similar cases and the applicable rules and regulations and through a discussion with Company's legal department and legal counsels appointed by the Company; • 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 matters and changes in the disputes, if any, through discussions with the management and by reading external advice received by the Group, where relevant, to validate management's conclusions; and • Assessed the appropriateness of the Group's description of the accounting policy, disclosures related to matters and whether these are adequately presented in the consolidated financial statements.

As referred to in note 3(j) of accounting policies and note 38 to the consolidated financials statement, the following key audit matter with respect to the audit opinion on the financial statements of Varun Beverages Zimbabwe (Private) Limited, a subsidiary of the Holding Company, has been reported by the component auditor vide its report dated 20 January 2023 and has been reproduced by us as under:

Key audit matter	How our audit addressed the key audit matter
Hyperinflationary accounting for Varun Beverages Zimbabwe (Private) Limited ("VBZL"), a subsidiary During the year ended December 2019, the Reserve Bank of Zimbabwe introduced Zimbabwean Dollar ("ZMD/ RTGS Dollar") as the local currency which was adopted by VBZL as its functional currency. Further, the Zimbabwean economy has been classified as hyperinflationary in accordance with the factors and characteristics of a hyperinflationary economy as described in Ind AS 29 'Financial Reporting in Hyper-Inflationary Economies' ("Ind AS 29") with effect from 01 July 2019. Consequently, for the year ended 31 December 2022, the management has prepared the financial statements of VBZL, based on the restatement principles of Ind AS 29. 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.	Key procedures as performed by the Component auditor 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; • Assessed whether the accounting treatment applied for all the elements of the financial statements are in accordance with the requirements of Ind AS 29;

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Key audit matter	How our audit addressed the key audit matter
	• 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 are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associate and joint venture in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, and its associate company and joint venture company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

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

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate and joint venture.

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

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

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

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Other Matters

15. We did not audit the financial statements of nine subsidiaries, whose financial statements reflects total assets of ₹ 26,992.88 million and net assets of ₹ 10,719.19 million as at 31 December 2022, total revenues of ₹ 32,926.73 million and net cash outflows amounting to ₹ 196.58 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements has been audited by other auditors whose reports has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.
    The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 0.06 million for the year ended 31 December 2022, as considered in the consolidated financial statements, in respect of one associate and one joint venture, whose financial information has not been audited by us. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid associate and joint venture, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

16. The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by the predecessor joint auditor, APAS & Co LLP, who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 03 February 2022.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries, associate and joint venture, we report that the Holding Company, and one subsidiary company, incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to eight subsidiary companies, one associate company and one joint venture company, since none of such companies is a public company as defined under section 2(71) of the Act.

18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraph 15 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies. Further, following is the company included in the consolidated financial statements for the year ended 31 December 2022 and covered under that Act that are audited by other auditor for which the respective reports under section 143(11) of the Act of such companies have not yet been issued by the respective other auditor, as per information and explanation given to us by the management in this respect.

S No	Name	CIN	Subsidiary/ Associate/ Joint Venture	Remarks
1	Lunarmech Technologies Private Limited	U72900DL2009PTC190619	Subsidiary	Company follows different financial year (April to March)

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19. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and subsidiary, incorporated in India whose financial statements have been audited under the Act and other financial information of the un-audited financial information of associate and joint venture incorporated in India whose financial information are provided to us by the management of the Holding Company, we report, to the extent applicable, that:

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

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

   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 read with the Companies (Indian Accounting Standards) Rules, 2015;

   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 the statutory auditor of its subsidiary company, covered under the Act, none of the directors of the Group companies, are disqualified as on 31 December 2022 from being appointed as a director in terms of section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies, associate company and joint venture company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II' wherein we have expressed an unmodified opinion; and

   g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries, associate and joint venture incorporated in India whose financial statements have been audited under the Act:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture as detailed in Note 42 to the consolidated financial statements;

   ii. The Holding Company, its subsidiary companies, associate company and joint venture company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 December 2022

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate company and joint venture company covered under the Act, during the year ended 31 December 2022;

   iv. a The respective managements of the Holding Company and its subsidiary company, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, and in respect of the un-audited financial information of associate and joint venture company incorporated in India the management of Holding Company have represented to us that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, its associate companies or its joint venture companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, its associate companies or its joint venture companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

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b. The respective managements of the Holding Company and its subsidiary company, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, and in respect of the un-audited financial information of associate and joint venture company incorporated in India the management of Holding Company have represented to us that, to the best of their knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies or its joint venture companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies, its associate companies or its joint venture companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The interim dividend declared and paid by the Holding Company during the year ended 31 December 2022 and until the date of this audit report is in compliance with section 123 of the Act and as stated in note 56 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 December 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

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

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

Ashish Gupta
Partner
Membership No. 504662
UDIN: 23504662BGWGCJ7100

Place: Gurugram
Date: 06 February 2023

L-41, Connaught Place,
New Delhi 110001

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

O P BAGLA & CO LLP ★ FRN: 000018N/N500091 ★ CA New Delhi Chartered Accountants

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN: 23094155BGXOOQ4974

Place: Gurugram
Date: 06 February 2023

B-225,5th Floor, Okhla Industrial Area,
Phase 1, New Delhi 110020

Annexure 1

List of entities included in the Statement

Holding Company

1. Varun Beverages Limited

Subsidiaries

1. Varun Beverages (Nepal) Private Limited
2. Varun Beverages Lanka (Private) Limited
3. Varun Beverages Morocco SA
4. Ole Spring Bottlers (Private) Limited
5. Varun Beverages (Zambia) Limited
6. Varun Beverages (Zimbabwe) (Private) Limited
7. Lunarmech Technologies Private Limited
8. Varun Beverages RDC SAS
9. Varun Beverages International DMCC (with effect from 31 January 2022)

Associate

1. Clean Max Tav Private Limited (with effect from 23 November 2022)

Joint Venture

1. IDVB Recycling Operations Private Limited (with effect from 1 July 2022)

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Annexure II

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

1. In conjunction with our audit of the consolidated financial statements of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture as at and for the year ended 31 December 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company, its associate company and joint venture company, which are companies covered under the Act, as at that date.

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

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

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

3. The audit of internal financial controls with reference to financial statements of the aforementioned associate and joint venture, which are companies covered under the Act, and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13 June 2017 read with corrigendum dated 14 July 2017. Consequently, our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi * Chartered Accountants *

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 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 Holding Company, which is a company covered under the Act, has in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 December 2022, based on the Guidance Note issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to a subsidiary company, which is a company covered under the Act, whose financial statements reflect total assets of ₹ 2,133.90 million and net assets of ₹ 1,366.47 million as at 31 December 2022, total revenues of ₹ 2,338.36 million and net cash inflows amounting to ₹ 252.81 million for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company, have been audited by other auditors whose report have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary company as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the report of the auditor of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

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

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

Ashish Gupta
Partner
Membership No. 504662
UDIN: 23504662BGWGCJ7100

Place: Gurugram
Date: 06 February 2023

L-41, Connaught Place,
New Delhi 110001

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

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

Neeraj Kumar Agarwal
Partner
Membership No. 094155
UDIN: 23094155BGXOOQ4974

Place: Gurugram
Date: 06 February 2023

B-225,5th Floor, Okhla Industrial Area,
Phase 1, New Delhi 110020

Varun Beverages Limited
Consolidated Balance Sheet as at 31 December 2022

(₹ in million)

	Notes	As at 31 December 2022	As at 31 December 2021
Assets			
Non-current assets			
(a) Property, plant and equipment	4A	54,415.78	51,551.72
(b) Capital work-in-progress	4B	6,066.32	4,966.08
(c) Right of use assets	4C	9,155.01	5,727.99
(d) Goodwill	5A	242.30	242.30
(e) Other intangible assets	5B	5,509.10	5,585.74
(f) Investment in associate and joint venture	6	0.04	-
(g) Financial assets			
(i) Investments	7	0.01	0.01
(ii) Other financial assets	8	486.80	420.63
(h) Deferred tax assets (Net)	9	-	24.07
(i) Other non-current assets	10	6,266.77	1,839.23
Total non-current assets		**82,142.13**	**70,357.77**
Current assets			
(a) Inventories	11	19,938.85	14,480.87
(b) Financial assets			
(i) Trade receivables	12	2,993.38	2,212.49
(ii) Cash and cash equivalents	13	1,543.32	1,507.50
(iii) Bank balances other than (ii) above	14	1,309.35	1,858.72
(iv) Others	15	3,977.06	2,455.55
(c) Current tax assets (Net)	16	-	11.08
(d) Other current assets	17	4,278.34	2,934.92
Total current assets		**34,040.30**	**25,461.13**
Total assets		**116,182.43**	**95,818.90**
Equity and liabilities			
Equity			
(a) Equity share capital	18	6,495.50	4,330.33
(b) Other equity	19	44,528.30	36,468.75
Equity attributable to owners of the Parent Company		**51,023.80**	**40,799.08**
Non-controlling interest		1,131.07	1,167.89
Total equity		**52,154.87**	**41,966.97**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20A	17,270.22	18,133.27
(ii) Lease liabilities	20B	1,654.25	312.63
(b) Provisions	21	2,041.13	2,085.43
(c) Deferred tax liabilities (Net)	9	3,368.48	3,111.41
(d) Other non-current liabilities	22	5.94	6.73
Total non-current liabilities		**24,340.02**	**23,649.47**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20C	19,677.90	15,285.68
(ia) Lease liabilities	20D	235.77	136.02
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	23	659.11	342.85
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	23	7,583.50	6,774.68
(iii) Other financial liabilities	24	5,593.90	3,929.66
(b) Other current liabilities	25	4,889.77	3,096.76
(c) Provisions	21	291.91	497.40
(d) Current tax liabilities (Net)	26	755.68	139.41
Total current liabilities		**39,687.54**	**30,202.46**
Total liabilities		**64,027.56**	**53,851.93**
Total equity and liabilities		**116,182.43**	**95,818.90**

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

Ashish Gupta
Partner
Membership No.: 504662

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

Neeraj Kumar Agarwal
Partner
Membership No.: 94155

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

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Rajesh Chawla
Chief Financial Officer

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

Place: Gurugram
Dated: 06 February 2023

Varun Beverages Limited
Consolidated Statement of Profit and Loss for the year ended 31 December 2022

(₹ in million, unless otherwise stated)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Income			
Revenue from operations	27	133,905.58	89,582.91
Other income	28	388.49	679.25
Total income		**134,294.07**	**90,262.16**
Expenses			
Cost of materials consumed	29	64,170.92	39,689.13
Excise duty		2,174.16	1,350.61
Purchases of stock-in-trade	30	1,885.71	1,654.69
Changes in inventories of finished goods, stock-in-trade and work-in-progress	31	(3,445.07)	(997.22)
Employee benefits expense	32	12,166.42	10,076.99
Finance costs	33	1,861.22	1,847.00
Depreciation, amortisation and impairment expense	34	6,171.89	5,312.62
Other expenses	35	29,072.39	21,262.26
Total expenses		**114,057.64**	**80,196.08**
Profit before share of loss of associate & joint venture and tax		**20,236.43**	**10,066.08**
Share of loss of associate and joint venture	6	(0.06)	-
Profit before tax		**20,236.37**	**10,066.08**
Tax expense			
(a) Current tax	26	4,258.66	1,341.98
(b) Adjustment of tax relating to earlier periods	26	226.91	350.06
(c) Deferred tax expense	9	249.66	913.52
Total tax expense		**4,735.23**	**2,605.56**
Net profit for the year		**15,501.14**	**7,460.52**
Other comprehensive income	36		
(a) Items that will not to be reclassified to Profit or Loss:			
(i) Re-measurement losses on defined benefit plans		107.87	85.99
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(27.02)	(18.93)
(b) Items that will be reclassified to Profit or Loss:			
(i) Exchange differences arising on translation of foreign operations		(3,799.27)	(365.92)
Total other comprehensive loss		**(3,718.42)**	**(298.86)**
Total comprehensive income for the year (including non-controlling interest)		**11,782.72**	**7,161.66**
Net profit attributable to:			
(a) Owners of the Company		14,974.33	6,940.52
(b) Non-controlling interest		526.81	520.00
Other comprehensive income attributable to:			
(a) Owners of the Company		(3,154.79)	(298.87)
(b) Non-controlling interest		(563.63)	0.01
Total comprehensive income attributable to:			
(a) Owners of the Company		11,819.54	6,641.65
(b) Non-controlling interest		(36.82)	520.01
Earnings per equity share of face value of ₹ 10 each			
Basic (₹)	40	23.05	10.69
Diluted (₹)	40	23.05	10.69
Significant accounting policies	3		

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

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

Ashish Gupta
Partner
Membership No.: 504662

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

Neeraj Kumar Agarwal
Partner
Membership No.: 94155

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

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Rajesh Chawla
Chief Financial Officer

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

Place: Gurugram
Dated: 06 February 2023

Varun Beverages Limited
Consolidated Cash Flow Statement for the year ended 31 December 2022

(Indirect Method) (₹ in million)

Particulars	Year ended 31 December 2022	Year ended 31 December 2021
A. Operating activities		
Profit before tax and share of loss in associate and joint venture	20,236.43	10,066.08
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment on property, plant and equipment	5,830.99	5,037.54
Amortisation of intangible assets and right of use assets	340.90	275.08
Interest expense at amortised cost	1,854.49	1,850.37
Interest income at amortised cost	(228.29)	(145.16)
Profit on sale of current investments	(3.67)	(0.70)
Excess provisions written back	(9.20)	(58.38)
Share based payment to employees	29.06	-
Loss on disposal/written off of property, plant and equipment (Net)	623.26	258.71
Bad debts and advances written off	25.71	-
Allowance for expected credit loss	73.51	58.92
Unrealised foreign exchange fluctuation	(1,287.68)	(1,098.50)
Operating profit before working capital changes	27,485.51	16,243.96
Working capital adjustments		
Increase in inventories	(5,568.33)	(5,192.83)
(Increase)/decrease in trade receivables	(1,233.80)	146.56
Increase in current and non-current financial assets and other current and non-current assets	(3,257.13)	(921.85)
Increase in current financial liabilities and other current and non-current liabilities and provisions	4,207.33	3,280.66
Total cash from operations	**21,633.58**	**13,556.50**
Income tax paid	(3,733.29)	(1,242.28)
Net cash flows from operating activities (A)	**17,900.29**	**12,314.22**
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)	(18,009.92)	(8,348.00)
Proceeds from disposal of property, plant and equipment and intangible assets	510.93	193.51
Change in advance received for capital assets	-	(1,074.43)
Investment in associate and joint venture	(0.10)	-
Interest received	232.42	132.46
Proceeds from sale of current investments (Net)	3.67	0.70
Decrease/(increase) in other bank balances	217.02	(1,010.63)
Net cash used in investing activities (B)	**(17,045.98)**	**(10,106.39)**
C. Financing activities		
Proceeds from long-term borrowings	14,777.20	8,548.06
Repayment of long-term borrowings	(11,373.59)	(6,408.51)
Repayment of lease liabilities	(234.40)	(188.65)
Repayments of short-term borrowings (Net)	(7.97)	(853.66)
Interest paid (inclusive of interest paid on lease liabilities ₹ 44.26 (31 December 2021:₹ 30.50))	(1,716.79)	(1,791.48)
Dividend paid	(1,623.87)	(1,082.58)
Net cash used in financing activities (C)	**(179.42)**	**(1,776.82)**
Net change in cash and cash equivalents (D=A+B+C)	**674.89**	**431.01**
Cash and cash equivalents at the beginning of year (E)	1,507.50	1,045.58
Unrealised exchange difference on translation of cash and cash equivalent in subsidiaries (F)	(639.07)	30.91
Cash and cash equivalents at the end of year (G= D+E+F) (Refer note 13)	**1,543.32**	**1,507.50**

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WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

O P BAGLA & CO LLP * FRN : 000018N/N500091 * New Delhi * Chartered Accountants *

Varun Beverages Limited
Consolidated Cash Flow Statement for the year ended 31 December 2022 [Cont'd]

Notes:

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

(₹ in million)

	Non-current borrowings*	Current borrowings	Lease Liabilities (Non-current and current)
Balance as at 01 January 2022	27,134.03	6,284.92	448.65
Cash flows (Net)	3,403.61	(7.97)	(234.40)
Non-cash changes:			
Recognition of lease liabilities	-	-	1,665.92
Impact of fair value changes	74.19	-	-
Impact of exchange fluctuations	59.34	-	9.85
Balance as at 31 December 2022	**30,671.17**	**6,276.95**	**1,890.02**

(₹ in million)

	Non-current borrowings*	Current borrowings	Lease Liabilities (Non-current and current)
Balance as at 01 January 2021	24,920.39	7,138.58	346.65
Cash flows (Net)	2,139.55	(853.66)	(188.65)
Non-cash changes:			
Recognition of lease liabilities	-	-	341.37
Impact of fair value changes	89.27	-	-
Impact of exchange fluctuations	(15.18)	-	(50.72)
Balance as at 31 December 2021	**27,134.03**	**6,284.92**	**448.65**

*includes current maturity of long-term debts amounting to ₹ 13,400.95 million (31 December 2021:₹ 9,000.76 million)

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

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

Ashish Gupta
Partner
Membership No.: 504662

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

Neeraj Kumar Agarwal
Partner
Membership No.: 94155

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

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Rajesh Chawla
Chief Financial Officer

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

Place: Gurugram
Dated: 06 February 2023

Varun Beverages Limited
Consolidated Statement of Changes in Equity for the year ended 31 December 2022

A Equity share capital

(₹ in million)

Particulars	Notes	Number of shares	Amount
Balance as at 01 January 2021		288,688,720	2,886.89
Changes in equity share capital during the year 2021		144,344,360	1,443.44
Balance as at 31 December 2021	18	**433,033,080**	**4,330.33**
Changes in equity share capital during the year 2022		216,516,540	2,165.17
Balance as at 31 December 2022	18	**649,549,620**	**6,495.50**

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				
Balance as at 01 January 2021		**(2,279.78)**	**533.93**	**26,178.17**	**-**	**444.26**	**8,042.43**	**(565.89)**	**32,353.12**	**647.88**	**33,001.00**
Profit for the year		-	-	-	-	-	6,940.52	-	6,940.52	520.00	7,460.52
Other comprehensive income for the year (Net of deferred taxes)											
Re-measurement gains on defined benefit plans		-	-	-	-	-	67.05	-	67.05	0.01	67.06
Exchange differences arising on translation of foreign operations		-	-	-	-	-	-	(365.92)	(365.92)	-	(365.92)
Dividend paid** (Refer note 41)		-	-	-	-	-	(1,082.58)	-	(1,082.58)	-	(1,082.58)
Amount utilised for bonus issue		-	-	(1,443.44)	-	-	-	-	(1,443.44)	-	(1,443.44)
Balance as at 31 December 2021	21	**(2,279.78)**	**533.93**	**24,734.73**	**-**	**444.26**	**13,967.42**	**(931.81)**	**36,468.75**	**1,167.89**	**37,636.64**
Profit for the year		-	-	-	-	-	14,974.33	-	14,974.33	526.81	15,501.14
Other comprehensive income for the year (Net of deferred taxes)											
Re-measurement gains on defined benefit plans		-	-	-	-	-	80.96	-	80.96	(0.11)	80.85
Exchange differences arising on translation of foreign operations		-	-	-	-	-	-	(3,235.76)	(3,235.76)	(563.52)	(3,799.28)
Dividend paid** (Refer note 41)		-	-	-	-	-	(1,623.87)	-	(1,623.87)	-	(1,623.87)
Recognition of share based payment expenses (Refer note 51)		-	-	-	29.06	-	-	-	29.06	-	29.06
Amount utilised for bonus issue		-	-	(2,165.17)	-	-	-	-	(2,165.17)	-	(2,165.17)
Balance as at 31 December 2022	21	**(2,279.78)**	**533.93**	**22,569.56**	**29.06**	**444.26**	**27,398.84**	**(4,167.57)**	**44,528.30**	**1,131.07**	**45,659.37**

**Transaction with owners in their capacity as owners.

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached.

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

Ashish Gupta
Partner
Membership No.: 504662

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

Neeraj Kumar Agarwal
Partner
Membership No.: 94155

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

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Rajesh Chawla
Chief Financial Officer

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

Place: Gurugram
Dated: 06 February 2023

1. Corporate information

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

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

2. Basis of preparation

These Consolidated Financial Statements ("the CFS") of the Group have been prepared in accordance with the Indian Accounting Standards ("Ind AS") and comply with requirements of Ind AS, stipulations contained in Schedule III (revised) as applicable under Section 133 of the Companies Act, 2013 ("the Act"), and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI) the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other pronouncements/ provisions of applicable laws. These financial statements are authorised for issue on 06 February 2023 in accordance with a resolution of the Board of Directors. The Board of Directors can permit the revision to the standalone financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

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

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

i. Derivative financial instruments;
ii. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);
iii. Defined benefit plans- plan assets measured at fair value; and
iv. Share based payments;

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

i. Expected to be realised or intended to sold or consumed in normal operating cycle;
ii. Held primarily for the purpose of trading;
iii. Expected to be realised within twelve months after the reporting period; or
iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current if it satisfies any of the following conditions:
i. It is expected to be settled in normal operating cycle;
ii. It is held primarily for the purpose of trading;
iii. It is due to be settled within twelve months after the reporting period; or
iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

Basis of preparation [Cont'd]

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.

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.

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Basis of consolidation [Cont'd]

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.

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Basis of consolidation [Cont'd]

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.

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.

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b) Revenue recognition

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

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

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

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

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

c) Inventories

Inventories are valued as follows:

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

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

iii. Intermediate goods/ Finished goods:

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

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

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Inventories [Cont'd]

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

d) Property, plant and equipment

Measurement at recognition:

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

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

a. it is probable that future economic benefits associated with the item will flow to the entity; and
b. the cost of the item can be measured reliably.

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

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

Depreciation:

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

Description	Useful lives (upto)
Leasehold land	Over lease period
Buildings - factory	20-50 years
Buildings - others	59-60 years
Plant and equipment	4-20 years
Furniture and fixtures	5-10 years
Delivery vehicles	4-10 years
Vehicles (other than delivery vehicles)	4-7 years
Office equipment	4-10 years
Computer equipment	3-5 years
Containers	4-10 years
Post-mix vending machines and refrigerators (Visi-Coolers)	7-10 years
Power generating assets	22 years

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Property, plant and equipment [Cont'd]

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.

<u>Derecognition:</u>

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

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

e) Intangible assets

Intangible assets are initially recognised at:

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

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

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

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

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

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Intangible assets [Cont'd]

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

f) Borrowing costs

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

g) Leases

The Group as a lessee

The Group enters into an arrangement for lease of buildings and equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with Ind AS 116 – Leases, at inception of the contract, the Group assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability 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.

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Leases [Cont'd]

The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfills the requirements of Ind AS 40 - Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Consolidated Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item in the standalone financial statements of the Group.

The Group has elected not to apply the requirements of Ind AS 116 - Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

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'.

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Leases [Cont'd]

The accounting policies applicable to the Group as a lessor in the comparative period were not different from Ind AS 116 - Leases. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

h) Employee benefits

Contribution to provident and other funds
Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity
Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Group recognises termination benefit as a liability and an expense when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Gratuity liability is accrued on the basis of an actuarial valuation made at the end of the year. The actuarial valuation is performed by an independent actuary as per projected unit credit method, except for few subsidiary companies where gratuity liability is provided on full cost basis.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in Consolidated Statement of Profit and Loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring cost

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

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Employee benefits [Cont'd]

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

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

Compensated absences
The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit which are computed based on the actuarial valuation using the projected unit credit method at the year end except for few subsidiary companies where accumulated leave liability is provided on full cost basis. Actuarial gains/losses are immediately taken to the Consolidated Statement of Profit and Loss and are not deferred. The

Group presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the balance is presented as a non-current liability.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

All other employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognised in the Consolidated Statement of Profit and Loss in the period in which the employee renders the related service.

i) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments which are classified as equity-settled transactions.

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

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

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Share-based payments [Cont'd]

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the parent company or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

j) Foreign currency transactions and translations

The Group's consolidated financial statements are presented in INR, which is also the parent company's 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.

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Foreign currency transactions and translations [Cont'd]

Financial statements of entity whose functional currency is the currency of a hyperinflationary economy

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy is stated in terms of the measuring unit current at the end of the reporting period.

Monetary items are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period.

Non-monetary items, which are carried at amounts current at the end of the reporting period, such as net realisable value and fair value, are not restated. All other nonmonetary assets and liabilities which are carried at cost or cost less depreciation are restated by applying to its historical cost and accumulated depreciation the change in a general price index from the date of acquisition to the end of the reporting period. However, where detailed records of the acquisition dates are not available or capable of estimation, in those cases, restatement is computed based on independent professional assessment or by using the best estimate, i.e., by capturing the movements in the exchange rate between the functional currency and a relatively stable foreign currency.

Statement of profit and loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore all amounts are restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

At the beginning of the first period of application, the components of shareholder's equity, excluding retained earnings and any revaluation surplus, are restated by applying a general price index from 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.

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Business combinations and goodwill [Cont'd]

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments' ("Ind AS 109"), is measured at fair value with changes in fair value recognised in the Consolidated Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve.

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

A cash generating unit to which goodwill has been allocated is tested for impairment annually, 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.

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Business combinations and goodwill [Cont'd]

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

l) Government grants

Grants from the Government are recognised when there is reasonable assurance that all underlying conditions will be complied with and that the grant will be received.

When loans or similar assistance are provided by Government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. That grant is recognised in the Consolidated Statement of Profit and Loss under 'other operating revenue'. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Government grants related to assets are presented in the Consolidated balance sheet by deducting the grant from the carrying value of the asset and non-monetary grant is recognised at a nominal value.

Grants related to income are recognised as income on a systematic basis in the Consolidated Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate and are presented as 'other operating revenues'.

Total government grant recognised in the Consolidated Statement of Profit and Loss under the head 'Other operating revenue' amounts to ₹ 1,853.06 million (31 December 2021: ₹ 1,430.81 million) under different industrial promotion tax exemption schemes.

m) Taxes

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

Current income tax

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

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

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate including amount expected to be paid/recovered for uncertain tax position.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their book bases. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been

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Taxes [Cont'd]

enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

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

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

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

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

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

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

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

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

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

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

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n) Segment reporting

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

o) Discontinued operations

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

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

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

p) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless

the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

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.

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Impairment of non-financial assets [Cont'd]

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Consolidated Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

q) Financial instruments

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

Financial assets

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

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

a) Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost where the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and contractual terms of the asset give rise to cash flows on specified dates that are solely payments of principal and interest.
After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income from these financial assets is included in other

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

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

c) Debt instruments at Fair Value Through Profit or Loss

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

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

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

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

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Financial instruments [Cont'd]

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

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

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

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

Financial liabilities

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

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

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

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

a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the 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.

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Financial instruments [Cont'd]

b) Financial liabilities at amortised cost

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

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

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

Derivative financial instruments

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

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

Non-current assets classified as held for sale are presented separately in the Balance Sheet and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arises on remeasurement or sale is included in the Consolidated Statement of Profit and Loss.

If an entity has classified an asset (or disposal group) as held for sale, but the held-for-sale criteria as specified in Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations' are no longer met, the Group ceases to classify the asset (or disposal group) as held for sale.

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

a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and
b) its recoverable amount at the date of the subsequent decision not to sell.

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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.

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.

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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.

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Significant accounting judgements, estimates and assumptions [Cont'd]

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.

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4A. Property, plant and equipment

(₹ in million)

	Land freehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount										
Balance as at 01 January 2022	7,203.14	14,414.94	39,658.25	293.35	2,102.07	344.58	284.03	4,508.86	12,080.03	80,889.25
Additions for the year	781.60	1,711.03	6,919.33	26.69	118.26	93.13	64.80	1,530.65	430.47	11,675.96
Disposals/adjustments for the year	(7.13)	(2.30)	(1,575.38)	(4.10)	(51.00)	(13.15)	(8.43)	(507.58)	(196.18)	(2,365.25)
Foreign exchange fluctuation for the year	(180.01)	(582.24)	(1,307.87)	(25.71)	(105.18)	(22.67)	(14.28)	(104.00)	(332.54)	(2,674.50)
Balance as at 31 December 2022	7,797.60	15,541.43	43,694.33	290.23	2,064.15	401.89	326.12	5,427.93	11,981.78	87,525.46
Accumulated Depreciation										
Balance as at 01 January 2022	-	3,023.30	13,315.18	175.03	1,598.82	218.72	199.19	2,072.37	8,734.92	29,337.53
Depreciation charge for the year	-	537.87	2,859.42	21.97	117.11	49.91	37.73	809.85	922.89	5,356.75
Reversal on disposals/adjustments for the year	-	(0.58)	(591.90)	(3.32)	(38.40)	(9.70)	(7.76)	(383.55)	(171.75)	(1,206.96)
Foreign exchange fluctuation for the year	-	(113.60)	(372.84)	(10.09)	(67.06)	(9.71)	(6.36)	(81.75)	(186.85)	(848.26)
Balance as at 31 December 2022	-	3,446.99	15,209.86	183.59	1,610.47	249.22	222.80	2,416.92	9,299.21	32,639.06
Accumulated Impairment										
Balance as at 01 January 2022	-	-	-	-	-	-	-	-	-	-
Impairment loss for the year (Refer footnote iv below)	-	84.24	386.38	-	-	-	-	-	-	470.62
Balance as at 31 December 2022	-	84.24	386.38	-	-	-	-	-	-	470.62
Carrying amount as at 31 December 2022	**7,797.60**	**12,010.20**	**28,098.09**	**106.64**	**453.68**	**152.67**	**103.32**	**3,011.01**	**2,682.57**	**54,415.78**

(₹ in million)

	Land freehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount										
Balance as at 01 January 2021	6,911.70	13,696.94	38,285.07	256.81	2,019.37	302.31	247.70	4,048.11	11,813.13	77,581.14
Additions for the year	321.73	477.72	1,629.33	33.58	69.01	44.31	40.22	785.32	284.40	3,685.62
Disposals for the year	(8.49)	(0.30)	(631.77)	(4.44)	(27.76)	(9.73)	(8.37)	(401.26)	(62.73)	(1,154.85)
Foreign exchange fluctuation for the year	(21.80)	240.58	375.62	7.40	41.45	7.69	4.48	76.69	45.23	777.34
Balance as at 31 December 2021	7,203.14	14,414.94	39,658.25	293.35	2,102.07	344.58	284.03	4,508.86	12,080.03	80,889.25
Accumulated Depreciation										
Balance as at 01 January 2021	-	2,481.06	11,119.25	150.63	1,450.56	179.76	166.92	1,614.83	7,698.32	24,861.33
Depreciation charge for the year	-	521.58	2,468.82	23.67	157.41	44.48	36.39	701.41	1,083.78	5,037.54
Reversal on disposal of assets for the year	-	(0.15)	(332.92)	(2.65)	(26.02)	(7.43)	(5.86)	(274.81)	(53.29)	(703.13)
Foreign exchange fluctuation for the year	-	20.81	60.03	3.38	16.87	1.91	1.74	30.94	6.11	141.79
Balance as at 31 December 2021	-	3,023.30	13,315.18	175.03	1,598.82	218.72	199.19	2,072.37	8,734.92	29,337.53
Carrying amount as at 31 December 2021	**7,203.14**	**11,391.64**	**26,343.07**	**118.32**	**503.25**	**125.86**	**84.84**	**2,436.49**	**3,345.11**	**51,551.72**

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4A. Property, plant and equipment [Cont'd]

Footnotes to Note 4A

i. Refer note 55 for information on property, plant and equipment pledged as security by the Group.

ii. Pre-operative expenses incurred and capitalised during the year are as under:

(₹ in million)

Net Book Value	31 December 2022	31 December 2021
Balance at the beginning of the year	179.74	34.39
Add: Incurred during the year		
Net gain on foreign currency transactions	(34.64)	(2.76)
Finance costs	171.76	52.88
Other expenses	466.43	151.30
Less: Capitalised during the year	(423.57)	(56.07)
Amount carried over included in CWIP	359.72	179.74

iii. The amount of contractual commitments for the acquisitions of property, plant and equipment are disclosed in Note 43.

iv. During the current year ended on 31 December 2022, the Holding company has impaired some of the property, plant and equipment, primarily used in production of beverages, amounting to ` 470.62 million, based on the detailed evaluation of capacity utilisation during the peak season and considering the future usability.

4B. Capital work-in-progress (CWIP): The changes in the carrying value of capital work-in-progress for the year ended 31 December 2022 and 31 December 2021 are as follows :

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2022	4,966.08
Additions for the year*	7,551.52
Transfer to property, plant and equipment	(6,299.30)
Impairment loss for the year#	(3.62)
Foreign exchange fluctuation for the year	(148.36)
Balance as at 31 December 2022	6,066.32

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2021	668.15
Additions for the year*	5,695.42
Transfer to property, plant and equipment	(1,367.92)
Foreign exchange fluctuation for the year	(29.57)
Balance as at 31 December 2021	4,966.08

* includes finance cost amounting to ₹ 171.76 million (31 December 2021: ₹ 52.88 million) and other expenses amounting to ₹ 466.43 million (31 Decemeber 2021: ₹ 151.30 million) respectively.

The Holding company has impaired some of the plant and equipment amounting to ₹ 3.62 million which indicates the cost incurred on Capital work-in-progres related to plant impaired during the current year, based on the detailed evaluation of capacity utilisation during the peak season and considering the future usability.

4B(i) CWIP ageing schedule

(₹ in million)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress					
As at 31 December 2022	5,999.31	63.54	3.25	0.22	6,066.32
As at 31 Decemebr 2021	4,907.71	54.89	3.48	-	4,966.08

There are no projects as on each reporting period where activity has been suspended . Also, there are no project as on reporting period which has exceeded cost as compared to its original plan or where completion is overdue.

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4C. Right of use assets (ROU)

(₹ in million)

	Land leasehold#	Leased buildings	Leased plant and equipment	Vehicles	Total
Gross carrying amount					
Balance as at 01 January 2022	5,752.31	326.11	13.60	289.40	6,381.42
Additions for the year	3,316.84	0.09	291.75	163.92	3,772.60
Grant received (Refer footnote i below)	(68.24)	-	-	-	(68.24)
Refund received (Refer footnote ii below)	(10.35)	-	-	-	(10.35)
Foreign exchange fluctuation for the year	6.32	-	8.91	3.52	18.75
Balance as at 31 December 2022	8,996.88	326.20	314.26	456.84	10,094.18
Accumulated Amortisation					
Balance as at 01 January 2022	388.99	171.23	4.41	88.80	653.43
Amortisation charge for the year	94.77	79.38	43.32	65.40	282.87
Foreign exchange fluctuation for the year	0.05	-	1.27	1.55	2.87
Balance as at 31 December 2022	483.81	250.61	49.00	155.75	939.17
Carrying amount as at 31 December 2022	**8,513.07**	**75.59**	**265.26**	**301.09**	**9,155.01**
Gross carrying amount					
Balance as at 01 January 2021	5,586.86	223.24	7.88	169.65	5,987.63
Additions for the year	107.91	102.87	5.72	124.87	341.37
Foreign exchange fluctuation for the year	57.54	-	-	(5.12)	52.42
Balance as at 31 December 2021	5,752.31	326.11	13.60	289.40	6,381.42
Accumulated Amortisation					
Balance as at 01 January 2021	308.99	86.99	0.96	38.61	435.55
Amortisation charge for the year	79.27	84.24	3.45	50.42	217.38
Foreign exchange fluctuation for the year	0.73	-	-	(0.23)	0.50
Balance as at 31 December 2021	388.99	171.23	4.41	88.80	653.43
Carrying amount as at 31 December 2021	**5,363.32**	**154.88**	**9.19**	**200.60**	**5,727.99**

#The Holding Company had acquired leasehold land at Sonarpur (Kolkata) amounting to ₹ 1.50 million (31 December 2021: ₹ 1.50 million) which is yet to be registered in the name of the Company.

Footnotes to Note 4C:

(i) During the year ended on 31 December 2022, the Holding company had received government grant related to leasehold land acquired in Bihar amounting to ` 68.24 million. The grant received is adjusted against the carrying value of the respective asset.

(ii) During the year ended on 31 December 2022, the Holding company had received refund amounting to ` 10.35 million due to revision in rates of leasehold land acquired during the previous year at Kathua (Jammu and Kashmir). The refund received is adjusted against the carrying value of the respective asset.

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5A. Goodwill (Refer note i)

	(₹ in million) Amount
Gross carrying amount	
Balance as at 01 January 2022	242.30
Acquired during the year	-
Balance as at 31 December 2022	242.30
Amortisation	
Balance as at 01 January 2022	-
Amortisation charge for the year	-
Balance as at 31 December 2022	-
Carrying amount as at 31 December 2022	**242.30**

	(₹ in million) Amount
Gross carrying amount	
Balance as at 01 January 2021	242.30
Balance as at 31 December 2021	242.30
Amortisation	
Balance as at 01 January 2021	-
Amortisation charge for the year	-
Balance as at 31 December 2021	-
Carrying amount as at 31 December 2021	**242.30**

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 2022	71.73	157.64	6,043.54	313.03	6,585.94
Additions for the year	-	-	-	1.48	1.48
Disposals/adjustments for the year	-	-	-	(34.71)	(34.71)
Foreign exchange fluctuation for the year	(0.37)	-	0.01	(0.07)	(0.43)
Balance as at 31 December 2022	71.36	157.64	6,043.55	279.73	6,552.28
Amortisation					
Balance as at 01 January 2022	29.06	60.18	657.15	253.81	1,000.20
Amortisation charge for the year	11.86	19.70	0.03	26.44	58.03
Reversal on disposals/adjustments on assets for the year	-	-	-	(15.20)	(15.20)
Foreign exchange fluctuation for the year	0.21	-	0.01	(0.07)	0.15
Balance as at 31 December 2022	41.13	79.88	657.19	264.98	1,043.18
Carrying amount as at 31 December 2022	**30.23**	**77.76**	**5,386.36**	**14.75**	**5,509.10**

(₹ in million)

	Market infrastructure	Distribution network	Franchise rights/ trademarks (Refer note i)	Computer software	Total
Gross carrying amount					
Balance as at 01 January 2021	39.94	157.64	6,043.41	276.29	6,517.28
Additions for the year	33.50	-	-	39.39	72.89
Disposals/adjustments for the year	-	-	-	(2.63)	(2.63)
Foreign exchange fluctuation for the year	(1.71)	-	0.13	(0.02)	(1.60)
Balance as at 31 December 2021	71.73	157.64	6,043.54	313.03	6,585.94
Amortisation					
Balance as at 01 January 2021	21.32	40.48	657.08	226.39	945.27
Amortisation charge for the year	8.41	19.70	-	29.59	57.70
Reversal on disposals/adjustments on assets for the year	-	-	-	(2.13)	(2.13)
Foreign exchange fluctuation for the year	(0.67)	-	0.07	(0.04)	(0.64)
Balance as at 31 December 2021	29.06	60.18	657.15	253.81	1,000.20
Carrying amount as at 31 December 2021	**42.67**	**97.46**	**5,386.39**	**59.22**	**5,585.74**

Footnotes to Note 5A and 5B:

i. Goodwill and franchise rights with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

The Group has considered the related provisions of Ind AS 38 on 'Intangibles Assets' which permit certain intangible assets to have an indefinite life and accordingly the carrying value of franchisee rights have been considered to have an indefinite life. These franchisee rights meet the prescribed criteria of renewal at nominal cost, renewal with no specific conditions attached, are sustainable and the same is supported by evidences of being renewed. Management is of the opinion that, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the franchise rights are expected to generate net cash inflows for the Group.

The assumptions used in this impairment assessment are most sensitive to following:
a) Weighted average cost of capital "WACC" of 13.52% (Previous year - 12.04%) for the explicit period and 13.52% (Previous year - 12.45%) for the terminal year.
b) For arriving at the terminal value, approximate growth rate of 5% (Previous year - 5%) is considered.
c) Number of years for which cash flows were considered are 5 years.
d) The approximate rate of growth in sales is estimated at 8%-10% (Previous year - 8%-15%) in the discrete period.
No impairment loss was identified on the above assessment.

ii. The amount of contractual commitments for the acquisitions of intangible assets are disclosed in Note 43.
iii. Refer Note 55 for information on other intangible assets pledged as security by the Group.

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6. Investment in associate and joint venture

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Investment in joint ventures accounted as per equity method (unquoted)		
7,000 (31 December 2021: Nil) fully paid equity shares of ` 10 each in IDVB Recycling Operations Private Limited~	0.07	-
Add: Share in loss of joint venture (Refer footnotes below)	(0.01)	-
	0.06	-
Investment in associates accounted as per equity method (unquoted)		
2,600 (31 December 2021: Nil) fully paid equity shares of ₹ 10 each in Clean Max Tav Private Limited@	0.03	
Add: Share in loss of associate (Refer footnotes below)	(0.05)	
	(0.02)	-
Aggregate amount of unquoted investments*	**0.04**	-

~On 01 July 2022, the Holding Company has subscribed the equity investment of IDVB Recycling Operations Private Limited amounting to ` 0.03 million and ` 0.04 million (31 December 2021: Nil) on 01 July 2022 and 01 November 2022 respectively.

@On 23 November 2022, the Company has subscribed the equity investment of Clean Max Tav Private Limited amounting to ₹ 0.03 million (31 December 2021: Nil).
The above investment is for business purposes.

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Loss for the year*	(0.06)	-
Add/(less): Other comprehensive income	-	-
Total comprehensive income	(0.06)	-

*Refer note 58

7. Investments

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Fair value through Profit and Loss ("FVTPL")		
Investment in fully paid equity shares (unquoted)		
200 (31 December 2021: 200) shares of ₹ 50 each in The Margao Urban Co-operative Bank Limited	0.01	0.01
250 (31 December 2021: 250) shares of ₹ 10 each in The Goa Urban Co-operative Bank Limited**	0.00	0.00
	0.01	**0.01**
**Rounded off to Nil.		
Aggregate amount of unquoted investments	**0.01**	**0.01**

8. Other non-current financial assets

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Financial assets at amortised cost		
Security deposits	477.53	412.59
Balance in deposit accounts with more than 12 months maturity#	9.27	8.04
	486.80	**420.63**

Pledged as security with electricity department/banks.

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9. Deferred tax assets and liabilities

Movement in deferred tax assets/liabilities during the year ended 31 December 2022 and 31 December 2021:

(₹ in millior

Deferred tax liabilities/(assets)	As at 01 January 2022	Recognised in other comprehensive income**	Recognised in the Consolidated Statement of Profit and Loss	As at 31 December 2022
Accelerated depreciation for tax purposes	3,958.14	-	(43.75)	3,914.39
Benefit accrued on government grants	136.58	-	(39.99)	96.59
Minimum alternate tax (MAT) credit*	(168.12)	-	168.12	-
Carry forward of unused tax losses	(164.98)	-	103.91	(61.07
Allowance for doubtful debts	(77.08)	-	(8.24)	(85.32
Accrued bonus	(19.73)	-	(27.77)	(47.50
Provision for retirement benefits	(543.34)	27.02	34.66	(481.66
Fair valuation of financial instruments	(35.50)	-	20.28	(15.22
Borrowings	(1.24)	-	0.24	(1.00
Gain on acquisition of control over existing associate	36.83	-	-	36.83
Other expenses allowable on payment basis	(34.22)	-	46.66	12.44
	3,087.34	**27.02**	**254.12**	**3,368.48**
Exchange difference on re-statement of deferred tax balances	**-**	**-**	**(4.46)**	**-**
	3,087.34	**27.02**	**249.66**	
Classified as:				
Deferred tax assets (Net)	24.07			-
Deferred tax liabilities (Net)	3,111.41			3,368.48

(₹ in millio

Deferred tax liabilities/ (assets)	As at 01 January 2021	Recognised in other comprehensive income**	Recognised in the Consolidated Statement of Profit and Loss	As at 31 December 2021
Accelerated depreciation for tax purposes	3,833.80	-	124.34	3,958.1
Benefit accrued on government grants	206.72	-	(70.14)	136.5
Minimum alternate tax (MAT) credit*	(877.22)	-	709.10	(168.1
Carry forward of unused tax losses	(277.01)	-	112.03	(164.9
Allowance for doubtful debts	(156.07)	-	78.99	(77.0
Accrued bonus	(22.44)	-	2.71	(19.7
Provision for retirement benefits	(509.08)	18.93	(53.19)	(543.3
Fair valuation of financial instruments	(27.19)	-	(8.31)	(35.5
Borrowings	(1.66)	-	0.42	(1.2
Gain on acquisition of control over existing associate	36.83	-	-	36.8
Other expenses allowable on payment basis	(57.43)	-	23.21	(34.2
	2,149.25	**18.93**	**919.16**	**3,087.3**
Exchange difference on re-statement of deferred tax balances	**-**	**-**	**(5.64)**	**-**
	2,149.25	**18.93**	**913.52**	
Classified as:				
Deferred tax assets (Net)	110.18			24.0
Deferred tax liabilities (Net)	2,259.43			3,111.4

*MAT credit (recognised in Holding Company):

(₹ in millio

	Recognised in profit and loss	Utilised from profit an loss
31 December 2022	-	(168.1
31 December 2021	-	(709.1

(i) A subsidiary of the Group has the following unused tax losses and unabsorbed depreciation, for which no deferred tax asset has been recognised in the books of accounts:

a) Unused business losses and unabsorbed depreciation on intangible assets that can be carried forward as follows:

(₹ in million)

Financial year of origination	Financial year of expiry	31 December 2022	31 December 2021
31 December 2017	31 December 2021	-	121.62
31 December 2018	31 December 2022	390.75	609.46
Total		**390.75**	**731.08**

b) Unused unabsorbed depreciation on tangible assets amounting to ₹ 1,870.10 million (31 December 2021: ₹ 1,879.78 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 36 for the amount of the income tax relating to these components of other comprehensive income.

All significant deferred tax assets have been recognised in the balance sheet.

On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 whic provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April 2019 subject to certain conditions.
During the year ended 31 December 2022, the Holding company has decided to opt for the new tax regime u/s 115BAA of the Income Tax Act,1961 w.e.f. Assessment yea 2023-24 after utilisation of all unutilised Minimum Alternate Tax credit and other tax benefits/holidays available.

(ii) Three subsidiaries included in the Group are under the tax holiday period and based on the evaluation of future taxability and estimates of reversal of timing differenc during the tax holiday periods, no deferred tax assets/liabilities has been recognised for these subsidiaries.

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10. Other non-current assets

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
(Unsecured, considered good)		
Capital advances	6,111.99	1,656.35
Advances other than capital advances		
- Security deposits	5.89	6.11
- Income tax paid (includes amount paid under protest)	10.29	9.90
- Balance with statutory authorities (paid under protest)	111.69	136.19
- Prepaid expenses	26.91	30.68
	6,266.77	**1,839.23**

11. Inventories

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
(Valued at lower of cost or net realisable value)		
Raw and packing material (including raw material in transit of ₹ 562.15 (31 December 2021: ₹ 580.09)	9,613.51	8,070.05
Work in progress	61.80	69.24
Intermediate goods (including goods in transit of ₹ 53.09 (31 December 2021: ₹ 41.61))	3,392.40	1,795.66
Finished goods (including goods in transit of ₹ 8.18 (31 December 2021: ₹ 55.82))*	4,313.41	2,530.16
Stores and spares	2,557.73	2,015.76
	19,938.85	**14,480.87**

*The Group manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods and the value of stock in trade being insignificant, it is not separately ascertainable and disclosed.

The cost of inventories recognised as an expense during the year are disclosed in Note 29, Note 30 and Note 31.

12 a. Trade receivables

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Trade receivables considered good - Unsecured	2,742.81	2,069.30
Trade receivables considered good - Secured	250.57	143.19
Trade receivables - Credit impaired	538.87	495.36
	3,532.25	**2,707.85**
Less : Allowance for expected credit losses (Refer note 52.2)	(538.87)	(495.36)
	2,993.38	**2,212.49**

Includes amounts due, in the ordinary course of business, from companies in which directors of the Holding Company are also directors:		
i. Alisha Torrent Closures (India) Private Limited	5.41	10.75
ii. Devyani Airport Services (Mumbai) Private Limited	0.13	0.05

Trade receivables are non-interest bearing and credit period generally falls in the range of 0 to 120 days.
No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed above.

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12 b. Trade receivables

31 December 2022

(₹ in million)

Particulars	Unbilled	Not due	Outstanding from transaction date					Total
			Less than 6 months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade Receivables – considered good	-	-	2,820.39	78.17	33.51	25.46	35.85	2,993.38
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	157.46	26.66	4.35	102.94	69.24	360.65
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	0.59	2.82	30.42	144.39	178.22
Total	**-**	**-**	**2,977.85**	**105.42**	**40.68**	**158.82**	**249.48**	**3,532.25**

31 December 2021

(₹ in million)

Particulars	Unbilled	Not due	Outstanding from transaction date					Total
			Less than 6 months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade Receivables – considered good	-	-	1,993.53	76.46	87.75	18.42	36.33	2,212.49
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	124.99	-	92.44	32.73	66.76	316.92
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	0.45	1.04	5.97	18.57	152.41	178.44
Total	**-**	**-**	**2,118.97**	**77.50**	**186.16**	**69.72**	**255.50**	**2,707.85**

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13. Cash and cash equivalents
(also for the purpose of Consolidated Cash Flow Statement)

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Balance with banks in current accounts*	938.31	1,328.44
Balance in deposits with original maturity of less than three months	539.52	147.97
Cash on hand	65.49	31.09
	1,543.32	**1,507.50**

* Includes inward remittance not yet cleared amounting to ₹ 278.49 million (31 December 2021: ₹ 66.57 millions)

14. Bank balances other than cash and cash equivalents

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Deposits with original maturity more than 3 months but less than 12 months*	1,308.52	1,472.56
Deposits with bank held as margin money	-	385.42
Unpaid dividend account**	0.83	0.74
	1,309.35	**1,858.72**

*Pledged as security with statutory authorities/banks
**These balances are not available for use by the Group and corresponding balance is disclosed as unclaimed dividend in Note 24.

15. Other financial assets

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
(Unsecured, considered good)		
Interest accrued on:		
- Term deposits	16.36	19.17
- Others	23.16	24.48
Security deposits	106.49	94.54
Advances to Employees	94.14	84.15
Government grant receivable	3,018.19	1,849.89
Claims receivable	550.31	177.23
Other receivables	168.41	206.09
	3,977.06	**2,455.55**

16. Current tax assets (Net)

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Advance tax (net of provision)	-	11.08
	-	**11.08**

17. Other current assets

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
(Unsecured, considered good)		
Security deposits	8.18	8.09
Other advances:		
- Contractors and suppliers	2,545.46	1,535.80
- Prepaid expenses	238.90	235.82
- Balance with statutory/government authorities	1,300.54	1,124.81
- Other advances	185.26	30.40
	4,278.34	**2,934.92**

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18. Equity share capital

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Authorised share capital:		
1000,000,000 (31 December 2021: 500,000,000) equity shares of ₹10 each	10,000.00	5,000.00
	10,000.00	**5,000.00**
Issued, subscribed and fully paid up:		
649,549,620 (31 December 2021: 433,033,080) equity shares of ₹ 10 each	6,495.50	4,330.33
	6,495.50	**4,330.33**

a) Reconciliation of share capital

Particulars	No. of shares	Amount
Balance as at 01 January 2022	433,033,080	4,330.33
Add: Bonus shares issued during the year (Refer note (d) below)	216,516,540	2,165.17
Balance as at 31 December 2022	**649,549,620**	**6,495.50**

Particulars	No. of shares	Amount
Balance as at 01 January 2021	288,688,720	2,886.89
Add: Bonus shares issued during the year (Refer note (d) below)	144,344,360	1,443.44
Balance as at 31 December 2021	**433,033,080**	**4,330.33**

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

Shareholders as at 31 December 2022	No. of shares	% of shareholding
R J Corp Limited	177,900,412	27.39%
Mr. Ravi Kant Jaipuria	116,734,060	17.97%
Mr. Varun Jaipuria	104,171,974	16.04%

Shareholders as at 31 December 2021	No. of shares	% of shareholding
R J Corp Limited	119,900,275	27.69%
Mr. Ravi Kant Jaipuria*	80,822,707	18.66%
Mr. Varun Jaipuria	69,447,983	16.04%

*on 19 February 2021, a memorandum of family settlement was executed between members of Ravi Kant Jaipuria & Sons (HUF) for partition of all its assets and liabilities. Pursuant to the terms thereof, all equity shares held by Ravi Kant Jaipuria & Sons (HUF) were transferred to Mr. Ravi Kant Jaipuria on 26 February 2021.

As per records of the Holding Company, including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d) Aggregate number of equity shares issued as bonus during the period of five years immediately preceding the reporting date:

(i) During the year ended 31 December 2019, the Holding company has issued 91,327,613 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

(ii) During the year ended 31 December 2021, the Holding company has issued 144,344,360 equity shares of ₹10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

(iii) During the year ended 31 December 2022, the Holding company has issued 216,516,540 equity shares of ₹10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

For the period of five years of the date of the immediately preceding the reporting date, there was no share allotment made for consideration other than cash. Further, there has been no buy back of shares during the period of five years immediately preceding 31 December 2022 and 31 December 2021.

e) Shares held by holding and ultimate holding company

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
RJ Corp Limited, Parent* company	1,779.00	1,199.00
177,900,412 (31 December 2021: 119,900,275) fully paid equity shares of ₹ 10 ea		
	1,779.00	**1,199.00**

*As defined under Ind AS 110 - Consolidated Financial Statements

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18. Equity share capital [Cont'd]

f) Details of shares held by promoters:

Shareholders as at 31 December 2022	No. of shares	% of shareholding	% change during the year
R J Corp Limited	177,900,412	27.39%	-0.30%
Mr. Ravi Kant Jaipuria (Refer above)	116,734,060	17.97%	-0.69%
Mr. Varun Jaipuria	104,171,974	16.04%	0.00%

Shareholders as at 31 December 2021	No. of shares	% of shareholding	% change during the year
R J Corp Limited	119,900,275	27.69%	0.00%
Mr. Ravi Kant Jaipuria (Refer above)	80,822,707	18.66%	0.00%
Mr. Varun Jaipuria	69,447,983	16.04%	-1.51%

g) Conversion of authorised Preference share capital into authorised Equity share capital

On 07 April 2022, the Holding Company has converted the authorised preference share capital of 50,000,000 preference shares of ₹ 100 each into authorised equity share capital of 500,000,000 equity shares of ₹ 10 each.

19. Other equity

Refer Consolidated Statement of Changes in Equity for detailed movement in Other Equity balance.

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Capital reserve on consolidation	(2,279.78)	(2,279.78)
Capital reserve	533.93	533.93
General reserve	444.26	444.26
Securities premium	22,569.56	24,734.73
Retained earnings	27,398.84	13,967.42
Share option outstanding account	29.06	-
Exchange differences on translating the financial statements of foreign operations	(4,167.57)	(931.81)
	44,528.30	**36,468.75**

Description of nature and purpose of each reserve:

Capital reserve on consolidation - Created on additional consideration paid in form of cash on business combinations involving entities including businesses/entities under common control.

Capital reserve - Created on merger of Varun Beverages (International) Limited with the Holding Company pursuant to and in accordance with the Court approved scheme of amalgamation. Includes gain from bargain purchases.

General reserve - Created by way of transfer from debenture redemption reserve on redemption of debentures.

Securities premium - Created to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Retained earnings - Created from the profit of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

Share option outstanding account - Created to recognise the grant date fair value of options issued to employees under the employee stock option schemes and is adjusted on exercise / forfeiture of options.

Exchange differences on translating the financial statements of foreign operations - Exchange differences arising on translation of the foreign operations of the Group, recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within other equity. The cumulative amount is reclassified to the Consolidated Statement of Profit and Loss when the net investment is disposed.

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20. **Borrowings**

A. **Non-current borrowings:**

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Term loans (secured) (Refer note 20E)		
- Loans from banks	16,689.81	17,132.24
- Loans from others	580.41	1,001.03
	17,270.22	**18,133.27**

Loans and borrowing above are recognised at amortised cost taking into account any discount or premium on acquisition and fee or costs that are part of effective interest rate, accordingly the outstanding balances above may not necessarily reconcile with repayment amounts.

The carrying value of financial assets pledged as security for borrowings as disclosed under Note 55.

B. **Non-current financial liabilities**

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Lease liabilities (Refer note 46)	1,654.25	312.63
	1,654.25	**312.63**

C. **Current borrowings:**

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Loans repayable on demand		
Working capital facilities from banks (secured) (Refer footnote (a))	5,434.28	4,634.92
Working capital facility from banks (unsecured) (Refer footnote (b))	842.67	1,650.00
Current maturities of long-term debts (Refer note 20E)	13,400.95	9,000.76
	19,677.90	**15,285.68**

a) In case of the Holding Company, the working capital facilities from banks are secured by first charge on entire current assets of the Company ranking pari-passu amongst the banks and second charge on the movable and immovable assets of the Company pertaining to specific manufacturing units and two facilities from banks were secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company. During the previous year, two facilities from bank were secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company. These facilities carry interest rates ranging between 7.05% to 7.45% (31 December 2021: 4.25% to 4.40%).
Working capital facilities in case of subsidiaries amounting to ₹ 1,104.00 million (31 December 2021: ₹ 679.68 million), are secured mainly by charge on trade receivables, inventories and other current assets of the respective subsidiary company, ranking pari passu and charge on certain movable and immovable assets of the respective subsidiary. Some of the facilities of subsidiaries are guaranteed by respective subsidiary company, as per the terms of respective agreements. The working capital facilities carries interest rates ranging between 5.50% to 17% (31 December 2021: 5.50% to 17%).

b) During the current year, Holding Company has availed a working capital facilility from a bank carrying interest rate 7.10% per annum and is repayable within 30 days from the date of disbursement and buyers credit carrying interest rates ranging between 3.70% to 3.86% per annum and is repayable in June 2023. During the previous year ended on 31 December 2021, working capital facililites from banks carrying interest rates ranging between 4.40% to 4.65% per annum and was repaid during the current year.

There are no defaults in repayment of principal borrowing or interest thereon.

D. **Current financial liabilities:**

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Lease liabilities (Refer note 46)	235.77	136.02
	235.77	**136.02**

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20E. Terms and conditions/details of securities for loans:

(₹ in million)

Particulars	Loan outstanding			
	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
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 2021: LIBOR+1.60%) and is repayable in May 2022. The Company has executed a cross currency swap to hedge total loan of SGD 33.13 to USD 25.00 and interest rate swap to hedge its exposure.	-	-	-	911.78
Loan was secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory/franchisee rights acquired under the acquisition under slump sale basis except vehicles.				
ii) Indian rupee loan from banks				
Loans carrying weighted average rate of interest 7.47% (31 December 2021: 5.44%) depending upon tenure of the loans. For repayment terms refer note 20F.	15,950.17	12,414.78	16,077.26	7,987.84
These loan are secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory /franchisee rights acquired under the business acquisition except vehicles.				
iii) Vehicle rupee term loan in Holding Company				
Loans carrying rate of interest in range of 8.02% to 9.25 % (31 December 2021: 8.02% to 9.25 %). They are repayable generally over a period of three to five years in equal monthly instalments as per the terms of the respective agreements. Vehicle loans are secured against respective vehicles financed.	2.00	37.92	46.12	64.05
iv) Term loan at Varun Beverages Morocco				
(a) Loan carrying a rate of interest of 4.00% per annum. For repayment terms refer note 20F.	92.11	38.11	475.65	-
(b) Loan carrying a rate of interest of 4.00% per annum. For repayment terms refer note 20F.	408.65	64.55	121.48	37.09
Above loan are secured by corporate guarantee of the Holding Company.				
v) Term loan at Lunarmech Technologies Private Limited				
(a) Loan carrying a rate of interest of Euribor+48 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 10 Jan 2023 and are secured against respective asset financed.	-	95.10	91.68	-
(b) Loan carrying a rate of interest of Euribor+55 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 20 March 2023 and are secured against respective asset financed.	-	95.10	91.68	-
(c) Loan carrying a rate of interest of Euribor+88 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 28 December 2023 and are secured against respective asset financed.	-	95.12	91.70	-
(d) Loan carrying a rate of interest of Euribor+88 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 10 January 2024 and are secured against respective asset financed.	95.12	-	91.70	-
(e) Loan carrying a rate of interest of Euribor+88 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 31 May 2024 and are secured against respective asset financed.	46.65	-	44.97	-
(f) Loan carrying a rate of interest of Euribor+75 bps per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 14 April 2025 and are secured against respective asset financed.	95.11	-	-	-
Total loans from banks (secured)	**16,689.81**	**12,840.68**	**17,132.24**	**9,000.76**

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20E. Terms and conditions/details of securities for loans [Cont'd]

(₹ in million)

Particulars	Loan outstanding			
	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
Loans from others (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% (31 December 2021: 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	323.34	141.42	425.39	-
Interest free loan from The Director of Industries and Commerce, Haryana are repayable in one instalment after expiry of five years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid upto the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.33% (31 December 2021: 8.33%) The repayments are due as following: Date of repayment Amount 16 January 2023 94.01 30 March 2023 90.73 07 June 2023 175.00 25 October 2023 73.66 20 February 2024 91.36 27 May 2024 36.85 29 August 2024 39.10 17 February 2025 43.98 13 October 2025 23.96 21 February 2027 70.83	257.07	418.85	575.64	-
Total loans from others (secured)	**580.41**	**560.27**	**1,001.03**	**-**
Total	**17,270.22**	**13,400.95**	**18,133.27**	**9,000.76**

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20F. Repayment terms:

(₹ in million, unless stated otherwise)

S. No.	Description	31 December 2022		31 December 2021		Repayment terms
		Non-current	Current	Non-current	Current	
i) Indian rupee loan from banks						
1	Term loan - 1	-	-	-	299.94	Loan was repaid during the year
2	Term loan - 2	-	-	-	249.90	Loan was repaid during the year
3	Term loan - 3	-		-	589.25	Loan was repaid during the year
4	Term loan - 4	-	-	-	321.09	Loan was repaid during the year
5	Term loan - 5	-	-	-	101.60	Loan was repaid during the year
6	Term loan - 6	-	-	-	238.30	Loan was repaid during the year
7	Term loan - 7	-	-	-	150.00	Loan was repaid during the year
8	Term loan - 8	-	150.00	150.00	50.00	Two instalments of ₹ 75 each due in May 2023 and June 2023.
9	Term loan - 9	-	250.00	250.00	500.00	Two instalments of ₹ 125.00 each due in April 2023 and May 2023.
10	Term loan - 10	240.00	90.00	240.00	90.00	One instalment of ₹ 90.00 due in July 2023 and one instalment of ₹ 90.00 due in May 2024 and one instalment of ₹ 150.00 due in June 2024.
11	Term loan - 11	-	85.00	85.00	160.00	One instalment of ₹ 85.00 due in June 2023.
12	Term loan - 12	-	241.60	241.57	193.30	One instalment of ₹ 241.60 due in May 2023.
13	Term loan - 13	-	222.40	222.40	222.20	Two instalments of ₹ 111.10 due in May 2023 and ₹ 111.30 due in June 2023 respectively.
14	Term loan - 14	583.18	291.60	874.69	291.60	Two instalments of ₹ 145.80 each due in June 2023 and July 2023, two instalments of ₹ 145.90 each due in June 2024 and July 2024 and two instalments of ₹ 145.90 each due in June 2025 and July 2025.
15	Term loan - 15	-	749.79	748.36	750.00	Two instalments of ₹ 375.00 each due in May 2023 and June 2023.
16	Term loan - 16	998.51	500.00	1,497.48	-	Two instalments of ₹ 250.00 each due in May 2023 and June 2023, two instalments of ₹ 250.00 each due in May 2024 and June 2024 and two instalments of ₹ 250.00 each due in May 2025 and June 2025.
17	Term loan - 17	-	599.59	598.35	600.00	Two instalments of ₹ 300.00 each due in May 2023 and June 2023.
18	Term loan - 18	400.00	150.00	550.00	150.00	Two instalments of ₹ 75.00 each due in May 2023 and June 2023, two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
19	Term loan - 19	398.56	200.00	597.46	100.00	Two instalments of ₹ 100.00 each due in May 2023 and June 2023, two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
20	Term loan - 20	-	500.00	499.75	500.00	Two instalments of ₹ 250.00 each due in May 2023 and June 2023.
21	Term loan - 21	-	-	-	500.00	Loan was repaid during the year
22	Term loan - 22	-	-	-	499.90	Loan was repaid during the year
23	Term loan - 23	-	-	1,800.00	-	Loan was repaid during the year
24	Term loan - 24	-	676.47	676.47	676.47	One instalment of ₹ 676.47 due in June 2023.
25	Term loan - 25	-	1,300.00	1,300.00	-	One instalment of ₹ 260 due in April 2023 and Two instalments of ₹ 520 each due in May 2023 and June 2023.
26	Term loan - 26	1,100.00	200.00	1,357.14	142.86	Two instalments of ₹ 100.00 each due in May 2023 and June 2023, two instalments of ₹ 200.00 each due in May 2024 and June 2024, two instalments of ₹ 200.00 each due in May 2025 and June 2025, one instalment of ₹ 200.00 due in May 2026 and one instalment of ₹ 100.00 due in June 2026.
27	Term loan - 27	-	2,000.00	2,000.00	-	Two instalments of ₹ 1000.00 each due in May 2023 and June 2023.

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20F. Repayment terms [Cont'd]:

(₹ in million, unless stated otherwise)

S.no	Description	31 December 2022 Non-current	31 December 2022 Current	31 December 2021 Non-current	31 December 2021 Current	Repayment terms
28	Term loan - 28	1,430.00	300.00	988.59	11.43	Two instalments of ₹ 150.00 each due in May 2023 and June 2023, two instalments of ₹ 190.00 each due in May 2024 and June 2024, two instalments of ₹ 190.00 each due in May 2025 and June 2025, two instalments of ₹ 185.00 each due in May 2026 and June 2026 and two instalments of ₹ 150.00 each due in May 2027 and June 2027.
29	Term loan - 29	800.00	600.00	1,400.00	600.00	Two instalments of ₹ 300.00 each due in May 2023 and June 2023 and two instalments of ₹ 400.00 each due in May 2024 and June 2024.
30	Term loan - 30	2,100.00	200.00	-	-	Two instalments of ₹ 100.00 each due in May 2023 and June 2023, two instalments of ₹ 250.00 each due in May 2024 and June 2024, two instalments of ₹ 250.00 each due in May 2025 and June 2025, two instalments of ₹ 250.00 each due in May 2026 and June 2026 and two instalments of ₹ 300.00 each due in May 2027 and June 2027
31	Term loan - 31	1,650.00	100.00	-	-	Two instalments of ₹ 50.00 each due in May 2023 and June 2023, two instalment of ₹ 150.00 each due in May 2024 and June 2024, one instalment of ₹ 150.00 due in May 2025, one instalment of ₹ 180.00 due in June 2025, two instalments of ₹ 180.00 each due in May 2026 and June 2026 and three instalments of ₹ 220.00 each due in May 2027, June 2027 and July 2027.
32	Term loan - 32	1,333.26	666.66	-	-	Two instalments of ₹ 333.33 each due in May 2023 and June 2023, two instalments of ₹ 333.33 each due in May 2024 and June 2024 and two instalments of ₹ 333.33 each due in May 2025 and June 2025
33	Term loan - 33	1,000.00	-	-	-	The Holding company was sanctioned loan amounting to ₹5,000 millions out of which loan amounting to ₹ 1,000 million was disturbed during the year. Two instalments of ₹ 625.00 each due in May 2024 and June 2024, two instalments of ₹ 625.00 each due in May 2025 and June 2025, two instalments of ₹ 625.00 each due in May 2026 and June 2026 and two instalments of ₹ 625.00 each due in May 2027 and June 2027.
34	Term loan - 34	-	1,800.00	-	-	One instalment of ₹ 1800.00 due in April 2023
35	Term loan - 35	750.00	375.00	-	-	Two instalments of ₹ 187.50 each due in May 2023 and June 2023, two instalments of ₹ 187.50 each due in May 2024 and June 2024 and two instalments of ₹ 187.50 each due in May 2025 and June 2025
36	Term loan - 36	166.67	166.67	-	-	Two instalments of ₹ 83.33 each due in May 2023 and June 2023 and two instalments of ₹ 83.33 each due in May 2024 and June 2024
37	Term loan - 37	2,999.99	-	-	-	Two instalments of ₹ 500.00 each due in May 2024 and June 2024, two instalments of ₹ 500.00 each due in May 2025 and June 2025 and two instalments of ₹ 500.00 each due in May 2026 and June 2026
	Total (A)	**15,950.17**	**12,414.78**	**16,077.26**	**7,987.84**	
ii) Term Loan at Varun Beverages Morocco						
38	Term loan - 38	92.11	38.11	475.65	-	Balance amount as at 31 December 2022 is repayable in multiple instalments till January 2026.
39	Term loan - 39	408.65	64.55	121.48	37.09	Balance amount as at 31 December 2022 is repayable in multiple instalments till January 2028.
	Total (B)	**500.76**	**102.66**	**597.13**	**37.09**	
	Total (A+B)	**16,450.93**	**12,517.44**	**16,674.39**	**8,024.93**	

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21. Provisions

(Refer note 39)

(₹ in million)

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

22. Other non-current liabilities

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Deferred revenue on government grant	5.94	6.73
	5.94	**6.73**

23 a. Trade payables

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Total outstanding dues of-		
Micro enterprises and small enterprises (Refer note 48)	659.11	342.85
Creditors other than micro enterprises and small enterprises	7,583.50	6,774.68
	8,242.61	**7,117.53**

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23 b. Trade payables

31 December 2022

(₹ in million)

Particulars	Unbilled	Not due	Outstanding for transaction date				Total
			Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed trade payable							
Micro enterprises and small enterprises	-	-	657.80	0.28	0.37	0.50	658.95
Others	1,910.88	-	5,481.13	41.55	45.14	21.60	7,500.30
Disputed trade payable							
Micro enterprises and small enterprises	-	-	-	0.01	0.15	-	0.16
Others	-	-	48.49	11.48	11.97	11.26	83.20
Total	**1,910.88**	**-**	**6,187.42**	**53.32**	**57.63**	**33.36**	**8,242.61**

31 December 2021

(₹ in million)

Particulars	Unbilled	Not due	Outstanding for transaction date				Total
			Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed trade payable							
Micro enterprises and small enterprises	-	-	332.86	8.65	1.13	0.06	342.70
Others	1,836.11	-	4,521.80	284.18	58.30	15.45	6,715.84
Disputed trade payable							
Micro enterprises and small enterprises	-	-	-	0.08	0.07	-	0.15
Others	-	-	28.68	16.69	7.47	6.00	58.84
Total	**1,836.11**	**-**	**4,883.34**	**309.60**	**66.97**	**21.51**	**7,117.53**

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24. Other current financial liabilities

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Interest accrued but not due on borrowings	82.79	70.27
Interest payable	13.71	9.73
Payable for capital expenditures	2,448.01	1,189.50
Employee related payables	761.56	535.42
Unclaimed dividends#	0.83	0.74
Security deposits	2,287.00	2,098.42
Liability for foreign currency derivative contract	-	25.58
	5,593.90	**3,929.66**

#Not due for deposit to the Investor Education and Protection Fund in the books of Holding company.

25. Other current liabilities

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Advances from customers	2,033.83	794.30
Statutory dues payable	2,853.67	2,288.40
Deferred income	2.27	14.06
	4,889.77	**3,096.76**

26. Current tax liabilities (Net)

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Provision for tax (Net)	755.68	139.41
	755.68	**139.41**

The key components of income tax expense for the year ended 31 December 2022 and 31 December 2021 are:

A. Consolidated Statement of Profit and Loss:

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
(i) Profit and Loss section		
(a) Current tax	4,258.66	1,341.98
(b) Adjustment of tax relating to earlier periods	226.91	350.06
(c) Deferred tax	249.66	913.52
Income tax expense reported in the Consolidated Statement of Profit and Loss	**4,735.23**	**2,605.56**

(ii) OCI section

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Deferred tax related to items recognised in OCI during the year:		
(a) Net gain on remeasurements of defined benefit plans	(27.02)	(18.93
Income tax charged to OCI	**(27.02)**	**(18.93**

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Varun Beverages Limited

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

B. Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:

(₹ in million

	As at 31 December 2022	As at 31 December 2021
Accounting profit before tax	**20,236.37**	**10,066.08**
Tax expense at statutory income tax rate of 25.167% (31 December 2021: 34.944%)	5,092.89	3,517.49
Adjustments in respect of current income tax of previous years	226.91	350.06
Non deductible expenses	89.92	165.96
Deduction claimed u/s Chapter-VI A of Income-tax Act, 1961 by Holding Company	(271.45)	(431.17
Income chargeable at lower tax rate	135.77	106.04
Deferred tax not created on losses in a subsidiary	0.72	-
Tax rate differential for taxes provided in subsidiaries	(34.09)	(96.36
Tax impact of exempted income of subsidiaries	(604.35)	(989.64
Impact due to change in tax rate*	114.32	(77.22
Impact of share based payments	7.31	-
Others	(22.72)	60.40
Income tax expense at effective tax rate reported in the Consolidated Statement of Profit and Loss	**4,735.23**	**2,605.56**

*The Holding company had made an assessment of the impact of Ordinance and decided to continue with the existing tax structure unt utilisation of accumulated minimum alternative tax (MAT) credit and expiry of other tax benefits/holidays available. The Holding compan has decided to opt for the new tax regime u/s 115 BAA of the Income Tax Act,1961 w.e.f. Assessment year 2023-24 after utilisation of a unutilized Minimum Alternate Tax credit and other tax benefits/holidays available and hence the tax provision has been done accordingly.

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27. Revenue from operations

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Sale of products (inclusive of excise duty) *	131,383.91	87,774.13
Rendering of services	0.77	-
Other operating revenue	2,520.90	1,808.78
	133,905.58	**89,582.91**

*Sale of products includes excise duty collected from customers of ₹ 2,174.16 million (31 December 2021: ₹ 1,350.61 million) in subsidiaries.

Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers:

A. Reconciliation of revenue recognised with the contracted price:

Particulars	Year ended 31 December 2022	Year ended 31 December 2021
Gross revenue/Contracted price	135,195.74	91,294.45
Less: Discounts and rebates	(3,811.06)	(3,520.32)
Revenue from contracts with customers	**131,384.68**	**87,774.13**

B. Disaggregation of revenue

a) Information about geographical area (₹ in million)

Particulars	Year ended 31 December 2022	Year ended 31 December 2021
i. Sale of products and rendering of services		
(i) Within India	102,606.78	63,679.27
(ii) Outside India	28,777.90	24,094.86
Total sale of products and rendering of services	**131,384.68**	**87,774.13**

b) Revenue from sale of goods and services are recognised at a point in time.There are no disaggregation of revenue with respect to this information.

c) No single external customer amounts to 10% or more of the Company's revenue from operations.

C. Contract balances:

The following table provides information about trade receivables and contract liabilities from contract with customers:

Receivables

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Trade receivables	3,532.25	2,707.85
Less: Allowances for expected credit loss	(538.87)	(495.36)
Net receivables	**2,993.38**	**2,212.49**

Contract liabilities

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Advance from customers	2,033.83	794.30
	2,033.83	**794.30**

D. Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liabilities are on account of the advance payment received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 120 days from the completion of performance obligation.

There is no significant financing component in any transaction with the customers.

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Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers [Cont'd]:
E. Changes in the contract liabilities balances during the year are as follows:

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Balance at the beginning of the year	794.30	658.24
Addition during the year	2,033.83	794.30
Revenue recognised during the year	(794.30)	(658.24)
Balance at the closing of the year	**2,033.83**	**794.30**

28. **Other income**

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Interest income on items at amortised cost:		
- term deposits	203.46	78.40
- others	24.83	66.76
Net gain on foreign currency transactions and translations	-	387.22
Gain on sale of current investments	3.67	0.70
Excess provisions written back	9.20	58.38
Miscellaneous	147.33	87.79
	388.49	**679.25**

29. **Cost of materials consumed**

(₹ in million)

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

30. **Purchases of stock-in-trade**

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Beverages	1,082.66	1,090.86
Others	803.05	563.83
	1,885.71	**1,654.69**

31. **Changes in inventories of finished goods, work-in-progress and traded goods**

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
As at the beginning of the year		
- Finished goods	2,530.16	1,706.56
- Intermediate goods	1,795.66	1,665.55
- Work in progress	69.24	85.26
	4,395.06	3,457.37
As at the closing of the year		
- Finished goods	4,313.41	2,530.16
- Intermediate goods	3,392.40	1,795.66
- Work in progress	61.80	69.24
	7,767.61	4,395.06
Finished goods used as fixed assets*	(72.52)	(59.53)
	(3,445.07)	**(997.22)**

*The Holding Company and a subsidiary manufactures plastic shells at some of their manufacturing facilities. The shells manufactured are used for beverages operations of the Group as property, plant and equipment (under the head 'Containers'). These containers are 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.

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32. Employee benefit expense

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Salaries, wages and bonus	11,026.09	9,126.69
Contribution to provident fund and other funds	538.82	483.82
Staff welfare expenses	572.45	466.48
Share based payment to employees (Refer note 51)	29.06	-
	12,166.42	**10,076.99**

33. Finance costs

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Interest on items at amortised cost:		
- Term loans	1,282.52	1,264.30
- Working capital facilities	272.70	306.04
- Financial liabilities	137.15	112.37
- Bank guarantee fees	17.48	18.90
- Others	127.08	130.88
Exchange differences regarded as an adjustments to borrowings	6.73	(3.37)
Other ancillary borrowing costs	17.56	17.88
	1,861.22	**1,847.00**

34. Depreciation, amortisation and impairment expense

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Depreciation on property, plant and equipment	5,356.75	5,037.54
Amortisation of intangible assets	58.03	57.70
Amortisation of ROU	282.87	217.38
Impairment of property, plant and equipment and others (Refer Note 4A and 4B)	474.24	-
	6,171.89	**5,312.62**

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35. Other expenses

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Power and fuel	4,792.20	3,299.25
Repairs to plant and equipment	2,577.68	1,679.09
Repairs to buildings	138.03	128.18
Other repairs	811.00	679.29
Consumption of stores and spares	1,193.75	796.94
Rent (Refer note 46 (iv))	542.21	496.86
Rates and taxes	204.98	846.72
Insurance	159.31	132.25
Printing and stationery	70.11	53.68
Communication	101.99	98.77
Travelling and conveyance	1,064.08	674.93
Sitting fee/commission paid to non-executive director (Refer note 45A)	185.55	77.26
Payment to auditors*	31.45	24.45
Vehicle running and maintenance	180.49	163.06
Lease and hire (Refer note 46 (iv))	304.77	324.40
Security and service charges	445.46	358.75
Legal, professional and consultancy	339.25	268.82
Bank charges	179.65	222.68
Advertisement and sales promotion	1,397.69	1,248.82
Meeting and conferences	35.91	12.47
Royalty	159.68	123.29
Freight, octroi and insurance paid (net)	9,112.67	6,189.91
Delivery vehicle running and maintenance	841.58	657.38
Distribution expenses	2,100.79	1,440.23
Loading and unloading charges	681.47	474.13
Donations	2.04	1.63
Property, plant and equipment written off	54.01	88.31
Loss on disposal of property, plant and equipment (net)	569.25	170.40
Bad debts and advances written off	25.71	-
Allowance for expected credit loss and advances	73.51	58.92
Corporate social responsibility expenditure	92.57	71.53
Net loss on foreign currency transactions and translations	64.74	-
General office and other miscellaneous	538.81	399.86
	29,072.39	**21,262.26**

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

(₹ in million)

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

36. Other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserves in equity is shown below:

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Retained earnings		
Re-measurement gain on defined benefit plans	107.87	85.99
Tax impact on re-measurement gains on defined benefit plans	(27.02)	(18.93)
Exchange differences arising on translation of foreign operations	(3,799.27)	(365.92)
	(3,718.42)	**(298.86)**

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37. Composition of the Group

These consolidated financial statements include the respective financial statements of Varun Beverages Limited (the "Parent Company" or the "Holding Company"), its subsidiaries and the results of operations of its associate & joint venture as listed below. The principal activity of the Parent Company, subsidiaries and erstwhile associate, predominantly comprise manufacturing and sale of beverages including its packing material.

Name of the company/entity	Country of incorporation and principal place of business	Proportion of ownership interests held by the Group at year end	
		As at 31 December 2022	As at 31 December 2021
Varun Beverages (Nepal) Private Limited ("VBL Nepal")	Nepal	100.00%	100.00%
Varun Beverages Lanka (Private) Limited ("VBL Lanka")	Sri Lanka	100.00%	100.00%
Varun Beverages Morocco SA ("VBL Morocco")	Morocco	100.00%	100.00%
Ole Spring Bottlers Private Limited ("Ole")*	Sri Lanka	100.00%	100.00%
Varun Beverages (Zambia) Limited ("VBL Zambia")	Zambia	90.00%	90.00%
Varun Beverages (Zimbabwe) (Private) Limited ("VBL Zimbabwe")	Zimbabwe	85.00%	85.00%
Varun Beverages RDC SAS ("VBL RDC")~	Democratic Republic of the Congo	99.90%	99.90%
Lunarmech Technologies Private Limited	India	55.04%	55.04%
Varun Beverages International DMCC^	Dubai	100.00%	Not Applicable
Clean Max Tav Private Limited#	India	26.00%	Not Applicable
IDVB Recycling Operations Private Limited@	India	50.00%	Not Applicable

*subsidiary of VBL Lanka
~w.e.f. 31 December 2021
^w.e.f. 31 January 2022 (Refer note 49)
#w.e.f. 23 November 2022 (Refer note 49)
@w.e.f. 01 July 2022 (Refer note 49)

38. The Group conducts business operations in the Republic of Zimbabwe through its subsidiary VBL Zimbabwe.

During the year ended 31 December 2019, the Reserve Bank of Zimbabwe ("RBZ") 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.

During the year ended 31 December 2019, the Zimbabwean economy was classified as hyperinflationary in accordance with the factors and characteristics of a hyperinflationary economy as described in Ind AS 29 'Financial Reporting in Hyper-Inflationary Economies' ("Ind AS 29"). In accordance with Ind AS 29, the historical cost financial statements of VBL Zimbabwe have been restated for the changes in the general purchasing power of the functional currency and consequently are stated in terms of the measuring unit current at the year end. For the purposes of restatement, the management has applied the Consumer Price Index ("CPI") published by the Reserve Bank of Zimbabwe. As per the current scenario, the economy continues to be hyperinflationary. The CPI (in units) was 3,977.46 on 31 December 2021 and 13,672.91 on 31 December 2022.
VBL Zimbabwe has arrangements with RBZ for making USD available at pre-agreed rates for repayment of its USD denominated loans. However, on conservative basis, the carrying amounts of these loans are stated at approximate year end forex rates.

The loss on net monetary position calculated in accordance with Ind AS 29 amounted to ₹ 117.13 million (Gain in 31 December 2021: ₹ 587.18 million) which has been included in 'Net gain/loss on foreign currency transactions and translations' under note 28 & 35. Further, due to foreign exchange gain/(loss) on restatement of monetary assets and liabilities denominated in foreign currency, VBL Zimbabwe has recorded a net loss on foreign currency transactions and translations of ₹ 129.36 million (31 December 2021: ₹ 381.77 million) which has also been included in the said note.

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39. Gratuity and other post-employment benefit plans

(₹ in million, unless otherwise stated)

Parent Company and other components of the Group provide its employees gratuity and compensated absences benefits in accordance with the respective local statutory requirements and entity's policies. The following tables summaries the changes in their present values over the reporting periods, components of expense recognised in the Consolidated Statement of Profit and Loss, their funded status and amounts recognised in the consolidated balance sheet:

	Gratuity		Compensated absences	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Changes in present values are as follows:				
Balance at the beginning of the year	1,817.62	1,686.65	830.82	747.89
Current service cost	221.07	199.98	141.55	141.64
Interest cost	119.39	100.11	57.31	46.37
Benefits settled	(185.59)	(83.86)	(77.14)	(46.15)
Actuarial gain	(108.20)	(85.83)	(53.67)	(59.54)
Foreign exchange translation reserve	(11.75)	0.57	0.06	0.61
Balance at the end of the year	**1,852.54**	**1,817.62**	**898.93**	**830.82**

	Gratuity		Compensated absences	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Changes in fair value of plan assets are as follows:				
Plan assets at the beginning of the year, at fair value	65.61	63.76	-	-
Expected income on plan assets	13.75	3.93	-	-
Actuarial gain	(0.34)	0.16	-	-
Contributions by employer	350.00	2.14	-	-
Benefits settled	(10.59)	(4.38)	-	-
Plan assets at the end of the year, at fair value	**418.43**	**65.61**	**-**	**-**

The Holding Company has taken an insurance policy against its liability towards gratuity, the same has been disclosed as plan assets above.

	Gratuity		Compensated absences	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Reconciliation of present value of the obligation and the fair value of the plan assets:				
Present value of obligation	1,852.54	1,817.62	898.93	830.82
Fair value of plan assets	(418.43)	(65.61)	-	-
Net liability recognised in the consolidated balance sheet	**1,434.11**	**1,752.01**	**898.93**	**830.82**

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39. Gratuity and other post-employment benefit plans [Cont'd]

(₹ in million, unless otherwise stated)

	Gratuity		Compensated absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Amount recognised in consolidated statement of profit and loss:				
Current service cost	221.07	199.98	141.55	141.64
Interest cost	119.39	100.11	57.31	46.37
Expected return on plan assets	(13.75)	(3.93)	-	-
Actuarial gain	-	-	(53.67)	(59.54)
Net cost recognised	**326.71**	**296.16**	**145.19**	**128.47**

	Gratuity		Compensated absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Amount recognised in Other Comprehensive Income:				
Actuarial changes arising from changes in financial assumptions	(114.92)	(76.65)	-	-
Actuarial changes arising from changes in demographic assumptions	-	(35.45)	-	-
Experience adjustments	6.71	26.27	-	-
Return on plan assets	0.34	(0.16)	-	-
Amount recognised (gain)/loss	**(107.87)**	**(85.99)**	**-**	**-**

	Gratuity		Compensated absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
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	7.4%-25%	6.40%-11.00%	6.40%-11.00%	6.40%-11.00%
Rate of return on plan assets	6.69%-7.40%	6.76%-6.84%	0.00%	0.00%
Withdrawal rate	3%-12%	3%-12%	3%-12%	3%-12%
Salary increase	6% -18%	6%-12%	6%-12%	6%-12%
Rate of leave availment	0.00%	0.00%	3.50%-20%	3.50%-20%
Retirement age (Years)	55-70 years	55-70 years	58-70 years	58-70 years

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39. Gratuity and other post-employment benefit plans [Cont'd]

(₹ in million, unless otherwise stated)

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 2022	India	Outside India	Total
Defined benefit obligation	1,806.97	45.57	1,852.54
Fair value of plan assets	418.43	-	418.43

31 December 2021	India	Outside India	Total
Defined benefit obligation	1,744.10	73.52	1,817.62
Fair value of plan assets	65.61	-	65.61

A quantitative sensitivity analysis for significant assumption is as shown below:

	Sensitivity level		Gratuity		Compensated absences	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Discount rate	+1%	+1%	(112.82)	(114.37)	(27.59)	(26.11)
	-1%	-1%	126.73	129.34	29.39	27.87
Salary increase	+1%	+1%	120.39	121.79	27.92	26.23
	-1%	-1%	(109.60)	(110.26)	(26.75)	(25.09)
Withdrawal rate	+1%	+1%	(25.98)	(31.48)	(9.21)	(9.13)
	-1%	-1%	28.60	35.04	9.70	9.64

The sensitivity analysis above has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Risk associated:

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit.
Interest risk (discount rate risk)	A decrease in the bond interest rate (discount rate) will increase the plan liability.
Mortality risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2012-2014) (31 December 2021: (2012-14) ultimate table). A change in mortality rate will have a bearing on the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

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39. Gratuity and other post-employment benefit plans [Cont'd]

Effect of the defined benefit plan on the Company's future cash flows:
Funding arrangements and funding policy:
The Holding Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the company. Any deficit in the assets arising as a result of such valuation is funded by the company.

Expected contribution during the next annual reporting period:
The Holding company's best estimate of contribution during the next financial year approximates to ₹ 1,566.90 million (31 December 2021: ₹ 1,847.68 million).

(₹ in million, unless otherwise stated)

The following are maturity profile of Defined Benefit Obligations in future years (before adjusting fair value of plan assets):

	Gratuity		Compensated absences	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
i) Weighted average duration of the defined benefit obligation	5.62 years -9.38 years	5.62 years -9.38 years	3 years- 6 years	3 years- 6 years
ii) Expected cash flows over the years (valued on undiscounted basis):				
Duration (years)				
1	265.79	292.11	287.12	267.96
2 to 5	843.17	689.30	584.93	508.10
Above 5	2,176.33	1,990.58	297.01	268.85
	3,285.29	**2,971.99**	**1,169.07**	**1,044.91**

Defined contribution plan:
Contribution to defined contribution plans, recognised as expense for the year is as under:
Employer's contribution to provident and other funds ₹ 538.82 million (31 December 2021 ₹ 483.82 million) (Refer note 32)

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40. Earnings per share (EPS)

(₹ in million, unless otherwise stated)

	31 December 2022	31 December 2021
Profit attributable to the equity shareholders	14,974.33	6,940.52
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (nos.)*	649,549,620	649,549,620
Add: Weighted average number of potential equity shares on account of employee stock options	171,233	-
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (nos.)*	649,720,853	649,549,620
Nominal value per equity shares (₹)	10.00	10.00
Basic earnings per share (₹)	23.05	10.69
Diluted earnings per share (₹)	23.05	10.69

*Previous year numbers are adjusted for bonus shares issued during the current year.

41. Dividend

(₹ in million)

	31 December 2022	31 December 2021
Interim dividend ₹ 2.50 per share (31 December 2021: ₹ 2.50 per share) by Holding company (Refer note 56 for final dividend)	1,623.87	1,082.58

42. Contingent liabilities

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Claims against the Group not acknowledged as debts (being contested):		
i. Goods and Service Tax	26.70	6.78
ii. For excise and service tax	145.81	174.22
iii. For customs	90.75	90.75
iii. For sales tax (VAT)/entry tax	1,010.99	1,401.97
iv. For income tax	223.35	515.05
v. For mandi tax and others*	447.43	561.19

*excludes pending matters where amount of liability is not ascertainable.

43. Commitments

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
a. Guarantee issued to third party by subsidiaries for business purposes	355.43	79.27
b. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 6,111.99 (31 December 2021 ₹ 1,656.35))	16,804.28	5,024.12

44. Pursuant to transfer pricing legislations under the Income-tax Act, 1961, the Holding Company is required to use specified methods for computing arm's length price in relation to specified international and domestic transactions with its associated enterprises. Further, the Holding Company is required to maintain prescribed information and documents in relation to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have 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.

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45. Related party disclosures (as per Ind AS-24)

Following are the related parties and transactions entered with related parties for the relevant financial year:

i. List of related parties and relationships:-

I. Key managerial personnel (KMPs)

Mr. Ravi Kant Jaipuria	Non-executive chairman and Karta of Ravi Kant Jaipuria & Sons (HUF), till 19 February 2021
Mr. Varun Jaipuria	Executive vice chairman (w.e.f. 03 March 2022) and Whole Time Director
Mr. Raj Pal Gandhi	Whole Time Director
Mr. Rajinder Jeet Singh Bagga	Whole Time Director
Mr. Kapil Agarwal	Chief Executive Officer (till 03 March 2022) and Whole Time Director (till 01 November 2022)
Mr. Vikas Bhatia	Chief Financial Officer (till 02 August 2021)
Mr. Pradeep Khushalchand Sardana	Non-executive independent director
Mr. Naresh Kumar Trehan	Non-executive independent director
Mrs. Sita Khosla	Non-executive independent director
Dr. Ravi Gupta	Non-executive independent director
Mrs. Rashmi Dhariwal	Non-executive independent director
Mr. Ravi Batra	Company secretary
Mr. Rajesh Chawla	Chief Financial Officer (w.e.f. 02 August 2021)
Mr. Mahavir Prasad Garg	Company secretary of the parent, namely RJ Corp Limited

II. Parent and ultimate parent

RJ Corp Limited	Parent
Ravi Kant Jaipuria & Sons (HUF)	Ultimate parent (till 19 February 2021)

III. Fellow subsidiaries and entities controlled by parent and ultimate parent*

Devyani International Limited
Devyani Food Industries Limited
Varun Food and Beverages Zambia Limited
Varun Developers Private Limited
Wellness Holdings Limited
SVS India Private Limited
Ole Marketing (Private) Limited
Devyani Food Industries (Kenya) Limited
Devyani Airport Services (Mumbai) Private Limited
Devyani International Nepal Private Limited
Cryoviva Biotech Private Limited

IV. Joint venture and associate*

IDVB Recycling Operations Private Limited	Joint venture (w.e.f. 01 July 2022)
Clean Max Tav Private Limited	Asscoiate (w.e.f. 23 November 2022)

V. Relatives of KMPs*

Mrs. Dhara Jaipuria
Mrs. Devyani Jaipuria
Mrs. Aastha Agarwal (till 01 November 2022)
Mr. Ravindra Dhariwal
Mr. Kaustubh Agarwal (till 01 November 2022)

VI. Any person or entity forming a part of the promoter or promoter group*

Mr. Vivek Gupta w.e.f. 01 April 2022

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45. Related party transactions (cont'd)

VII. Entities in which a director or his/her relative is a member/director/trustee*

SMV Beverages Private Limited
Alisha Torrent Closures (India) Private Limited
Lineage Healthcare Limited
Jai Beverages Private Limited
Diagno Labs Private Limited (till 29 March 2022)
RJ Foundation (Trust)

VIII. Entities which are post employment benefits plans

VBL Employees' Gratuity Trust

*With whom the Group had transactions during the current year and previous year.

ii. Terms and conditions of transactions with related parties

The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's lengt transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. This assessment is undertaken each financial yea through examining the financial position of the related party and the market in which the related party operates.

iii. Transactions with KMPs (Refer note 45A)

iv. Transactions with related parties (Refer note 45B)

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45A. Transactions with KMPs

(₹ in million)

	For year ended 2022	For year ended 2021
I. Remuneration paid		
Mr. Varun Jaipuria	54.69	48.39
Mr. Raj Pal Gandhi	56.60	63.47
Mr. Kapil Agarwal	237.21	78.35
Mr. Rajesh Chawla	9.61	3.40
Mr. Ravi Batra	13.30	10.99
Mr. Rajinder Jeet Singh Bagga (Net of reimbursement)^	52.45	38.80
Mr. Mahavir Prasad Garg (Net of reimbursement)	2.74	2.21
Mr. Vikas Bhatia	-	18.49
II. Director sitting fees paid		
Mr. Pradeep Khushalchand Sardana	0.60	0.40
Mrs. Sita Khosla	1.00	0.90
Dr. Ravi Gupta	1.70	1.30
Mrs. Rashmi Dhariwal	1.80	1.20
III. Dividend paid		
Mr. Varun Jaipuria	260.43	183.66
Mr. Raj Pal Gandhi	3.36	2.29
Mr. Kapil Agarwal	2.12	1.54
Mr. Ravi Kant Jaipuria	291.84	202.06
Mr. Rajinder Jeet Singh Bagga	0.73	0.49
Mr. Pradeep Khushalchand Sardana	0.01	0.00*
IV. Commission paid to non-executive director		
Mr. Ravi Kant Jaipuria	180.45	73.46
V. Defined benefit obligation (Cumulative) for KMP		
i. Gratuity		
Mr. Varun Jaipuria	52.21	42.82
Mr. Raj Pal Gandhi	48.83	46.10
Mr. Kapil Agarwal	-	66.68
Mr. Ravi Batra	2.64	2.07
Mr. Mahavir Prasad Garg	0.76	0.51
Mr. Rajinder Jeet Singh Bagga	39.50	33.66
Mr. Rajesh Chawla	0.42	0.17
ii. Compensated absences		
Mr. Varun Jaipuria	20.89	17.32
Mr. Raj Pal Gandhi	14.48	13.97
Mr. Kapil Agarwal	-	17.83
Mr. Ravi Batra	2.07	1.89
Mr. Rajesh Chawla	0.88	0.38
Mr. Mahavir Prasad Garg	0.68	0.66
Mr. Rajinder Jeet Singh Bagga	11.74	10.39

^ during the previous year

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45A. Transactions with KMPs [Cont'd]

(₹ in million)

		For year ended 2022	For year ended 2021
VI.	**Bonus share issued (Face value of ₹ 10 each)**		
	Mr. Varun Jaipuria	347.24	244.87
	Mr. Raj Pal Gandhi	4.58	3.06
	Mr. Kapil Agarwal	2.83	2.05
	Mr. Ravi Kant Jaipuria	389.11	269.41
	Mr. Pradeep Khushalchand Sardana	0.01	0.01
	Mr. Vikas Bhatia	-	0.04
	Mr. Rajinder Jeet Singh Bagga	0.97	0.65
VII.	**Balances (payable)/ receivable outstanding at the end of the year, net**		
	Mr. Varun Jaipuria	(2.60)	(2.02)
	Mr. Raj Pal Gandhi	(1.75)	(1.26)
	Mr. Kapil Agarwal	-	(2.92)
	Mr. Rajinder Jeet Singh Bagga	0.36	(1.99)
	Mr. Ravi Batra	(0.72)	(0.49)
	Mr. Mahavir Prasad Garg	0.11	(0.29)
	Mr. Rajesh Chawla	(0.45)	(0.41)

*Rounded off to Nil.

Note:

(i) Stock options have been granted to KMPs of the Group. The number of stock options granted to such KMPs outstanding as on date are 14,000. However as the liability has not been determined for individual employees, the charge thereof for the individual employees is not disclosed above.

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

45B. Transactions with related parties

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint ventures and associate (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Sale of goods																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	148.32	141.84	-	-	-	-	**148.32**	**141.84**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	21.28	26.43	-	-	-	-	**21.28**	**26.43**
- Devyani Food Industries (Kenya) Limited	-	-	59.04	13.79	-	-	-	-	-	-	-	-	-	-	**59.04**	**13.79**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	197.12	160.58	-	-	-	-	**197.12**	**160.58**
- Devyani International Limited	-	-	89.37	40.59	-	-	-	-	-	-	-	-	-	-	**89.37**	**40.59**
- Devyani Food Industries Limited	-	-	45.23	17.66	-	-	-	-	-	-	-	-	-	-	**45.23**	**17.66**
- Lineage Healthcare Limited	-	-	-	-	-	-	-	-	0.11	0.07	-	-	-	-	**0.11**	**0.07**
- Devyani Airport Services (Mumbai) Private Limited	-	-	2.36	2.21	-	-	-	-	-	-	-	-	-	-	**2.36**	**2.21**
- Devyani International Nepal Private Limited	-	-	8.59	-	-	-	-	-	-	-	-	-	-	-	**8.59**	**-**
Sale of raw materials and stores																
- RJ Foundation (Trust)	-	-	-	-	-	-	-	-	-	1.53	-	-	-	-	**-**	**1.53**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	2.17	3.38	-	-	-	-	**2.17**	**3.38**
- Devyani Food Industries Limited	-	-	36.26	40.49	-	-	-	-	-	-	-	-	-	-	**36.26**	**40.49**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	219.28	149.22	-	-	-	-	**219.28**	**149.22**
Purchase of goods																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	525.89	488.79	-	-	-	-	**525.89**	**488.79**
- Devyani Food Industries Limited	-	-	464.64	279.02	-	-	-	-	-	-	-	-	-	-	**464.64**	**279.02**
Purchase of raw materials and stores																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	14.37	27.76	-	-	-	-	**14.37**	**27.76**
- Devyani Food Industries Limited	-	-	79.13	35.69	-	-	-	-	-	-	-	-	-	-	**79.13**	**35.69**
- Devyani Food Industries (Kenya) Limited	-	-	-	29.64	-	-	-	-	-	-	-	-	-	-	**-**	**29.64**
House keeping and cleaning charges paid																
- Varun Developers Private Limited	-	-	12.53	12.53	-	-	-	-	-	-	-	-	-	-	**12.53**	**12.53**
Interest received/(paid)																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	(2.00)	(4.00)	-	-	-	-	**(2.00)**	**(4.00)**
Contribution to corporate social responsibility																
- RJ Foundation (Trust)	-	-	-	-	-	-	-	-	85.04	67.54	-	-	-	-	**85.04**	**67.54**
Equity investment																
- IDVB Recycling Operations Private Limited	-	-	-	-	0.07	-	-	-	-	-	-	-	-	-	**0.07**	**-**
- Clean Max Tav Private Limited	-	-	-	-	0.03	-	-	-	-	-	-	-	-	-	**0.03**	**-**
Professional charges paid																
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	4.88	4.94	-	-	-	-	-	-	**4.88**	**4.94**
Remuneration paid																
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	47.76	-	**47.76**	**-**
Travelling expenses paid																
- Wellness Holdings Limited	-	-	263.80	109.20	-	-	-	-	-	-	-	-	-	-	**263.80**	**109.20**

45B. Transactions with related parties [Cont'd]

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint ventures and associate (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Contribution to gratuity trust																
- VBL Employees' Gratuity Trust	-	-	-	-	-	-	-	-	-	-	350.00	2.14	-	-	**350.00**	**2.14**
Dividend paid																
- RJ Corp Limited	444.75	299.75	-	-	-	-	-	-	-	-	-	-	-	-	**444.75**	**299.75**
- Mrs. Aastha Agarwal	-	-	-	-	-	-	0.75	0.38	-	-	-	-	-	-	**0.75**	**0.38**
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	0.56	0.38	-	-	-	-	-	-	**0.56**	**0.38**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	0.02	0.01	-	-	-	-	-	-	**0.02**	**0.01**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	39.39	26.26	-	-	-	-	-	-	**39.39**	**26.26**
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	1.16	-	**1.16**	**-**
(Recovery of Expenses incurred by the Company on behalf of others)/expenses incurred by others on behalf of the Company																
- Devyani International Limited	-	-	0.79	(3.13)	-	-	-	-	-	-	-	-	-	-	**0.79**	**(3.13)**
- RJ Corp Limited	(1.81)	(2.24)	-	-	-	-	-	-	-	-	-	-	-	-	**(1.81)**	**(2.24)**
- Devyani Food Industries (Kenya) Limited	-	-	(1.34)	(0.47)	-	-	-	-	-	-	-	-	-	-	**(1.34)**	**(0.47)**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	0.07	-	-	-	-	**-**	**0.07**
- Devyani Food Industries Limited	-	-	(19.70)	(14.95)	-	-	-	-	-	-	-	-	-	-	**(19.70)**	**(14.95)**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	**-**	**0.02**
Amount paid by Company on behalf of others/(amount paid by others on behalf of the Company)																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	**-**	**0.02**
Licence fee paid																
- Devyani Food Industries Limited	-	-	1.27	1.24	-	-	-	-	-	-	-	-	-	-	**1.27**	**1.24**
Purchase of property, plant and equipment																
- Devyani Food Industries (Kenya) Limited	-	-	3.32	-	-	-	-	-	-	-	-	-	-	-	**3.32**	**-**
- Varun Food and Beverages Zambia Limited	-	-	43.10	-	-	-	-	-	-	-	-	-	-	-	**43.10**	**-**
- Cryoviva Biotech Private Limited	-	-	3.62	-	-	-	-	-	-	-	-	-	-	-	**3.62**	**-**
Advance paid for acquisition of assets																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	50.40	-	-	-	-	**-**	**50.40**
Rent/ lease charges paid/(received)																
- RJ Corp Limited	112.80	112.69	-	-	-	-	-	-	-	-	-	-	-	-	**112.80**	**112.69**
- Devyani Food Industries Limited	-	-	(8.82)	(3.97)	-	-	-	-	-	-	-	-	-	-	**(8.82)**	**(3.97)**
- Ravi Kant Jaipuria & Sons (HUF)	-	1.28	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**1.28**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	27.00	27.00	-	-	-	-	**27.00**	**27.00**
- SVS India Private Limited	-	-	2.73	1.20	-	-	-	-	-	-	-	-	-	-	**2.73**	**1.20**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	0.72	-	-	-	-	-	-	**-**	**0.72**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	(1.23)	(1.36)	-	-	-	-	**(1.23)**	**(1.36)**

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45B. Transactions with related parties [Cont'd]

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		Joint ventures and associate (or an associate of any member of the company)		Relatives of KMPs		Entities in which a director or his/her relative is a member/director/trustee		Entities which are post employment benefits plans		Any person or entity forming a part of the promoter or promoter group		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
IT infrastructure support fee																
- Devyani Food Industries Limited	-	-	8.86	5.57	-	-	-	-	-	-	-	-	-	-	**8.86**	**5.57**
- RJ Corp Limited	1.03	0.03	-	-	-	-	-	-	-	-	-	-	-	-	**1.03**	**0.03**
- Devyani Food Industries (Kenya) Limited	-	-	1.77	1.20	-	-	-	-	-	-	-	-	-	-	**1.77**	**1.20**
- Diagno Labs Private Limited	-	-	-	-	-	-	-	-	0.03	0.43	-	-	-	-	**0.03**	**0.43**
- Devyani International Limited	-	-	1.53	1.40	-	-	-	-	-	-	-	-	-	-	**1.53**	**1.40**
- Cryoviva Biotech Private Limited	-	-	0.89	-	-	-	-	-	-	-	-	-	-	-	**0.89**	**-**
Capital commitments																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	201.60	201.60	-	-	-	-	**201.60**	**201.60**
Bonus share issued (Face value of ₹ 10 each)																
- RJ Corp Limited	593.00	399.67	-	-	-	-	-	-	-	-	-	-	-	-	**593.00**	**399.67**
- Mrs. Aastha Agarwal	-	-	-	-	-	-	1.00	0.50	-	-	-	-	-	-	**1.00**	**0.50**
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	0.75	0.50	-	-	-	-	-	-	**0.75**	**0.50**
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	0.02	0.02	-	-	-	-	-	-	**0.02**	**0.02**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	52.52	35.01	-	-	-	-	-	-	**52.52**	**35.01**
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	1.55	-	**1.55**	**-**
Balances outstanding at the end of the year, (net)																
A. Receivable/(payable), net																
- Devyani International Limited	-	-	3.75	5.03	-	-	-	-	-	-	-	-	-	-	**3.75**	**5.03**
- RJ Corp Limited	35.60	35.82	-	-	-	-	-	-	-	-	-	-	-	-	**35.60**	**35.82**
- Wellness Holdings Limited	-	-	(23.07)	(12.22)	-	-	-	-	-	-	-	-	-	-	**(23.07)**	**(12.22)**
- Devyani International Nepal Private Limited	-	-	0.95	-	-	-	-	-	-	-	-	-	-	-	**0.95**	**-**
- Lineage Healthcare Limited	-	-	-	-	-	-	-	-	(0.00)*	0.02	-	-	-	-	**(0.00)***	**0.02**
- Ole Marketing (Private) Limited	-	-	21.64	-	-	-	-	-	-	-	-	-	-	-	**21.64**	**-**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	161.91	56.93	-	-	-	-	**161.91**	**56.93**
- Diagno Labs Private Limited	-	-	-	-	-	-	-	-	0.12	0.50	-	-	-	-	**0.12**	**0.50**
- Devyani Food Industries (Kenya) Limited	-	-	20.76	1.93	-	-	-	-	-	-	-	-	-	-	**20.76**	**1.93**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	5.41	10.64	-	-	-	-	**5.41**	**10.64**
- Devyani Airport Services (Mumbai) Private Limited	-	-	0.13	0.05	-	-	-	-	-	-	-	-	-	-	**0.13**	**0.05**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	0.70	0.01	-	-	-	-	**0.70**	**0.01**
- Devyani Food Industries Limited	-	-	(56.21)	(32.38)	-	-	-	-	-	-	-	-	-	-	**(56.21)**	**(32.38)**
- Varun Food and Beverages Zambia Limited	-	-	(59.28)	(18.04)	-	-	-	-	-	-	-	-	-	-	**(59.28)**	**(18.04)**
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	(0.40)	-	-	-	-	-	-	-	**(0.40)**	**-**
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	(2.77)	-	**(2.77)**	**-**
- SVS India Private Limited	-	-	(1.17)	-	-	-	-	-	-	-	-	-	-	-	**(1.17)**	**-**
- Cryoviva Biotech Private Limited	-	-	1.05	-	-	-	-	-	-	-	-	-	-	-	**1.05**	**-**
C. Defined benefit obligation (Cumulative) Payable																
Gratuity																
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	9.82	-	**9.82**	**-**
Compensated absences																
- Mr. Vivek Gupta	-	-	-	-	-	-	-	-	-	-	-	-	4.92	-	**4.92**	**-**

*Rounded off to Nil.

46. Disclosure on lease transactions pursuant to Ind AS 116 - Leases

The Group lease asset class primarily consists of leases for land, buildings, plant and equipments and vehicles. With the exception of short-term leases, leases of low-value and cancellable long-term leases underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liability.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the weighted average borrowing rate on the date of adoption, i.e., 5.44% - 10.00% (31 December 2021: 5.44% - 10.00%).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right of use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security against the Group's other debts and liabilities.

i. Lease liabilities are presented in the balance sheet as under:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Current maturities of lease liabilities (Refer note 20D)	235.77	136.02
Non-current lease liabilities (Refer note 20B)	1,654.25	312.63
Total	**1,890.02**	**448.65**

ii. The recognised right of use assets relate to land, buildings and plant and equipments as at 31 December 2022 and 31 December 2021:

(₹ in million)

	As at 31 December 2022	As at 31 December 2021
Right of use assets - land, buildings and plant and equipments		
Balance at the beginning of the year	5,727.99	5,552.08
Additions for the year	3,772.60	341.37
Government grant related to asset received	(68.24)	-
Refund received for the year	(10.35)	-
Amortisation charge for the year	(282.87)	(217.38)
Exchange differences on translation of foreign operations	15.88	51.92
Balance at the end of the year	**9,155.01**	**5,727.99**

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

(₹ in million)

	Year ended 31 December 2022	Year ended 31 December 2021
Depreciation charge on right of use assets	282.87	217.38
Interest expense on lease liabilities*	44.26	30.50
Total	**327.13**	**247.88**

*In Holding Company, Interest expense on leasehold lands acquired during the year were capitalised as pre-operative expense amounting to ₹ 24.70 million (31 December 2021: Nil)

iv. Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less), non-cancellable long-term leases and for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 846.98 (31 December 2021: ₹ 821.26 million).

v. Refer Consolidated Cash Flow Statement for total cash outflow for leases for the year ended 31 December 2022 and 31 December 2021.

vi. Maturity of lease liabilities

Future minimum lease payments for year ended 31 December 2022 were as follows:

(₹ in million)

	Lease payments	Interest expense	Net Present value*
Not later than 1 year	370.84	138.33	235.77
Later than 1 year not later than 5 years	1,430.10	354.68	1,086.53
Later than 5 years	1,133.92	568.87	567.72
Total	**2,934.86**	**1,061.88**	**1,890.02**

* Includes exchange differences on translation of foreign operations of ₹ 17.04 million

Future minimum lease payments for year ended 31 December 2021 were as follows:

(₹ in million)

	Lease payments	Interest expense	Net Present value*
Not later than 1 year	163.45	26.14	136.02
Later than 1 year not later than 5 years	256.53	56.43	196.05
Later than 5 years	529.00	412.41	116.58
Total	**948.98**	**494.98**	**448.65**

* Includes exchange differences on translation of foreign operations of ₹ 5.35 million

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47. Segment reporting

The business activity of the Group predominantly fall within a single reportable business segment viz manufacturing and sale of beverages. There are no separate reportable business segments. As part of reporting for geographical segments, the Group operates in two principal geographical areas of the world, i.e., within India and other countries (outside India). The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Group is seasonal.

The following table presents segment non-current assets, revenue from external customers regarding geographical segments:

	As at 31 December 2022	As at 31 December 2021
Non-current assets*		
-Within India	67,717.76	57,125.93
-Outside India	13,937.52	12,787.13

* excluding Investment in associate & joint venture, financial instruments, deferred tax assets and post-employment benefit assets.

	As at 31 December 2022	As at 31 December 2021
Revenue from external customers		
-Within India	105,100.36	65,448.50
-Outside India	28,805.22	24,134.41

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(₹ in million)

48. Dues to Micro and Small Enterprises

The dues to micro and small enterprises as required under the Micro, Small and Medium Enterprises Development Act ("MSMED"), 2006 to the extent information available with the Holding Company is given below:

Particulars	31 December 2022	31 December 2021
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	659.11	342.85
Interest due on above	1.07	1.32
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year*	116.95	299.00
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	2.91	3.83
The amount of interest accrued and remaining unpaid at the end of each accounting year	13.71	9.73
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	13.71	9.73

*includes principal amounting to ₹ 116.95 million (31 December 2021: ₹ 299.00 million).

49. Acquisition of Subsidiary and Associate & Joint Venture during the year

The Holding company has subscribed equity shares of Varun Beverages International DMCC amounting to ₹ 2.05 million and ₹ 18.63 million (31 December 2021: Nil) on 31 January 2022 and 11 April 2022 respectively to render business related management and technical services to the Group.

The Holding Company has subscribed the equity investment of IDVB Recycling Operations Private Limited amounting to ₹ 0.03 million and ₹ 0.04 million (31 December 2021: Nil) on 01 July 2022 and 01 November 2022 respectively.

On 23 November 2022, the Holding Company has subscribed the equity investment of Clean Max Tav Private Limited amounting to ₹ 0.03 million (31 December 2021: Nil).

50. The Holding Company follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

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51. Share-based payments

a. Description of share based payment arrangements

i) Share Options Schemes (equity settled)

Employees Stock Option Scheme 2016 ("ESOP 2016 or scheme")

The ESOP 2016 was approved by the Board of Directors and the shareholders on 27 April 2016 and further ratified and amended by the shareholders in their meetings held on 17 April 2017 and 07 April 2022 respectively. Further, National Stock Exchange of India Limited and BSE Limited have accorded their in principle approvals for issue and allotment of upto 8,347,576 equity shares ("Ceiling Limit"). The scheme was formulated with the objective to enable the Company to grant Options for equity shares of the Company to certain eligible employees as defined in the Scheme at a pre-determined price.

The Options were granted on the dates as mentioned in the table below:

Scheme	Grant Date	Number of Options Granted	Exercise Price	Vestion Conditions	Vesting Period	Contractual period
ESOS 2016	04-Jan-22	140,475	605	Graded vesting over 4 years	04 Jan 2023 to 01 Jan 2026	0-4 Years
ESOS 2016	03-Feb-22	4,500	598	Graded vesting over 4 years	03 Feb 2023 to 01 Jan 2026	0-3.92 Years
ESOS 2016	03-Mar-22	9,000	596	Graded vesting over 4 years	03 Mar 2023 to 01 Jan 2026	0-3.83 Years
ESOS 2016	13-Apr-22	4,500	605	Graded vesting over 4 years	13 Apr 2023 to 01 Jan 2026	0-3.75 Years
ESOS 2016	28-Apr-22	9,000	612	Graded vesting over 4 years	28 Apr 2023 to 01 Jan 2026	0-3.75 Years
ESOS 2016	24-Sep-22	451,000	870	Graded vesting over 4 years	24 Sep 2023 to 01 Jan 2026	0-3.33 Years

b. Measurement of fair values

The fair values are measured based on the Black-Scholes-Merton model. The fair value of the options and inputs used in the measurement of the grant date fair values of the equity-settled share based payments are as follows:

Particulars	Options granted on 04 January 2022	Options granted on 03 February 2022	Options granted on 03 March 2022	Options granted on 13 April 2022	Options granted on 28 April 2022	Options granted on 24 September 2022
Fair value per Option at grant date (in ₹)	261.64	308.33	333.50	335.15	368.58	488.82
Share price at grant date (in ₹)	879.80	940.65	975.85	983.90	1,036.45	1,158.95
Exercise price (in ₹)	907.00	897.00	894.00	907.00	918.00	870.00
Expected volatility	37.45%-39.59%	37.59%-39.90%	37.56%-39.94%	37.83%-40.09%	37.64%-40.26%	37.45%-40.70%
Expected life (in years)	1.6-4.6	1.6-4.5	1.6-4.4	1.6-4.3	1.6-4.3	1.6-3.8
Expected dividends	0.28%	0.27%	0.26%	0.25%	0.24%	0.22%
Risk-free interest rate	4.28%-5.59%	4.41%-5.83%	4.52%-5.79%	4.82%-6.27%	4.9%-6.22%	6.44%-6.92%

The risk-free interest rate (continuous compounding) being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the options on the date of grant of options based on the zero-coupon yield curve for Government Securities available as on Valuation date taken from www.ccilindia.com.

The measure of volatility used in the Option-Pricing Model is the annualised standard deviation of the continuous rates of return on the stock over a period of time.

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51. Share-based payments [Cont'd]

c. Effect of employee stock option schemes on the standalone statement of profit and loss

(₹ in million, unless otherwise stated)

	31 December 2022	31 December 2021
Employee stock option expense*	29.06	-

*included in Salaries, wages and bonus (refer note 32)

d. Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option scheme is as follows:

	As at 31 December 2022		As at 31 December 2021	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Number of options granted,exercised and forfeited				
Options outstanding as at the beginning of the year	-	-	-	-
Add: Options granted during the year	618,475	799.10	-	-
Less: Options exercised during the year	-	-	-	-
Less: Options forfeited/lapsed during the year	7,500	799.10	-	-
Options outstanding as at the end of the year	610,975	799.10	-	-
Options exercisable at the end of the year	-	-	-	-

	As at 31 December 2022	As at 31 December 2021
Weighted average remaining life of options outstanding at the end of year (in years)	3.56	-

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52. Financial instruments risk

Financials risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of financial risks are market risk, credit risk and liquidity risk.

The respective management of the Holding Company and other companies/entities comprising the Group monitors and manages the financial risks relating to the operations of the respective entity/company on a continuous basis. The Group's risk management is coordinated at head office, in close cooperation with the management of respective entity/company, and focuses on actively securing the short to medium-term cash flows and simultaneously minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

52.1 Market risk analysis

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and commodity price risk, which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The functional currency of the Holding Company is Indian Rupees ('INR' or '₹'). Most of the transactions of the Holding Company and other entities/companies are carried out in the respective local currency. Exposures to currency exchange rates mainly arise from the overseas operations and external commercial borrowings etc., which are primarily denominated in US Dollar ("USD"), Euro, Singapore Dollar ("SGD"), Australian Dollars (AUD), Pound Sterling ("GBP"), Zuid-Afrikaanse Rand ("ZAR") and Emirati Dirham ("AED").

To mitigate its exposure to foreign currency risk, the Group continuously monitors non-INR cash flows and hedging contracts are entered into wherever considered necessary.

The carrying amounts of the Group's foreign currency denominated monetary items are restated at the end of each reporting period. Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are as follows:

(₹ in million)

	USD	GBP	Euro	SGD	AUD	AED	ZAR
31 December 2022							
Financial assets							
(i) Trade receivables	5.72	-	-	-	-	-	0.00*
(ii) Others	2.13	-	-	-	-	-	-
(iii) Cash and cash equivalents	3.42	-	-	-	-	-	6.01
(iv) Other bank balances	0.13	-	-	-	-	-	-
Total financial assets	**11.40**	**-**	**-**	**-**	**-**	**-**	**6.01**
Financial liabilities							
(i) Borrowings	2.77	-	5.92	-	-	-	-
(ii) Trade payables	16.26	0.00*	1.67	-	0.03	0.02	2.91
(iii) Other financial liabilities	3.21	-	6.38	-	-	-	-
Total financial liabilities	**22.24**	**0.00***	**13.97**	**-**	**0.03**	**0.02**	**2.91**
31 December 2021							
Financial assets							
(i) Trade receivables	2.73	0.01	-	-	-	-	2.77
(ii) Others	0.20	-	-	-	-	-	-
(iii) Cash and cash equivalents	4.45	-	-	-	-	-	2.23
(iv) Other bank balances	0.46	-	-	-	-	-	-
Total financial assets	**7.84**	**0.01**	**-**	**-**	**-**	**-**	**5.00**
Financial liabilities							
(i) Borrowings	1.91	-	4.85	16.56^	-	-	-
(ii) Trade payables	12.10	0.01	0.59	-	-	-	6.58
(iii) Other financial liabilities	2.18	-	0.70	0.03	-	-	-
Total financial liabilities	**16.19**	**0.01**	**6.14**	**16.59**	**-**	**-**	**6.58**

*Rounded off to Nil.
^Outstanding foreign currency exposure hedged (excluding interest thereon)
There are no other exposure hedged against advance currency fluctuations.

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52. Financial instruments risk [Cont'd]

The foreign currency sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities considering 'all other things being equal' and ignoring the impact of taxation. It assumes a +/- 1% change of the respective countries exchange rates (i.e. local currency to foreign currency) for the year ended at 31 December 2022 (31 December 2021: +/-1%). These are the sensitivity rates used when reporting foreign currency exposures internally to the key management personnel and represents respective management's assessment of the reasonably possible changes in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at end of each period reported upon. A positive number indicates an increase in profit or equity and vice-versa.

If the INR had strengthened against the USD by 1% (31 December 2021: 1%), AUD by 1% (31 December 2021: Nil), GBP by 1% (31 December 2021: 1%), SGD by 1% (31 December 2021: 1%) Euro by 1% (31 December 2021: 1%), AED by 1% (31 December 2021: Nil) and ZAR by 1% (31 December 2021: 1%), the following would have been the impact:

(₹ in million)

	Profit/(loss) for the year		Equity	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
USD	8.97	6.21	8.97	6.21
GBP	0.00*	(0.00)*	0.00*	(0.00)*
Euro	12.32	5.17	12.32	5.17
SGD	-	9.14	-	9.14
AUD	0.02	-	0.02	-
ZAR	(0.15)	0.07	(0.15)	0.07
AED	0.00	-	0.00	-

*Rounded off to Nil.

If the INR had weakened against the USD by 1% (31 December 2021: 1%), AUD by 1% (31 December 2021: Nil), GBP by 1% (31 December 2021: 1%), SGD by 1% (31 December 2021: 1%) Euro by 1% (31 December 2021: 1%), AED by 1% (31 December 2021: Nil) and ZAR by 1% (31 December 2021: 1%), the following would have been the impact:

(₹ in million)

	Profit/(loss) for the year		Equity	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
USD	(8.97)	(6.21)	(8.97)	(6.21)
GBP	(0.00)*	(0.00)*	(0.00)*	(0.00)*
Euro	(12.32)	(5.17)	(12.32)	(5.17)
SGD	-	(9.14)	-	(9.14)
AUD	(0.02)	-	(0.02)	-
ZAR	0.15	(0.07)	0.15	(0.07)
AED	(0.00)	-	(0.00)	-

*Rounded off to Nil.

Exposures to foreign exchange rates vary during the year depending on the volume of the overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

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52. Financial instruments risk [Cont'd]
Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Group is exposed to changes in market interest rates as some of the bank and other borrowings are at variable interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (31 December 2021: +/- 1%). These changes are considered to be reasonably possible based on management's assessment. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(₹ in million)

	Profit/(loss) for the year		Equity	
	+1%	-1%	+1%	-1%
31 December 2022	(241.26)	241.26	(241.26)	241.26
31 December 2021	(217.02)	217.02	(217.02)	217.02

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	Effect on profit/(loss)		Effect on equity	
31 December 2022					
Sugar	+/-1%	(148.65)	148.65	(148.65)	148.65
Pet chips	+/-1%	(107.25)	107.25	(107.25)	107.25
31 December 2021					
Sugar	+/-1%	(107.54)	107.54	(107.54)	107.54
Pet chips	+/-1%	(52.51)	52.51	(52.51)	52.51

Other price sensitivity

The Group is not exposed to any listed equity or listed debt price risk as it does not hold any investments in listed entities.

52.2 Credit risk analysis
Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is operating through a network of distributors and other distribution partners based at different locations. The Group is exposed to this risk for various financial instruments, for example loans granted, receivables from customers, deposits placed etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at end of each reporting period, as summarised below:

(₹ in million)

Particulars	As at 31 December 2022	As at 31 December 2021
Classes of financial assets-carrying amounts:		
Investments (non-current)	0.01	0.01
Others non-current financial assets	486.80	420.63
Trade receivables	2,993.38	2,212.49
Cash and cash equivalents	1,543.32	1,507.50
Bank balances (other than those classified as cash and cash equivalents	1,309.35	1,858.72
Others current financial assets	3,977.06	2,455.55
	10,309.92	**8,454.90**

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.

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52. Financial instruments risk [Cont'd]

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 2022	As at 31 December 2021
Balance as at beginning of the year	495.36	435.33
Loss allowance measured at lifetime expected credit loss	73.51	58.92
Foreign currency translation reserve	(30.00)	1.11
Balance at the end of the year	**538.87**	**495.36**

The credit risk for cash and cash equivalents, bank deposits including interest accrued thereon and Government grant receivables is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and State Government bodies.

In respect of financial guarantees provided by the Group, the maximum exposure to which the Group is exposed to is the maximum amount which it would have to pay if the guarantee is called upon. Based on the expectation at the end of each reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

52.3 Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and considering the maturity profiles of financial assets and other financial liabilities as well as forecast of operational cash inflows and outflows. Liquidity needs are monitored in various time bands, on a day-to-day basis, a week-to-week basis and a month-to-month basis. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the Group's ability to avail further credit facilities subject to creation of requisite charge on its assets. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

As at 31 December 2022, the Group's non-derivative financial liabilities have contractual undiscounted maturities as summarised below:

(₹ in million)

31 December 2022	Carrying value	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	36,948.12	19,666.69	17,388.87	-
Lease liabilities (current and non-current)	1,890.02	370.84	1,430.10	1,133.92
Trade payables	8,242.61	8,242.61	-	-
Other financial liabilities (current)	5,593.90	5,593.90	-	-
Total	**52,674.65**	**33,874.04**	**18,818.97**	**1,133.92**

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

(₹ in million)

31 December 2021	Carrying value	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	33,418.95	14,330.30	17,800.90	554.58
Lease liabilities (current and non-current)	448.65	163.45	256.53	529.00
Trade payables	7,117.53	7,117.53	-	-
Other financial liabilities (current)	3,929.66	3,929.66	-	-
Total	**44,914.79**	**25,540.94**	**18,057.43**	**1,083.58**

As at 31 December 2022, the contractual cash flows (excluding interest thereon) of the Group's derivative financial instruments are as follows:

(₹ in million)

31 December 2022	1 to 12 months	1 to 5 years
Cross currency interest rate swap	-	-

This compares to the contractual cash flows (excluding interest thereon) of the Group's derivative financial instruments in the previous year as follows:

(₹ in million)

31 December 2021	1 to 12 months	1 to 5 years
Cross currency interest rate swap	911.78	-

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53. Fair value measurements

Financial instruments by categories

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

Particulars	31 December 2022 FVTPL	31 December 2022 Amortised cost	31 December 2021 FVTPL	31 December 2021 Amortised cost
Financial assets				
(i) Non-current financial assets				
(a) Investment (non-current)	0.01	-	0.01	-
(ii) Non-current financial assets				
(a) Others	-	486.80	-	420.63
(iii) Current financial assets				
(a) Trade receivables	-	2,993.38	-	2,212.49
(b) Cash and cash equivalents	-	1,543.32	-	1,507.50
(c) Bank balances other than above	-	1,309.35	-	1,858.72
(d) Others	-	3,977.06	-	2,455.55
Total	**0.01**	**10,309.91**	**0.01**	**8,454.89**
Financial liabilities				
(i) Current financial liability				
(a) Liability for derivative contract	-	-	25.58	-
(ii) Non-current borrowings (excluding those disclosed under FVTPL category above)	-	17,270.22	-	18,133.27
(iii) Other non-current financial liabilities	-	1,654.25	-	312.63
(iv) Current financial liabilities				
(a) Borrowings	-	19,677.90	-	15,285.68
(b) Trade payables	-	8,242.61	-	7,117.53
(c) Others	-	5,829.67	-	4,040.10
Total	**-**	**52,674.65**	**25.58**	**44,889.21**

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 2022 and 31 December 2021 as follows: (also refer note 3(a))

(₹ in million)

31 December 2022	Date of valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2022	**0.01**	-	-	0.01

(₹ in million)

31 December 2022	Date of valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
(a) Liability for foreign currency derivative contract	31 December 2022	**-**	-	-	-

There have been no transfers of financial assets and financial liabilities between the levels during the year 2022

(₹ in million)

31 December 2021	Date of valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2021	**-**	-	-	-

(₹ in million)

31 December 2021	Date of valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
(a) Liability for foreign currency derivative contract	31 December 2021	**25.58**	-	25.58	-

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54. Capital management

For the purpose of the Group's capital management, capital includes issued equity share capital, securities premium and all othe 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 requirement of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided b total capital plus net debt. The Group includes within net debt, non-current and current borrowings, deferred payment liabilitie 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 millior

Particulars		As at 31 December 2022	As at 31 December 2021
Non-current borrowings (Refer note 20A)		17,270.22	18,133.27
Current borrowings (Refer note 20C)		6,276.95	6,284.92
Lease liabilities (Refer note 20B)		1,654.25	312.63
Current portion of lease liabilities (Refer note 20D)		235.77	136.02
Current maturities of long-term debts (Refer note 20C)		13,400.95	9,000.76
		38,838.14	**33,867.60**
Less: Cash and cash equivalents (Refer note 13)		(1,543.32)	(1,507.50
Net debt	**(A)**	**37,294.82**	**32,360.10**
Equity share capital (Refer note 18)		6,495.50	4,330.33
Other equity (Refer note 19)		44,528.30	36,468.75
Total capital	**(B)**	**51,023.80**	**40,799.08**
Capital and net debt	**(C=A+B)**	**88,318.62**	**73,159.18**
Gearing ratio	**(A/C)**	**42.23%**	**44.23%**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it mee financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 ar 31 December 2021.

There is no breaches in the financial covenants of the borrowing that would permit the banks to immediately call loans ar borrowings in the reporting periods.

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55. Assets pledged as security

The carrying amount of assets pledged as security are:

(₹ in million

Particulars	As at 31 December 2022	As at 31 December 2021
Inventories and trade receivable	18,518.69	13,633.94
Other bank deposits	1,219.30	1,198.50
Current loans	-	189.86
Other current financial assets	4,907.30	2,881.73
Other current assets	3,545.52	2,384.84
Other non current assets	1,815.72	-
Other intangible assets	5,478.86	5,543.00
Property, plant and equipment (including capital work-in-progress)	54,851.68	49,031.82
Right of use assets	8,521.54	5,204.88

56. The Board of Directors in their meeting dated 06 February 2023 have approved a payment of final dividend of ₹ 1.00 (Rupees On only) per equity share of the face value of ₹ 10 each, subject to the approval of equity shareholders in ensuing annual gener meeting of the Company. With this, total dividend declared for year ended 31 December 2022 stands at ₹ 3.50 (Rupees three an paise fifty only) per equity share of the face value of ₹ 10 each.

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57. Additional information, as required to Consolidated Financial Statements pursuant to Schedule III to the Companies Act, 2013

(₹ in million

Name of the company/entity	Net assets i.e., total assets minus total liabilities		Share of profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
	As % of consolidated net assets*	Amount	As % of consolidated profit/(loss)*	Amount	As % of consolidated OCI*	Amount	As % of consolidated TCI*	Amount
For the year ended 31 December 2022								
A. Parent Company								
Varun Beverages Limited	85.19%	55,174.01	81.73%	12,701.99	12.51%	80.60	78.98%	12,782.59
B. Subsidiaries								
Indian								
Lunarmech Technologies Private Limited	2.11%	1,366.47	3.08%	478.85	-0.04%	(0.25)	2.96%	478.60
Foreign								
Varun Beverages (Nepal) Private Limited	2.20%	1,426.37	1.90%	294.66	0.00%	-	1.82%	294.66
Varun Beverages Lanka (Private) Limited (Consolidated)	2.20%	1,424.60	0.53%	82.87	0.08%	0.50	0.52%	83.37
Varun Beverages Morocco SA	3.68%	2,385.33	0.71%	110.42	0.00%	-	0.68%	110.42
Varun Beverages (Zambia) Limited (Consolidated)	1.70%	1,097.89	0.83%	128.42	0.00%	-	0.79%	128.42
Varun Beverages (Zimbabwe) (Private) Limited	4.19%	2,712.82	12.81%	1,991.16	0.00%	-	12.30%	1,991.16
Varun Beverages RDC SAS	-0.01%	(7.87)	-0.02%	(2.40)	0.00%	-	-0.01%	(2.40
Varun Beverages International DMCC	0.48%	313.58	1.81%	281.78	0.00%	-	1.74%	281.78
Non-controlling interests in subsidiaries	-1.74%	(1,131.07)	-3.38%	(526.81)	87.45%	563.63	0.22%	36.82
C. Associate (Investment as per equity method)								
Indian								
Clean Max Tav Private Limited^	0.00%	-	0.00%	(0.05)	0.00%	-	0.00%	(0.05
D. Joint venture (Investment as per equity method)								
Indian								
IDVB Recycling Operations Private Limited^	0.00%	-	0.00%	(0.01)	0.00%	-	0.00%	(0.01
	100.00%	**64,762.13**	**100.00%**	**15,540.88**	**100.00%**	**644.48**	**100.00%**	**16,185.36**
Inter group eliminations/adjustments		(13,738.33)		(566.55)		(3,799.27)		(4,365.82
Total		**51,023.80**		**14,974.33**		**(3,154.79)**		**11,819.54**
For the year ended 31 December 2021								
A. Parent Company								
Varun Beverages Limited	80.86%	43,986.21	66.93%	4,894.87	83.87%	56.25	67.08%	4,951.1
B. Subsidiaries				-		-		
Indian								
Lunarmech Technologies Private Limited	1.63%	887.87	3.79%	276.99	0.04%	0.03	3.75%	277.0
Foreign								
Varun Beverages (Nepal) Private Limited	3.07%	1,671.20	-3.67%	(268.18)	0.00%	-	-3.63%	(268.1
Varun Beverages Lanka (Private) Limited (Consolidated)	3.75%	2,039.44	1.37%	100.17	16.07%	10.78	1.50%	110.9
Varun Beverages Morocco SA	4.22%	2,293.44	-0.03%	(2.25)	0.00%	-	-0.03%	(2.2
Varun Beverages (Zambia) Limited (Consolidated)	1.77%	963.34	8.02%	586.83	0.00%	-	7.95%	586.8
Varun Beverages (Zimbabwe) (Private) Limited	6.85%	3,723.70	30.70%	2,245.26	0.00%	-	30.42%	2,245.2
Varun Beverages RDC SAS	0.00%	0.74	0.00%	-	0.00%	-	0.00%	-
Non-controlling interests in subsidiaries	-2.15%	(1,167.89)	-7.11%	(520.00)	0.01%	0.01	-7.05%	(519.9
	100.00%	**54,398.05**	**100.00%**	**7,313.69**	**99.99%**	**67.07**	**99.99%**	**7,380.7**
Inter group eliminations/adjustments		(13,598.97)		(373.17)		(365.94)		(739.1
Total		**40,799.08**		**6,940.52**		**(298.87)**		**6,641.6**

*Percentage has been determined before considering elimination/adjustments arising out of consolidation.

^ Refer note 6.

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58. Summarised financial information for Associate and Joint Venture:

The Group has subscribed 50% ownership interest in IDVB Recycling Operations Private Limited ("IDVB"), a joint venture on 1 July 2022 and 26% ownership interest in Clean Max Tav Private Limited ("Clean Max") on 23 November 2022. The Holding company's interest in IDVB and Clean Max is accounted at cost using the equity method in these financial statements. Summarised financial information of IDVB and Clean Max, is set out below:

A. **Principal place of business:** India

B. **Summarised balance sheet as on 31 December 2022:**

(₹ in million)

Particulars	**IDVB**	**Clean Max**
Non-current assets	-	190.20
Current assets	0.12	0.03
Non-current liabilities	-	-
Current liabilities	-	(190.32)
Net assets	**0.12**	**(0.09)**
Group share of net assets	50.00%	26.00%
Group's carrying amount of investment	**0.06**	**(0.02)**

C. **Group's share of profit for the year**

(₹ in million)

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

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

a) The Holding company and its Indian subsidiary does not have any Benami property and no proceedings have been initiated or pending against the Group for holding any Benami property, under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the rules made thereunder.

b) The Holding company and its Indian subsidiary does not have any transactions with struck off companies under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956, except for the parties mentioned below:

Name of the struck off company	Nature of transactions with struck off company	Balance outstanding as at 31 December 2022	Relationship with the struck off company	Balance outstanding as at 31 December 2021	Relationship with the struck off company
Ace Polypet Private Limited	Sale of goods	(0.00)	No relationship	(0.00)	No relationship
Apex Elevators Private Limited	Purchases	-	No relationship	0.26	No relationship
C A Trade Links Pvt Ltd	Security deposit received	(1.08)	No relationship	(1.08)	No relationship
C A Trade Links Pvt Ltd	Sale of goods	-	No relationship	0.99	No relationship
Ngen Auto Private Limited	Purchases	0.00	No relationship	0.00	No relationship
NTS Engineering Private Limited	Purchases	-	No relationship	(0.04)	No relationship
J K Cement Pvt Ltd	Purchases	0.00	No relationship	0.00	No relationship
Fundoo Holidays Private Limited	Purchases	-	No relationship	-	No relationship
Honshu Buildcon Private Limited	Purchases	-	No relationship	-	No relationship
Piccadily Holiday Resorts Limited	Sale of goods	-	No relationship	-	No relationship

c) The Group does not have any charges which is yet to be registered with ROC beyond the statutory period. The Group had obtained loans from banks in earlier years which have been fully repaid. However pending NOCs from banks, the satisfaction of charges is yet to be registered with ROC in some of the cases.

d) The Group has not traded or invested in Crypto currency or Virtual Currency during the current and previous financial year.

e) The Group has not advanced or provided loan to or invested funds in any entity(ies) including foreign entities (Intermediaries) or to any other person(s), with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

f) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

g) The Group has not undertaken any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

h) The Holding company and its Indian subsidiary has not been declared a 'Wilful Defaulter' by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

i) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

j) The borrowings obtained by the company from banks have been applied for the purposes for which such loans were taken.

k) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the company.

l) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

m) The Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the group with banks are in agreement with the books of accounts.

60. The amounts of previous reported period have been regrouped/reclassified pursuant to changes notified in Schedule-III wherever considered necessary in order to comply with financial reporting requirements.

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

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

Ashish Gupta
Partner
Membership No.: 504662

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

Neeraj Kumar Agarwal
Partner
Membership No.: 94155

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

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Rajesh Chawla
Chief Financial Officer

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

Place: Gurugram
Dated: 06 February 2023

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/joint ventures:

Part"A": Subsidiaries

(₹ in million, except as stated otherwise)

S.No	Particulars	1	2	3	4	5	6	7	8
		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@	Varun Beverages RDC SAS	Varun Beverages International DMCC
	Date of acquisition	01 January 2012	01 January 2012	01 January 2012	01 January 2016	01 January 2016	04 November 2019	31 December 2021	31 January 2022
	Relevant financial year	31 December 2022	31 December 2022	31 December 2022	31 December 2022	31 December 2022	31 December 2022	31 December 2022	31 December 2022
	Currency	NPR	LKR	MAD	ZMW	RTGS	INR	CDF	AED
	Exchange rate on the last day of financial year	0.62441	0.22367	7.88666	4.56198	0.12097	1.00000	0.04023	22.50777
	Average exchange rate during the financial year	0.62441	0.25104	7.65289	4.64505	0.12097	1.00000	0.03846	21.36044
1	Share capital	675.46	2,896.82	6,215.07	843.71	0.07	9.95	0.74	20.68
2	Reserve and surplus	750.91	(1,472.22)	(3,829.74)	254.18	2,712.75	1,356.52	(8.62)	292.89
3	Total assets	5,256.32	1,729.09	6,623.39	2,948.50	5,630.10	2,133.90	218.50	2,453.06
4	Total liabilities	3,829.96	304.48	4,232.79	1,854.51	2,917.29	767.43	220.22	2,136.52
5	Investments	-	-	-	-	-	-	-	-
6	Turnover	6,598.63	2,326.22	6,538.52	3,943.93	10,028.94	2,281.37	2.49	793.11
7	Profit before taxation	641.10	233.74	125.04	114.59	2,053.99	651.73	(2.40)	279.05
8	Provision for taxation	346.44	44.18	28.69	-	-	172.88	-	-
9	Profit after taxation	294.66	189.57	96.35	114.59	2,053.99	478.85	(2.40)	279.05
10	Proposed dividend	539.49	-	-	-	-	-	-	-
11	% of shareholding	100.00%	100.00%	100.00%	90.00%	85.00%	55.04%	99.90%	100.00%

* Consolidated figures

#Reporting period is 16 July 2021-16 July 2022

@Reporting period is 01 April 2021 to 31 March 2022

Part"B": Associate and Joint venture

S.No.	Particulars	Clean Max Tav Private Limited	IDVB Recycling Operations Private Limited
		Associate	Joint Venture
	Latest Audited Balance sheet date	Refer note (a)	Refer note (b)
	Date of acquisition	23 November 2022	01 July 2022
	Currency	INR	INR
1	Shares of Associate/Joint venture held by the Holding company on the year end: (Number)	2,600	7,000
	Amount of investment in Associate/joint venture	0.03	0.07
	Total number of shares	10,000	14,000
	Extent of holding %	26%	50%
	Description of how there is significant influence	Refer note (c)	Refer note (c)
2	Networth attributable to shareholding as per latest Balance Sheet	(0.08)	0.12
3	Loss for the year:		
	Considered in consolidation	(0.05)	(0.01)
	Not considered in consolidation	(0.14)	(0.01)

Note:

a) Incorporated on 25 August 2022 and yet to commence operations as on reporting date

b) Incorporated on 20 May 2022 and yet to commence operations as on reporting date

c) There is significant influence due to percentage (%) of equity share capital

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

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

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

Rajesh Chawla
Chief Financial Officer

Place: Gurugram
Dated: 06 February 2023

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 2021, 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 LLP 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 2021, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') and the relevant 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 LLP 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 LLP and other auditors on separate financial statements 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;

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<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>The Group carries goodwill and franchisee rights as intangible assets having indefinite life amounting to ₹ 242.30 million and ₹ 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 amounts, being the higher of value in use and fair value less costs of disposal. Recoverable amounts are based on management's view of the future cash flows and prospects of the business, the appropriate discount rates and other industry specific risk factors.

The key judgements in determining the recoverable amounts relates to the forecast of future cash flows based on strategy using macroeconomic assumptions such as industry growth, inflation and expected growth in market share, capital expenditure and working capital requirements, among others.

Changes in the management forecasts or assumptions can impact the assessment of the discounted cash flows.

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 the Intangibles assets and Goodwill was determined as a key audit matter.</td><td>• 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 test procedures;

• 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 the 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 the 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.</td></tr>
<tr><td>Claims, Appeals and Litigations – provisions and contingent liabilities

(Refer note 44 to the consolidated financial statements for the amounts of contingent liabilities)</td><td>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 with the applicable accounting standards;</td></tr>
</table>

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Key audit matter	How our audit addressed the key audit matter
The Group is involved in various direct, indirect tax and other claims, appeals and litigations (hereafter, referred to as "Matters") that are pending with different statutory authorities and judicial courts. The management exercises significant judgement for determining the need for and the amount of provisions, for any liabilities, arising from these matters. 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 Matters, the significance of the amounts involved and the subjectivity involved in management's judgement as to whether any amount should be recognised as a provision or be disclosed or not as a contingent liability in the consolidated financial statements.	• Assessed the Group's process and the underlying controls for identification of the pending Matters and completeness for financial reporting and also for monitoring of significant developments in relation to such pending Matters; • Assessed the management's assumptions and estimates in respect of Matters, including the liabilities or provisions recognised or contingent liabilities disclosed in the consolidated financial statements. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts based on the various legal counsel opinions received by the Group; • 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 and through a discussion with Company's legal department and legal counsels appointed by the Company; • 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 Matters and changes in the disputes, if any, through discussions with the management and by reading external advice received by the Group, where relevant, to validate management's conclusions; and • Assessed the appropriateness of the Group's description of the accounting policy, disclosures related to Matters and whether these are adequately presented in the consolidated financial statements.

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 21 January 2022 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 year ended December 2019, the Reserve Bank of Zimbabwe introduced Zimbabwean Dollar ("ZMD/ RTGS Dollar") as the	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;

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Key audit matter	How our audit addressed the key audit matter
local currency which was adopted by VBZL as its functional currency. Further, the Zimbabwean economy has been classified as hyperinflationary in accordance with the factors and characteristics of a hyperinflationary economy as described in Ind AS 29 'Financial Reporting in Hyper-Inflationary Economies' ("Ind AS 29") with effect from 01 July 2019. Consequently, for the year ended 31 December 2021, 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.	• 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 are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group 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 are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group, are

responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the 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 respective 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 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 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; and

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

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

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

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

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Matter

15. We did not audit the financial statements of 7 subsidiaries, whose financial statements reflects total assets of ₹ 22,792.45 million and net assets of ₹ 11,579.00 million as at 31 December 2021, total revenues of ₹ 26,941.75 million and net cash inflows amounting to ₹ 583.75 million for the year ended on that date, as considered in the consolidated financial statements. Out of the above, the financial statements of one subsidiary included in the consolidated financial statements whose financial statement reflect total assets of ₹ 1,502.08 million and net assets of ₹ 887.87 million as at 31 December 2021, total revenues of ₹ 1,642.19 million and net cash inflows amounting to ₹ 68.19 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 LLP. These financial statements have been audited by APAS & Co LLP 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 LLP and the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of APAS & Co LLP and the 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 LLP, referred to in paragraph 15, on separate financial statements of the subsidiaries we report that the Holding Company and one subsidiary company covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to six 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 LLP 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;

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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 LLP and the 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 LLP, 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 2021 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 LLP and the 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 company covered under the Act, during the year ended 31 December 2021; and

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

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

Ashish Gupta
Partner
Membership No.: 504662
UDIN: 22504662AAETVA3941

Place: Gurugram
Date: 03 February 2022

L-41, Connaught Place,
110001

For APAS & Co LLP
Chartered Accountants
Firm Registration No: 000340C/C400308

Sumit Kathuria
Partner
Membership No.: 520078
UDIN: 22520078AAFBAB9754

Place: Gurugram
Date: 03 February 2022

606, 6th Floor, PP City Centre, Road No. 44, New Delhi
Pitampura, New Delhi 110034

Annexure I

List of entities included in the Statement

Holding Company

1. Varun Beverages Limited

Subsidiaries

1. Varun Beverages (Nepal) Private Limited
2. Varun Beverages (Lanka) Private Limited
3. Varun Beverages Morocco SA
4. Ole Spring Bottlers (Private) Limited
5. Varun Beverages (Zambia) Limited
6. Varun Beverages (Zimbabwe) (Private) Limited
7. Lunarmech Technologies Private Limited
8. Varun Beverages RDC SAS (with effect from 31 December 2021)

Annexure II to the Independent Auditor's Report of even date to the members of Varun Beverages Limited on the consolidated financial statements for the year ended 31 December 2021

Annexure II

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 2021, 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 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 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 LLP in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company 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

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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

In our opinion and based on the consideration of the reports of APAS & Co LLP on internal financial controls with reference to financial statements of the subsidiary company, the Holding Company and its subsidiary company which is company covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 December 2021, 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

8. We did not jointly audit the internal financial controls with reference to consolidated financial statements in so far as it relates to a subsidiary company, which is a company covered under the Act, whose financial statements reflect total assets of ₹ 1,502.08 million and net assets of ₹ 887.87 as at 31 December 2021, total revenues of ₹ 1,642.19 million and net cash inflows amounting to ₹ 68.19 million for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company have been audited by one of the joint auditors, APAS & Co LLP whose report have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements for the Holding Company and its subsidiary company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the APAS & Co LLP. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of APAS & Co LLP.

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

Ashish Gupta
Partner
Membership No.: 504662
UDIN: 22504662AAETVA3941

Place: Gurugram
Date: 03 February 2022

L-41, Connaught Place,
New Delhi 110001

For APAS & Co LLP
Chartered Accountants
Firm Registration No: 000340C/C400308

Sumit Kathuria
Partner
Membership No.: 520078
UDIN: 22520078AAFBAB9754

Place: Gurugram
Date: 03 February 2022

606, 6th Floor, PP City Centre, Road No. 44,
Pitampura, New Delhi 110034

(₹ in million)

	Notes	As at 31 December 2021	As at 31 December 2020
Assets			
Non-current assets			
(a) Property, plant and equipment	4A	57,279.71	58,271.88
(b) Capital work-in-progress	4B	4,966.08	668.15
(c) Goodwill	5A	242.30	242.30
(d) Other intangible assets	5B	5,585.74	5,572.01
(e) Investment in associate	6	-	-
(f) Financial assets			
(i) Investments	7	0.01	0.01
(ii) Loans	8	412.59	417.89
(iii) Others	9	8.04	1.21
(g) Deferred tax assets (Net)	10	24.07	110.18
(h) Other non-current assets	11	1,839.23	1,303.44
Total non-current assets		**70,357.77**	**66,587.07**
Current assets			
(a) Inventories	12	14,480.87	9,288.04
(b) Financial assets			
(i) Trade receivables	13	2,212.49	2,417.97
(ii) Cash and cash equivalents	14	1,507.50	1,045.58
(iii) Bank balances other than (ii) above	15	1,858.72	854.92
(iv) Loans	16	94.54	100.16
(v) Others	17	2,276.86	1,670.04
(c) Current tax assets (Net)	18	11.08	102.19
(d) Other current assets	19	3,019.07	2,517.86
Total current assets		**25,461.13**	**17,996.76**
Total assets		**95,818.90**	**84,583.83**
Equity and liabilities			
Equity			
(a) Equity share capital	20	4,330.33	2,886.89
(b) Other equity	21	36,468.75	32,353.12
Equity attributable to owners of the Holding Company		**40,799.08**	**35,240.01**
Non-controlling interest		1,167.89	647.88
Total equity		**41,966.97**	**35,887.89**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22A	18,133.27	19,796.22
(ii) Other financial liabilities	22B	312.63	244.39
(b) Provisions	23	2,085.43	2,039.06
(c) Deferred tax liabilities (Net)	10	3,111.41	2,259.43
(d) Other non-current liabilities	24	6.73	7.34
Total non-current liabilities		**23,649.47**	**24,346.44**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22C	6,284.92	7,138.58
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	25	342.85	93.70
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	25	6,774.68	5,020.15
(iii) Other financial liabilities	26	13,066.44	8,543.51
(b) Other current liabilities	27	3,096.76	3,182.92
(c) Provisions	23	497.40	331.72
(d) Current tax liabilities (Net)	28	139.41	38.92
Total current liabilities		**30,202.46**	**24,349.50**
Total liabilities		**53,851.93**	**48,695.94**
Total equity and liabilities		**95,818.90**	**84,583.83**

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

Ashish Gupta
Partner
Membership No.: 504662

For **APAS & Co LLP**
Chartered Accountants
Firm's Registration No.: 000340C/C400308

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

Rajesh Chawla
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: 03 February 2022

Consolidated Statement of Profit and Loss for the year ended 31 December 2021

(₹ in million)

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Income			
Revenue from operations	29	89,582.91	65,557.91
Other income	30	679.25	369.72
Total income		**90,262.16**	**65,927.63**
Expenses			
Cost of materials consumed	31	39,689.13	26,885.09
Excise duty		1,350.61	1,056.49
Purchases of stock-in-trade	32	1,654.69	925.87
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	(997.22)	(171.59)
Employee benefits expense	34	10,076.99	8,897.36
Finance costs	35	1,847.00	2,811.04
Depreciation and amortisation expense	36	5,312.62	5,287.02
Other expenses	37	21,262.26	15,946.01
Total expenses		**80,196.08**	**61,637.29**
Profit before share of profit in associate, exceptional items and tax		**10,066.08**	**4,290.34**
Share of profit in associate	6	-	-
Profit before exceptional items and tax		**10,066.08**	**4,290.34**
Exceptional items	60	-	665.29
Profit before tax		**10,066.08**	**3,625.05**
Tax expense			
(a) Current tax	28	1,341.98	423.85
(b) Adjustment of tax relating to earlier periods	28	350.06	153.69
(c) Deferred tax expense/(credit)	10	913.52	(525.20)
Total tax expense		**2,605.56**	**52.34**
Net profit for the year		**7,460.52**	**3,572.71**
Other comprehensive income	38		
(a) Items that will not to be reclassified to Profit or Loss:			
(i) Re-measurement losses on defined benefit plans		85.99	(115.38)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(18.93)	29.53
(b) Items that will be reclassified to Profit or Loss:			
(i) Exchange differences arising on translation of foreign operations		(365.92)	(531.02)
(ii) Income tax relating to items that will be reclassified to Profit or Loss		-	(7.64)
Total other comprehensive income		**(298.86)**	**(624.51)**
Total comprehensive income for the year (including non-controlling interest)		**7,161.66**	**2,948.20**
Net profit attributable to:			
(a) Owners of the Company		6,940.52	3,289.95
(b) Non-controlling interest		520.00	282.76
Other comprehensive income attributable to:			
(a) Owners of the Company		(298.87)	(624.57)
(b) Non-controlling interest		0.01	0.06
Total comprehensive income attributable to:			
(a) Owners of the Company		6,641.65	2,665.38
(b) Non-controlling interest		520.01	282.82
Earnings per equity share of face value of ₹ 10 each			
Basic (₹)	42	16.03	7.60
Diluted (₹)	42	16.03	7.60

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

Ashish Gupta
Partner
Membership No.: 504662

For **APAS & Co LLP**
Chartered Accountants
Firm's Registration No.: 000340C/C400308

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

Rajesh Chawla
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: 03 February 2022

(Indirect Method)

(₹ in million)

Particulars	Year ended 31 December 2021	Year ended 31 December 2020
A. Operating activities		
Profit before tax and share of profit in associate	10,066.08	3,625.05
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation on property, plant and equipment	5,254.92	5,231.91
Amortisation of intangible assets	57.70	55.11
Exceptional items	-	665.29
Interest expense at amortised cost	1,850.37	2,729.82
Interest income at amortised cost	(145.16)	(88.86)
Profit on sale of current investments	(0.70)	-
Excess provisions written back	(58.38)	-
Loss/(Gain) on disposal of property, plant and equipment (Net)	258.71	14.35
Bad debts and advances written off	-	11.94
Allowance for expected credit loss	58.92	53.09
Unrealised foreign exchange fluctuation	(1,098.50)	(294.20)
Operating profit before working capital changes	16,243.96	12,003.50
Working capital adjustments		
Increase in inventories	(5,192.83)	(472.91)
Increase in trade receivables	146.56	(757.45)
Decrease/(Increase) in current and non-current financial assets and other current and non-current assets	(921.85)	244.68
(Decrease)/Increase in current financial liabilities and other current and non-current liabilities and provisions	3,280.66	(122.76)
Total cash from operations	**13,556.50**	**10,895.06**
Income tax paid	(1,242.28)	(775.19)
Net cash flows from operating activities (A)	**12,314.22**	**10,119.87**
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)	(8,348.00)	(5,596.74)
Proceeds from disposal of property, plant and equipment and intangible assets	193.51	240.59
Change in advance received for capital assets	(1,074.43)	1,074.43
Interest received	132.46	86.90
Proceeds from sale of current investments	0.70	-
(Increase)/decrease in other bank balances	(1,010.63)	(516.14)
Net cash used in investing activities (B)	**(10,106.39)**	**(4,710.96)**
C. Financing activities		
Proceeds from long-term borrowings	8,548.06	7,734.82
Repayment of long-term borrowings	(6,408.51)	(12,332.25)
Repayment of lease liabilities	(188.65)	(111.55)
Proceeds from short term borrowings (Net)	(853.66)	2,467.04
Interest paid (inclusive of interest on lease liabilities ₹ 30.50 (31 December 2020: ₹ 29.56))	(1,791.48)	(2,773.51)
Dividends paid	(1,082.58)	(721.72)
Net cash (used in)/flows from financing activities (C)	**(1,776.82)**	**(5,737.17)**
Net change in cash and cash equivalents (D=A+B+C)	**431.01**	**(328.26)**
Cash and cash equivalents at the beginning of year (E)	1,045.58	1,379.68
Unrealised exchange loss on translation of cash and cash equivalent in subsidiary (F)	30.91	(5.84)
Cash and cash equivalents at the end of year (G= D+E+F) (Refer note 14)	**1,507.50**	**1,045.58**

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS

APAS & CO LLP FRN: 000340C/C400308 New Delhi * Chartered Accountants *

Notes:

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 2021	24,920.39	7,138.58
Cash flows (Net)	2,139.55	(853.66)
Non-cash changes:		
Impact of fair value changes	89.27	-
Impact of exchange fluctuations	(15.18)	-
Balance as at 31 December 2021	**27,134.03**	**6,284.92**

(₹ 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**

*includes current maturity of long-term debts amounting to ₹ 9,000.76 million (31 December 2020: ₹ 5,124.17 million)

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

Ashish Gupta
Partner
Membership No.: 504662

For **APAS & Co LLP**
Chartered Accountants
Firm's Registration No.: 000340C/C400308

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

Rajesh Chawla
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: 03 February 2022

Consolidated Statement of Changes in Equity for the year ended 31 December 2021

A Equity share capital

(₹ in million)

Particulars	Notes	Number of shares	Amount
Balance as at 01 January 2020		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
Changes in equity share capital during the year 2021		144,344,360	1,443.44
Balance as at 31 December 2021	20	433,033,080	4,330.33

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	General reserve	Retained earnings	Foreign currency monetary item translation difference account (FCMITDA)				
Balance as at 01 January 2020		(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** (Refer note 43)		-	-	-	-	(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

Varun Beverages Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2021

B Other Equity [Cont'd]

(₹ 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	General reserve	Retained earnings	Foreign currency monetary item translation difference account (FCMITDA)				
Balance as at 31 December 2020 [Cont'd]	21	(2,279.78)	533.93	26,178.17	444.26	8,042.43	-	(565.89)	32,353.12	647.88	33,001.00
Profit for the year		-	-	-	-	6,940.52	-	-	6,940.52	520.00	7,460.52
Other comprehensive income for the year (Net of deferred taxes)											
Re-measurement losses on defined benefit plans		-	-	-	-	67.05	-	-	67.05	0.01	67.06
Exchange differences arising on translation of foreign operations		-	-	-	-	-	-	(365.92)	(365.92)	-	(365.92)
Dividend paid** (Refer note 43)		-	-	-	-	(1,082.58)	-	-	(1,082.58)	-	(1,082.58)
Amount utilised for bonus issue		-	-	(1,443.44)	-	-	-	-	(1,443.44)	-	(1,443.44)
Balance as at 31 December 2021	21	(2,279.78)	533.93	24,734.73	444.26	13,967.42	-	(931.81)	36,468.75	1,167.89	37,636.64

**Transaction with owners in their capacity as owners.

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

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

Ashish Gupta
Partner
Membership No.: 504662

For **APAS & Co LLP**
Chartered Accountants
Firm's Registration No.: 000340C/C400308

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

Rajesh Chawla
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: 03 February 2022

1. Corporate information

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

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

2. Basis of preparation

These Consolidated Financial Statements ("the CFS") of the Group have been prepared in accordance with the Indian Accounting Standards ("Ind AS") and comply with requirements of Ind AS, stipulations contained in Schedule III (revised) as applicable under Section 133 of the Companies Act, 2013 ("the Act"), 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.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

APAS & CO LLP * FRN: 000340C/C400308 * New Delhi * Chartered Accountants

Basis of preparation [Cont'd]

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.

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.

Basis of consolidation [Cont'd]

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.

Basis of consolidation [Cont'd]

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.

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, 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.

Inventories [Cont'd]

iii. Intermediate goods/ Finished goods:

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

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

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

d) Property, plant and equipment

Measurement at recognition:

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

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

a. it is probable that future economic benefits associated with the item will flow to the entity; and
b. the cost of the item can be measured reliably.

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

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

Depreciation:

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

Property, plant and equipment [Cont'd]

Description	Useful lives (upto)
Leasehold land	Over lease period
Buildings - factory	20-50 years
Buildings - others	59-60 years
Plant and equipment	4-20 years
Furniture and fixtures	5-10 years
Delivery vehicles	4-10 years
Vehicles (other than delivery vehicles)	4-7 years
Office equipment	4-10 years
Computer equipment	3-5 years
Containers	4-10 years
Post-mix vending machines and refrigerators (Visi-Coolers)	7-10 years
Power generating assets	22 years

Freehold land is not depreciated.

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

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

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

The Group has technically evaluated all the property, plant and equipment for determining the separate identifiable assets having different useful lives under the component approach. On technical evaluation of all separate identifiable components, the management is of the opinion that they do not have any different useful life from that of the principal asset.

In case of revaluation of leasehold land, the resulting amortisation of the total revalued amount is expensed off to the Consolidated Statement of Profit and Loss.

Derecognition:

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

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

e) Intangible assets

Intangible assets are initially recognised at:

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.

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Intangible assets [Cont'd]

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

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

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

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

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

f) Borrowing costs

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

g) Leases

The Group as a lessee
The Group enters into an arrangement for lease of buildings and equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with Ind AS 116 – Leases, at inception of the contract, the Group assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

Leases [Cont'd]

- The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee
The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfills the requirements of Ind AS 40 - Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Consolidated Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:
- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item in the standalone financial statements of the Group.

The Group has elected not to apply the requirements of Ind AS 116 - Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Leases [Cont'd]

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.

h) Employee benefits

Contribution to provident and other funds
Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity
Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Group recognises termination benefit as a liability and an expense when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Gratuity liability is accrued on the basis of an actuarial valuation made at the end of the year. The actuarial valuation is performed by an independent actuary as per projected unit credit method, except for few subsidiary companies where gratuity liability is provided on full cost basis.

Employee benefits [Cont'd]

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 utilized within the next twelve months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

All other employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognised in the Consolidated Statement of Profit and Loss in the period in which the employee renders the related service.

i) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments, which are classified as equity-settled transactions.

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of

Share-based payments [Cont'd]

the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the 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.

Foreign currency transactions and translations [Cont'd]

Financial statements of entity whose functional currency is the currency of a hyperinflationary economy

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy is stated in terms of the measuring unit current at the end of the reporting period.

Monetary items are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period.

Non-monetary items, which are carried at amounts current at the end of the reporting period, such as net realisable value and fair value, are not restated. All other nonmonetary assets and liabilities which are carried at cost or cost less depreciation are restated by applying to its historical cost and accumulated depreciation the change in a general price index from the date of acquisition to the end of the reporting period. However, where detailed records of the acquisition dates are not available or capable of estimation, in those cases, restatement is computed based on independent professional assessment or by using the best estimate, i.e., by capturing the movements in the exchange rate between the functional currency and a relatively stable foreign currency.

Statement of profit and loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore all amounts are restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

At the beginning of the first period of application, the components of shareholder's equity, excluding retained earnings and any revaluation surplus, are restated by applying a general price index from 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.

Business combinations and goodwill [Cont'd]

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments' ("Ind AS 109"), is measured at fair value with changes in fair value recognised in the Consolidated Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve.

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

A cash generating unit to which goodwill has been allocated is tested for impairment annually, 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.

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Business combinations and goodwill [Cont'd]

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

l) Government grants

Grants from the Government are recognised when there is reasonable assurance that all underlying conditions will be complied with and that the grant will be received.

When loans or similar assistance are provided by Government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. That grant is recognised in the Consolidated Statement of Profit and Loss under 'other operating revenue'. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Government grants related to assets are presented in the Consolidated balance sheet by deducting the grant from the carrying value of the asset and non-monetary grant is recognised at a nominal value.

Grants related to income are recognised as income on a systematic basis in the Consolidated Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate and are presented as 'other operating revenues'.

Total government grant recognised in the Consolidated Statement of Profit and Loss under the head 'Other operating revenue' amounts to ₹ 1,430.81 million (31 December 2020: ₹ 655.79 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

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Taxes [Cont'd]

either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

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

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

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

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

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

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

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

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

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

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

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n) Segment reporting

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

o) Discontinued operations

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

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

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

p) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless

the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

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.

Impairment of non-financial assets [Cont'd]

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Consolidated Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

q) Financial instruments

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

Financial assets

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

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

a) Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost where the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and contractual terms of the asset give rise to cash flows on specified dates that are solely payments of principal and interest.
After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income from these financial assets is included in other

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

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

c) Debt instruments at Fair Value Through Profit or Loss

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

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

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

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

Financial instruments [Cont'd]

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

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

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

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

Financial liabilities

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

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

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

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

a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the 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.

Financial instruments [Cont'd]

b) Financial liabilities at amortised cost

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

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

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

Derivative financial instruments

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

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

Non-current assets classified as held for sale are presented separately in the Balance Sheet and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arises on remeasurement or sale is included in the Consolidated Statement of Profit and Loss.

If an entity has classified an asset (or disposal group) as held for sale, but the held-for-sale criteria as specified in Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations' are no longer met, the Group ceases to classify the asset (or disposal group) as held for sale.

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

a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and
b) its recoverable amount at the date of the subsequent decision not to sell.

s) Cash and cash equivalents

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

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

t) Dividend distribution to equity holders of the parent

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

u) Provisions

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

v) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

w) Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, other than conversion of potential equity shares, that have changed the number of equity shares outstanding without a corresponding change in resources.

In case of a bonus issue, the number of ordinary shares outstanding is increased by number of shares issued as bonus shares in current year and comparative period presented as if the event had occurred at the beginning of the earliest year presented.

For the purpose of calculating diluted earnings/(loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.1. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified the following areas where significant judgements, estimates and 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.

Significant accounting judgements, estimates and assumptions [Cont'd]

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.

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Varun Beverages Limited

Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2021

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 2021	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
Additions for the year	321.73	107.91	580.59	1,635.05	33.58	193.87	44.31	40.22	785.32	284.40	4,026.98
Disposals for the year	(8.49)	-	(0.30)	(631.77)	(4.44)	(27.76)	(9.73)	(8.37)	(401.26)	(62.73)	(1,154.85)
Foreign exchange fluctuation for the year	(21.80)	57.54	240.58	375.22	7.40	36.33	7.69	4.48	77.08	45.24	829.76
Balance as at 31 December 2021	7,203.14	5,752.31	14,741.04	39,689.78	293.35	2,391.46	344.58	284.03	4,490.92	12,080.04	87,270.65
Depreciation and impairment											
Balance as at 01 January 2021	-	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
Depreciation charge for the year	-	79.27	605.34	2,472.76	23.67	207.82	44.48	36.39	701.41	1,083.78	5,254.92
Reversal on disposal of assets for the year	-	-	(0.15)	(332.92)	(2.65)	(26.02)	(7.43)	(5.86)	(274.81)	(53.29)	(703.13)
Foreign exchange fluctuation for the year	-	0.73	20.81	60.03	3.38	16.64	1.91	1.74	30.94	6.09	142.27
Balance as at 31 December 2021	-	388.99	3,194.05	13,320.08	175.03	1,687.61	218.72	199.19	2,072.37	8,734.90	29,990.94
Carrying amount as at 31 December 2021	**7,203.14**	**5,363.32**	**11,546.99**	**26,369.70**	**118.32**	**703.85**	**125.86**	**84.84**	**2,418.55**	**3,345.14**	**57,279.71**

(₹ 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 iv below)	-	65.65	223.24	7.88	-	163.31	-	-	-	-	460.08
Government grant related to asset received (Refer footnote iii 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**

#The Holding Company had acquired leasehold lands at Sonarpur (Kolkata) amounting to ₹ 1.50 million (31 December 2020: ₹ 1.50 million) which is yet to be registered in the name of the Holding Company.

Footnotes to Note 4A

i. Refer note 57 for information on property, plant and equipment pledged as security by the Group.

4A. Property, plant and equipment [Cont'd]

ii. Pre-operative expenses incurred and capitalised during the year are as under:

(₹ in million)

Net Book Value	31 December 2021	31 December 2020
Balance at the beginning of the year	34.39	2.46
Add: Incurred during the year		
Net loss/(gain) on foreign currency transactions	(2.76)	(0.00)
Finance costs	52.88	-
Other expenses	151.30	68.03
Less: Capitalised during the year	(56.07)	(36.10)
Amount carried over	179.74	34.39

iii. 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. The grant received has been deducted against the carrying value of the asset.

iv. Leased assets includes right of use assets as follows, (Refer note 48).

(₹ in million)

	Land leasehold	Leased buildings	Leased plant and equipment	Vehicles	Total
Gross carrying amount					
Balance as at 01 January 2021	5,586.86	223.24	7.88	169.65	5,987.63
Additions for the year	107.91	102.87	5.72	124.87	341.37
Disposals for the year	-	-	-	-	-
Foreign exchange fluctuation for the year	57.54	-	-	(5.12)	52.42
Balance as at 31 December 2021	5,752.31	326.11	13.60	289.40	6,381.42
Accumulated Depreciation					
Balance as at 01 January 2021	308.99	86.99	0.96	38.61	435.55
Depreciation charge for the year	79.27	84.24	3.45	50.42	217.38
Reversal on disposals for the year	-	-	-	-	-
Foreign exchange fluctuation for the year	0.73	-	-	(0.23)	0.50
Balance as at 31 December 2021	388.99	171.23	4.41	88.80	653.43
Carrying amount as at 31 December 2021	5,363.32	154.88	9.19	200.60	5,727.99
Gross carrying amount					
Balance as at 01 January 2020	-	-	-		-
Addition on account of transition to Ind AS 116	5,391.83	223.24	7.88	163.31	5,786.26
Additions for the year	239.70	-	-	-	239.70
Government grant related to asset received (Refer footnote iii above)	(6.37)	-	-	-	(6.37)
Disposals for the year	(1.55)	-	-	-	(1.55)
Foreign exchange fluctuation for the year	(36.75)	-	-	6.34	(30.41)
Balance as at 31 December 2020	5,586.86	223.24	7.88	169.65	5,987.63
Accumulated Depreciation					
Balance as at 01 January 2020	-	-	-	-	-
Addition on account of transition to Ind AS 116	230.99	-	-	-	230.99
Depreciation charge for the year	78.20	86.99	0.96	38.61	204.76
Reversal on disposals for the year	-	-	-	-	-
Foreign exchange fluctuation for the year	(0.20)	-	-	-	(0.20)
Balance as at 31 December 2020	308.99	86.99	0.96	38.61	435.55
Carrying amount as at 31 December 2020	5,277.87	136.25	6.92	131.04	5,552.08

v. The amount of contractual commitments for the acquisitions of property, plant and equipment are disclosed in Note 45.

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4B Capital work-in-progress: The changes in the carrying value of capital work-in-progress for the year ended 31 December 2021 and 31 December 2020 are as follows :

	(₹ in million)
	Amount
Gross carrying amount	
Balance as at 01 January 2021	668.15
Additions for the year #	5,695.42
Transfer to property, plant and equipment	(1,367.92)
Foreign exchange fluctuation for the year	(29.57)
Balance as at 31 December 2021	4,966.08

	(₹ 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.

#Includes finance cost amounting to ₹ 52.88 millions.

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5A. Goodwill

	(₹ in million) Amount
Gross carrying amount	
Balance as at 01 January 2021	242.30
Balance as at 31 December 2021	**242.30**
Amortisation and impairment	
Balance as at 01 January 2021	-
Amortisation charge for the year	-
Balance as at 31 December 2021	-
Carrying amount as at 31 December 2021	**242.30**

	(₹ 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**

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 2021	39.94	157.64	6,043.41	276.29	6,517.28
Additions for the year	33.50	-	-	39.39	72.89
Disposals/adjustments for the year	-	-	-	(2.63)	(2.63)
Foreign exchange fluctuation for the year	(1.71)	-	0.13	(0.02)	(1.60)
Balance as at 31 December 2021	71.73	157.64	6,043.54	313.03	6,585.94
Amortisation and impairment					
Balance as at 01 January 2021	21.32	40.48	657.08	226.39	945.27
Amortisation charge for the year	8.41	19.70	-	29.59	57.70
Reversal on disposals/adjustments on assets for the year	-	-	-	(2.13)	(2.13)
Foreign exchange fluctuation for the year	(0.67)	-	0.07	(0.04)	(0.64)
Balance as at 31 December 2021	29.06	60.18	657.15	253.81	1,000.20
Carrying amount as at 31 December 2021	**42.67**	**97.46**	**5,386.39**	**59.22**	**5,585.74**

(₹ 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	7.62	19.70	-	27.79	55.11
Reversal on disposals/adjustments on assets for the year	(40.46)	-	-	-	(40.46)
Foreign exchange fluctuation for the year	3.58	-	(0.08)	0.02	3.52
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**

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5B. Other intangible assets [Cont'd]

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, are sustainable and the same is supported by evidences of being renewed. Management is of the opinion that, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the franchisee rights are expected to generate net cash inflows for the Group.

Goodwill and franchise rights with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

The assumptions used in this impairment assessment are most sensitive to following:
a) Weighted average cost of capital "WACC" of 12.04% (Previous year - 13.30%) for the explicit period and 12.45% (Previous year - 13.57%) for the terminal year.
b) For arriving at the terminal value, approximate growth rate of 5% (Previous year - 5%) is considered.
c) Number of years for which cash flows were considered are 5 years.
d) The approximate rate of growth in sales is estimated at 8%-15% (Previous year - 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 57 for information on other intangible assets pledged as security by the Group.

6. Investment in associate

During the previous year, the National Company Law Tribunal, through its order dated 22 May 2020 has approved a scheme of amalgamation of Angelica Technologies Private Limited with Lunarmech Technologies Private Limited. 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 2021	As at 31 December 2020
Fair value through Profit and Loss		
Investment in fully paid equity shares (unquoted)		
200 (31 December 2020: 200) shares of ₹ 50 each in The Margao Urban Co-operative Bank Limited	0.01	0.01
250 (31 December 2020: 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**

8. Loans

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Loans carried at amortised cost		
Security deposits	412.59	417.89
	412.59	**417.89**

9. Other non-current financial assets

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Financial assets at amortised cost		
Balance in deposit accounts with more than 12 months maturity#	8.04	1.21
	8.04	**1.21**

Pledged as security with electricity department/banks.

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10. Deferred tax assets and liabilities

Movement in deferred tax assets/liabilities during the year ended 31 December 2021 and 31 December 2020:

(₹ in million)

Deferred tax liabilities/(assets)	As at 01 January 2021	Recognised in other comprehensive income**	Recognised in the Consolidated Statement of Profit and Loss	As at 31 December 2021
Accelerated depreciation for tax purposes	3,817.77	-	130.52	3,948.29
Benefit accrued on government grants	206.72	-	(70.14)	136.58
Minimum alternate tax (MAT) credit*	(877.22)	-	709.10	(168.12)
Carry forward of unused tax losses	(277.01)	-	112.03	(164.98)
Allowance for doubtful debts	(140.04)	-	72.81	(67.23)
Accrued bonus	(22.44)	-	2.71	(19.73)
Provision for retirement benefits	(509.08)	18.93	(53.19)	(543.34)
Fair valuation of financial instruments	(27.19)	-	(8.31)	(35.50)
Borrowings	(1.66)	-	0.42	(1.24)
Gain on acquisition of control over existing associate	36.83	-	-	36.83
Other expenses allowable on payment basis	(57.43)	-	23.21	(34.22)
	2,149.25	**18.93**	**919.16**	**3,087.34**
Exchange difference on re-statement of deferred tax balances	-	-	**(5.64)**	-
	2,149.25	**18.93**	**913.52**	**3,087.34**
Classified as:				
Deferred tax assets (Net)	110.18			24.07
Deferred tax liabilities (Net)	2,259.43			3,111.41

(₹ 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)
Accrued 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

*MAT credit (recognised in Holding Company):

(₹ in million)

	Recognised in profit and loss	Utilised from profit and loss
31 December 2021	-	(709.10)
31 December 2020	-	(291.72)

MAT credit recognised in a year adjustable against income taxes payable under normal tax provisions over a period of 15 years.
MAT credit recognised on balance sheet date is accumulation of credit recognised (net of utilisation) as per below table:

(₹ in million)

Financial year	Credit available for carry forward (net of utilisation)	Expiry date
2019-20	169.62	31 March 2035
Total	**169.62**	

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 2021	31 December 2020
31 December 2017	31 December 2021	121.62	124.30
31 December 2018	31 December 2022	609.46	622.91
Total		**731.08**	**747.21**

b) Unused unabsorbed depreciation on tangible assets amounting to ₹ 1,879.78 million (31 December 2020: ₹ 1,935.12 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. The Holding Company continues with that assesment/conclusion for the year ended 31 December 2021. 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 during the previous year 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 2021	As at 31 December 2020
(Unsecured, considered good)		
Capital advances	1,656.35	958.00
Advances other than capital advances		
- Security deposits	6.11	5.05
- Income tax paid (includes amount paid under protest)	9.90	165.68
- Balance with statutory authorities (paid under protest)	136.19	140.54
- Prepaid expenses	30.68	34.17
	1,839.23	**1,303.44**

12. Inventories

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
(Valued at lower of cost or net realisable value)		
Raw materials (including raw material in transit of ₹ 580.09 (31 December 2020: ₹ 74.39)	8,070.05	3,965.62
Work in progress	69.24	85.26
Intermediate goods (including goods in transit of ₹ 41.61 (31 December 2020: ₹ 28.76))	1,795.66	1,665.55
Finished goods (including goods in transit of ₹ 55.82 (31 December 2019: ₹ 39.79))	2,530.16	1,706.56
Stores and spares	2,015.76	1,865.05
	14,480.87	**9,288.04**

The Group manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods and the value of stock in trade being insignificant, it is not separately ascertainable and disclosed.

The cost of inventories recognised as an expense during the year are disclosed in Note 31, Note 32 and Note 33.

13. Trade receivables

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Trade receivables considered good - Unsecured	2,069.30	2,272.58
Trade receivables considered good - Secured	143.19	145.39
Trade receivables - Credit impaired	495.36	435.33
	2,707.85	**2,853.30**
Less : Allowance for expected credit losses (Refer note 54.2)	(495.36)	(435.33)
	2,212.49	**2,417.97**

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	0.05	0.26
ii. Alisha Torrent Closures (India) Private Limited	10.75	9.13

Trade receivables are non-interest bearing and credit period generally falls in the range of 0 to 120 days.

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14. Cash and cash equivalents
(also for the purpose of Consolidated Cash Flow Statement)

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Balance with banks in current accounts*	1,328.44	610.99
Balance in deposits with original maturity of less than three months	147.97	403.91
Cash on hand	31.09	30.68
	1,507.50	**1,045.58**

* Includes inward remittance not yet cleared amounting to ₹ 66.57 million (31 December 2020: ₹ 113.30 millions)

15. Bank balances other than cash and cash equivalents

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Deposits with original maturity more than 3 months but less than 12 months*	1,472.56	699.98
Deposits with bank held as margin money	385.42	154.33
Unpaid dividend account**	0.74	0.61
	1,858.72	**854.92**

*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 2021	As at 31 December 2020
Loans carried at amortised cost		
Security deposits	94.54	100.16
	94.54	**100.16**

17. Other financial assets

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
(Unsecured, considered good)		
Interest accrued on:		
- Term deposits	19.17	9.68
- Others	24.48	21.27
Government grant receivable	1,849.89	1,197.24
Claims receivable	177.23	358.36
Other receivables	206.09	83.49
	2,276.86	**1,670.04**

18. Current tax assets (Net)

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Advance tax (net of provision)	11.08	102.19
	11.08	**102.19**

19. Other current assets

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
(Unsecured, considered good)		
Security deposits	8.09	8.64
Other advances:		
- Employees	84.15	61.23
- Contractors and suppliers	1,535.80	1,496.92
- Prepaid expenses	235.82	256.42
- Balance with statutory/government authorities	1,124.81	547.99
- Other advances	30.40	146.66
	3,019.07	**2,517.86**

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20. Equity share capital

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Authorised share capital:		
500,000,000 (31 December 2020: 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:		
43,30,33,080 (31 December 2020: 288,688,720) equity shares of ₹ 10 each	4,330.33	2,886.89
	4,330.33	**2,886.89**

a) Reconciliation of share capital

Particulars	No. of shares	Amount
Balance as at 01 January 2021	288,688,720	2,886.89
Add: Bonus shares issued during the year (Refer note (d) below)	144,344,360	1,443.44
Balance as at 31 December 2021	**433,033,080**	**4,330.33**

Particulars	No. of shares	Amount
Balance as at 01 January 2020	288,688,720	2,886.89
Balance as at 31 December 2020	**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 2021	No. of shares	%
R J Corp Limited	119,900,275	27.69%
Mr. Ravi Kant Jaipuria*	80,822,707	18.66%
Mr. Varun Jaipuria	69,447,983	16.04%

*on 19 February 2021, a memorandum of family settlement was executed between members of Ravi Kant Jaipuria & Sons (HUF) for partition of all its assets and liabilities. Pursuant to the terms thereof, all equity shares held by Ravi Kant Jaipuria & Sons (HUF) were transferred to Mr. Ravi Kant Jaipuria on 26 February 2021.

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%

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 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.

During the year ended 31 December 2021, the Company has issued 14,43,44,360 equity shares of ₹10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

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20. Equity share capital [Cont'd]

e) Shares held by holding and ultimate holding company

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
RJ Corp Limited, Parent* company 119,900,275 (31 December 2020: 79,933,517) fully paid equity shares of ₹ 10 each	1,199.00	799.34
Ravi Kant Jaipuria & Sons (HUF), Parent* of RJ Corp Limited# Nil (31 December 2020: 53,881,805) fully paid equity shares of ₹ 10 each	-	538.82
	1,199.00	**1,338.16**

*As defined under Ind AS 110 - Consolidated Financial Statements

#on 19 February 2021, a memorandum of family settlement was executed between members of Ravi Kant Jaipuria & Sons (HUF) for partition of all its assets and liabilities. Pursuant to the terms thereof, all equity shares held by Ravi Kant Jaipuria & Sons (HUF) were transferred to Mr. Ravi Kant Jaipuria on 26 February 2021.

f) Preference share capital

The Holding Company also has authorised preference share capital of 50,000,000 (31 December 2020: 50,000,000) preference shares of ₹ 100 each. The Holding Company does not have any outstanding issued preference shares.

21. Other equity

Refer Consolidated Statement of Changes in Equity for detailed movement in Other Equity balance.

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Capital reserve on consolidation	(2,279.78)	(2,279.78)
Capital reserve	533.93	533.93
General reserve	444.26	444.26
Securities premium	24,734.73	26,178.17
Retained earnings	13,967.42	8,042.43
Exchange differences on translating the financial statements of foreign operations	(931.81)	(565.89)
	36,468.75	**32,353.12**

Description of nature and purpose of each reserve:

Capital reserve on consolidation - Created on additional consideration paid in form of cash on business combinations involving entities including businesses/entities under common control.

Capital reserve - Created on merger of Varun Beverages (International) Limited with the Holding Company pursuant to and in accordance with the Court approved scheme of amalgamation. Includes gain from bargain purchases.

General reserve - Created by way of transfer from debenture redemption reserve on redemption of debentures.

Securities premium - Created to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Retained earnings - Created from the profit of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

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.

22. Borrowings

A. Non-current borrowings:

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Term loans (secured) (Refer note 22D)		
- Loans from banks	17,132.24	18,877.06
- Loans from financial institutions	1,001.03	919.16
	18,133.27	**19,796.22**

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 2021	As at 31 December 2020
Lease Liabilities (Refer note 48)	312.63	244.39
	312.63	**244.39**

C. Current borrowings:

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Working capital facilities		
-from banks (secured) (Refer footnote (a))	4,634.92	6,135.60
-from a bank (unsecured) (Refer footnote (b))	1,650.00	1,000.00
Loans repayable on demand from:		
- bodies corporate (unsecured) (Refer footnote (c))	-	2.98
	6,284.92	**7,138.58**

a) In case of the Holding Company, the working capital facilities from banks are secured by first charge on entire current assets of the Company ranking pari-passu amongst the banks and second charge on the movable and immovable assets of the Company pertaining to specific manufacturing units and two facilities from banks was secured by subservient charge over entire current assets and movable fixed assets of the Company. During the previous year, one facility from bank was secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company and another facility from bank was secured by subservient charge over movable fixed assets of the Company. These facilities carry interest rates ranging between 4.25% to 4.40% (31 December 2020: 4.75% to 5.90%).
Working capital facilities in case of subsidiaries amounting to ₹ 679.68 million (31 December 2020: ₹ 780.20 million), are secured mainly by charge on trade receivables, inventories and other current assets of the respective subsidiary company, ranking pari passu and charge on certain movable and immovable assets of the respective subsidiary. Some of the facilities of subsidiaries are guaranteed by respective subsidiary company, as per the terms of respective agreements. The working capital facilities carries interest rates ranging between 5.50% to 17% (31 December 2020: 4.00% to 9.49%).

b) During the current year, Holding Company has availed a working capital facililites from banks carrying interest rates ranging between 4.40% to 4.65% per annum and one facilty is repayable in two equal instalments at the end of ten and eleven month and other facilty is repayable within 90 days from the date of disbursement. During the previous year ended on 31 December 2020, working capital facility from a bank carried rate of interest of 5.60% per annum and was repayable in two equal instalments at the end of eight and nine month from the date of disbursement.

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.

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Varun Beverages Limited
Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2021

22D. Terms and conditions/details of securities for loans:

(₹ in million)

Particulars	Loan outstanding			
	31 December 2021		31 December 2020	
	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 2020: LIBOR+1.60%) and is repayable in May 2022. The Company has executed a cross currency swap to hedge total loan of SGD 33.13 to USD 25.00 and interest rate swap to hedge its exposure. 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.	-	911.78	914.08	914.08
ii) Indian rupee loan from banks				
Loans carrying weighted average rate of interest 5.44% (31 December 2020: 6.86%) depending upon tenure of the loans. For repayment terms refer note 20E. 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.	16,077.26	7,987.84	17,600.10	3,598.41
iii) Vehicle rupee term loan in Holding Company				
Loans carrying rate of interest in range of 8.02% to 9.25 % (31 December 2020: 7.90%-9.25%). They are repayable generally over a period of three to five years in equal monthly instalments as per the terms of the respective agreements. Vehicle loans are secured against respective vehicles financed.	46.12	64.05	110.17	59.73
iv) Term loan at Varun Beverages (Zimbabwe) (Private) Limited				
Loan was repaid during the current year	-	-	60.09	266.74
Loan was repaid during the current year	-	-	-	279.47
v) Term loan at Varun Beverages Morocco				
(a) Loan carrying a rate of interest of 3.50% per annum. For repayment terms refer note 22E.	475.65	-	-	-
(a) Loan carrying a rate of interest of 4.00% per annum. For repayment terms refer note 22E.	121.48	37.09	-	-
Above loan are secured by corporate guarantee of the Holding Company.				
vi) Term loan at Lunarmech Technologies Private Limited				
(a) Loan carrying a rate of interest of 2.40% per annum 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.	91.68	-	96.31	-
(b) Loan carrying a rate of interest of 2.40% per annum 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.	91.68	-	96.31	-
(c) Loan carrying a rate of interest of 1.40% per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 28 December 2023 and are secured against respective asset financed.	91.70	-	-	-
(d) Loan carrying a rate of interest of 1.40% per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 10 February 2024 and are secured against respective asset financed.	91.70	-	-	-
(d) Loan carrying a rate of interest of 1.40% per annum and are repayable over a period of 3 years as a single payment. The loan is repayble on 23 June 2024 and are secured against respective asset financed.	44.97	-	-	-
Total loans from banks (secured)	**17,132.24**	**9,000.76**	**18,877.06**	**5,118.43**

22D. Terms and conditions/details of securities for loans [Cont'd]

(₹ in million)

Particulars	Loan outstanding			
	31 December 2021		31 December 2020	
	Non-current	Current	Non-current	Current
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**: 30 December 2023 – 155.79; 30 November 2024 – 177.83; 01 November 2025 – 211.98	425.39	-	389.38	-
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	575.64	-	529.78	-
Total loans from financial institutions (secured)	**1,001.03**	**-**	**919.16**	**-**

(₹ in million)

Particulars	Loan outstanding			
	31 December 2021		31 December 2020	
	Non-current	Current	Non-current	Current
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.	-	-	-	5.74
Total deferred value added tax/excise (unsecured)	**-**	**-**	**-**	**5.74**
Total	**18,133.27**	**9,000.76**	**19,796.22**	**5,124.17**

22E. Repayment terms:

(₹ in million, unless stated otherwise)

S. No.	Description	31 December 2021 Non-current	31 December 2021 Current	31 December 2020 Non-current	31 December 2020 Current	Repayment terms
i) Indian rupee loan from banks						
1	Term loan - 1	-	-	350.00	175.00	Pre payment was done for two instalments of ₹ 175 each due in May 2022 and June 2022.
2	Term loan - 2	-	299.94	598.59	-	Pre payment was done for one instalment of ₹ 300.00 due in May 2022. One instalment of ₹ 300.00 due in June 2022.
3	Term loan - 3	-	249.90	249.66	125.00	Two instalments of ₹ 125 each due in May 2022 and June 2022.
4	Term loan - 4	-	-	-	150.00	Loan was repaid during the year.
5	Term loan - 5	-	589.25	589.25	294.63	Two instalments of ₹ 294.63 each due in May 2022 and June 2022.
6	Term loan - 6	-	321.09	321.09	-	One instalment of ₹ 183.31 due in May 2022 and ₹ 137.78 due in June 2022.
7	Term loan - 7	-	101.60	101.60	-	Two instalment of ₹ 57.95 due in May 2022 and ₹ 43.65 due in June 2022.
8	Term loan - 8	-	-	-	150.00	Loan was repaid during the year.
9	Term loan - 9	-	238.30	238.30	297.88	Two instalments of ₹ 119.15 each due in May 2022 and June 2022.
10	Term loan - 10	-	150.00	300.00	-	Pre payment was done for one instalments of ₹ 150 due in May 2022. One installment of ₹ 150 due in June 2022.
11	Term loan - 11	150.00	50.00	250.00	-	Pre payment was done for one instalments of ₹ 50 due in May 2022 .One instalments of ₹ 50 due in June 2022 and two instalments of ₹ 75 each due in May 2023 and June 2023.
12	Term loan - 12	250.00	500	999.75	250	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.
13	Term loan - 13	240.00	90.00	510.00	160.00	Pre payment was done for two instalments of ₹ 90.00 each due in May 2022, June 2022. One instalments of ₹ 90.00 due in July 2022 and an installment of ₹ 90.00 due in May 2023 and of ₹ 150.00 due in June 2023.
14	Term loan - 14	85.00	160.00	245.00	150.00	Two instalments of ₹ 80.00 each due in June 2022 and July 2022 and one instalment of ₹ 85.00 due in May 2023.
15	Term loan - 15	241.57	193.30	434.91	-	One instalment of ₹ 193.30 due in May 2022 and one instalment of ₹ 241.61 due in May 2023.
16	Term loan - 16	222.40	222.20	444.60	-	Two instalments of ₹ 111.10 each due in May 2022 and June 2022 and two instalments of ₹ 111.10 due in May 2023 of ₹ 111.30 and June 2023.
17	Term loan - 17	874.69	291.60	1,166.09	145.80	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.
18	Term loan - 18	748.36	750.00	1,496.79	-	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.

22E. Repayment terms [Cont'd]:

(₹ in million, unless stated otherwise)

S.no	Description	31 December 2021 Non-current	31 December 2021 Current	31 December 2020 Non-current	31 December 2020 Current	Repayment terms
19	Term loan - 19	1,497.48	-	1,746.48	-	Pre payment was done for one instalment of ₹ 250.00 due in 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.
20	Term loan - 20	598.35	600.00	1,196.61	200.00	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.
21	Term loan - 21	550.00	150.00	700.00	-	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.
22	Term loan - 22	597.46	100.00	796.19	-	Pre payment was done for one instalment of ₹ 100.00 due in May 2022. One instalment of ₹ 100.00 due in 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.
23	Term loan - 23	499.75	500.00	750.00	500.00	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.
24	Term loan - 24	-	500.00	500.00	500.00	Two instalments of ₹ 250.00 each due in May 2022 and June 2022.
25	Term loan - 25	-	499.90	499.90	500.10	Two instalments of ₹ 166.67 each due in May 2022 and June 2022 and one instalment of ₹ 166.50 due in July 2022.
26	Term loan - 26	1,800.00	-	1,800.00	-	One instalment of ₹ 1800.00 due in June 2024.
27	Term loan - 27	676.47	676.47	1,315.29	-	One instalment of ₹ 676.47 due in June 2022 and one instalment of ₹ 676.47 due in June 2023.
28	Term loan - 28	1,300.00	-	-	-	Three instalments of ₹ 260 due in April 2023 and Two instalments of ₹ 520 each due in May 2023 and June 2023.
29	Term loan - 29	1,357.14	142.86	-	-	Two instalments of ₹ 71.43 each due in May 2022 and June 2022, two instalments of ₹ 71.43 each due in May 2023 and June 2023, two instalments of ₹ 142.86 each due in May 2024 and June 2024, two instalments of ₹ 142.86 each due in May 2025 and June 2025, two instalments of ₹ 142.86 each due in May 2026 and June 2026 and one instalments of ₹ 142.86 due in May 2027 and ₹ 214.29 June 2027.
30	Term loan - 30	2,000.00	-	-	-	Two instalments of ₹ 1000.00 each due in May 2023 and June 2023.

22E. **Repayment terms [Cont'd]:**

(₹ in million, unless stated otherwise)

S.no	Description	31 December 2021 Non-current	31 December 2021 Current	31 December 2020 Non-current	31 December 2020 Current	Repayment terms
31	Term loan - 31	988.59	11.43	-	-	Two instalments of ₹ 5.71 each due in May 2022 and June 2022, two instalments of ₹ 85.71 each due in May 2023 and June 2023, two instalments of ₹ 108.57each due in May 2024 and June 2024, two instalments of ₹ 108.57 each due in May 2025 and June 2025, two instalments of ₹ 105.71 each due in May 2026 and June 2026 and two instalments of ₹ 85.71 each due in May 2027 and June 2027.
32	Term loan - 32	1,400.00	600.00	-	-	Two instalments of ₹ 300.00 each due in May 2022 and June 2022, two instalments of ₹ 300.00 each due in May 2023 and June 2023 and two instalments of ₹ 400.00 each due in May 2024 and June 2024.
	Total (A)	**16,077.26**	**7,987.84**	**17,600.10**	**3,598.41**	
	ii) Term Loan at Varun Beverages Morocco					
33	Term loan - 33	475.65	-	-	-	Balance amount as at 31 December 2021 is repayable in 20 quarterly instalments of MAD 3.31 Million each.
34	Term loan - 34	121.48	37.09	-	-	Balance amount as at 31 December 2021 is repayable in 16 quarterly instalments of MAD 1.37 Million each.
	Total (B)	**597.13**	**37.09**	**-**	**-**	
	Total (A+B)	**16,674.39**	**8,024.93**	**17,600.10**	**3,598.41**	

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23. Provisions

(Refer note 41)

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Non-current		
Defined benefit liability (net)	1,525.51	1,511.70
Other long term employee obligations	559.92	527.36
	2,085.43	**2,039.06**
Current		
Defined benefit liability (net)	226.50	111.19
Other short term employee obligations	270.90	220.53
	497.40	**331.72**

24. Other non-current liabilities

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Deferred revenue on government grant	6.73	7.34
	6.73	**7.34**

25. Trade payables

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Total outstanding dues of-		
Micro enterprises and small enterprises (Refer note 50)	342.85	93.70
Creditors other than micro enterprises and small enterprises	6,774.68	5,020.15
	7,117.53	**5,113.85**

26. Other current financial liabilities

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Current maturities of long-term debts (Refer note 22D)	9,000.76	5,124.17
Current maturities of lease liabilities (Refer note 48)	136.02	102.26
Interest accrued but not due on borrowings	70.27	105.80
Interest payable	9.73	4.58
Payable for capital expenditures	1,189.50	736.83
Employee related payables	535.42	472.23
Unclaimed dividends#	0.74	3.02
Security deposits	2,098.42	1,973.91
Liability for foreign currency derivative contract	25.58	20.71
	13,066.44	**8,543.51**

Includes unclaimed dividend of ₹ Nil million (31 December 2020: ₹ 2.41 million) related to non controlling shareholders of a subsidiary. Further, unclaimed dividend of ₹ 0.74 million (31 December 2020: ₹ 0.61 million) related to Holding Company is not due for deposit to the Investor Education and Protection Fund.

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27. Other current liabilities

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Advances from customers	794.30	658.24
Advance received for capital assets	-	1,074.43
Statutory dues payable	2,288.40	1,426.64
Deferred revenue	14.06	23.61
	3,096.76	**3,182.92**

28. Current tax liabilities (net)

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Provision for tax (Net)	139.41	38.92
	139.41	**38.92**

The key components of income tax expense for the year ended 31 December 2021 and 31 December 2020 are:

A. Consolidated Statement of Profit and Loss:

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
(i) Profit and loss section		
(a) Current tax	1,341.98	423.85
(b) Adjustment of tax relating to earlier periods	350.06	153.69
(c) Deferred tax expense/(credit)	913.52	(525.20)
Income tax expense reported in the Consolidated Statement of Profit and Loss	**2,605.56**	**52.34**
(ii) OCI section		
Deferred tax related to items recognised in OCI during the year:		
(a) Net (loss)/gain on remeasurements of defined benefit plans	(18.93)	29.53
(b) Net loss on exchange differences arising on translation of foreign operations	-	(7.64)
Income tax charged to OCI ((credit)/expense)	**(18.93)**	**21.89**

B. Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Accounting profit before tax	10,066.08	3,625.05
Tax expense at statutory income tax rate of 34.944% (31 December 2020: 34.944%)	3,517.49	1,266.71
Adjustments in respect of current income tax of previous years	350.06	153.69
Non deductible expenses	165.96	37.62
Deduction claimed u/s Chapter-VI A of Income-tax Act, 1961 by Holding Company	(431.17)	(196.42)
Deferred tax on capital gain on asset sold	-	(4.29)
Income chargeable at lower tax rate	106.04	35.35
Income not chargeable to tax in Holding Company	-	(27.37)
Deferred tax not created on losses in a subsidiary	-	31.88
Tax rate differential for taxes provided in subsidiaries	(96.36)	(72.37)
Tax impact of exempted income of subsidiaries	(989.64)	(436.72)
Impact due to change in tax rate	(77.22)	(731.85)
Others	60.40	(3.89)
Income tax expense at effective tax rate reported in the Consolidated Statement of Profit and Loss	**2,605.56**	**52.34**

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29. **Revenue from operations**

(₹ in million)

	Year ended 31 December 2021	Year ended 31 December 2020
Sale of products (inclusive of excise duty) *	87,774.13	64,661.12
Other operating revenue	1,808.78	896.79
	89,582.91	**65,557.91**

*Sale of products includes excise duty collected from customers of ₹ 1350.61 million (31 December 2020: ₹ 1,056.49 million).

Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers:
A. Reconciliation of revenue recognised with the contracted price:

Particulars	Year ended 31 December 2021	Year ended 31 December 2020
Gross revenue/Contracted price	91,294.45	75,706.07
Less: Discounts and rebates*	(3,520.32)	(11,044.95)
Revenue from contracts with customers	**87,774.13**	**64,661.12**

* 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:

Receivables

(₹ in million)

Particulars	As at 31 December 2021	As at 31 December 2020
Trade receivables	2,707.85	2,853.30
Less: Allowances for expected credit loss	(495.36)	(435.33)
Net receivables	**2,212.49**	**2,417.97**

Contract liabilities

(₹ in million)

Particulars	As at 31 December 2021	As at 31 December 2020
Advance from customers	794.30	658.24
	794.30	**658.24**

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 2021	As at 31 December 2020
Balance at the beginning of the year	658.24	1,125.89
Addition during the year	794.30	658.24
Revenue recognised during the year	(658.24)	(1,125.89)
Balance at the closing of the year	**794.30**	**658.24**

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30. Other income

(₹ in million)

	Year ended 31 December 2021	Year ended 31 December 2020
Interest income on items at amortised cost:		
- term deposits	78.40	55.93
- others	66.76	32.93
Net gain on foreign currency transactions and translations	387.22	-
Gain on sale of current investments	0.70	-
Excess provisions/aged balances written back	58.38	219.56
Miscellaneous	87.79	61.30
	679.25	**369.72**

31. Cost of materials consumed

(₹ in million)

	Year ended 31 December 2021	Year ended 31 December 2020
Raw material and packing material consumed		
Inventories at beginning of the year	3,965.62	3,925.27
Purchases during the year (Net)	46,890.27	28,499.00
	50,855.89	32,424.27
Sold during the year	3,096.71	1,573.56
Inventories at end of the year	8,070.05	3,965.62
	39,689.13	**26,885.09**

32. Purchases of stock-in-trade

(₹ in million)

	Year ended 31 December 2021	Year ended 31 December 2020
Beverages	1,090.86	554.54
Others	563.83	371.33
	1,654.69	**925.87**

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33. Changes in inventories of finished goods, work-in-progress and traded goods

(₹ in million)

	Year ended 31 December 2021	Year ended 31 December 2020
As at the beginning 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
As at the closing of the year		
- Finished goods	2,530.16	1,706.56
- Intermediate goods	1,795.66	1,665.55
- Work in progress	69.24	85.26
	4,395.06	3,457.37
Finished goods used as fixed assets*	(59.53)	(114.88)
	(997.22)	**(171.59)**

*The Holding Company and a subsidiary manufactures plastic shells at some of their manufacturing facilities. The shells manufactured are used for beverages operations of the Group as property, plant and equipment (under the head 'Containers'). These containers are sold to third parties. The cost of manufacturing of plastic shells is being shown here separately with a corresponding debit to property, plant and equipment.

34. Employee benefit expense

(₹ in million)

	Year ended 31 December 2021	Year ended 31 December 2020
Salaries, wages and bonus	9,126.69	8,131.06
Contribution to provident fund and other funds	483.82	445.89
Staff welfare expenses	466.48	320.41
	10,076.99	**8,897.36**

35. Finance costs

(₹ in million)

	Year ended 31 December 2021	Year ended 31 December 2020
Interest on items at amortised cost:		
- Term loans	1,264.30	2,029.61
- Working capital facilities	306.04	378.55
- Financial liabilities	112.37	103.57
- Bank guarantee fees	18.90	15.86
- Others	130.88	181.59
Exchange differences regarded as an adjustments to borrowings	(3.37)	81.22
Other ancillary borrowing costs	17.88	20.64
	1,847.00	**2,811.04**

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36. Depreciation and amortisation expense

(₹ in million)

	Year ended 31 December 2021	Year ended 31 December 2020
Depreciation on property, plant and equipment	5,254.92	5,231.91
Amortisation of intangible assets	57.70	55.11
	5,312.62	**5,287.02**

37. Other expenses

(₹ in million)

	Year ended 31 December 2021	Year ended 31 December 2020
Power and fuel	3,299.25	2,670.00
Repairs to plant and equipment	1,679.09	1,328.41
Repairs to buildings	128.18	128.60
Other repairs	679.29	526.62
Consumption of stores and spares	796.94	659.66
Rent (Refer note 48 (iv))	496.86	510.55
Rates and taxes	846.72	109.87
Insurance	132.25	123.25
Printing and stationery	53.68	44.47
Communication	98.77	71.23
Travelling and conveyance	674.93	511.45
Sitting fee/commission paid to non-executive director (Refer note 47A)	77.26	3.60
Payment to auditors*	24.45	22.25
Vehicle running and maintenance	163.06	145.00
Lease and hire (Refer note 48 (iv))	324.40	248.45
Security and service charges	358.75	400.67
Legal, professional and consultancy	268.82	401.66
Bank charges	222.68	126.36
Advertisement and sales promotion	1,248.82	1,165.25
Meeting and conferences	12.47	15.43
Royalty	123.29	87.70
Freight, octroi and insurance paid (Net)	6,189.91	4,588.28
Delivery vehicle running and maintenance	657.38	1,017.49
Distribution expenses	1,440.23	103.38
Loading and unloading charges	474.13	304.96
Donations	1.63	2.73
Property, plant and equipment written off	88.31	9.87
Loss on disposal of property, plant and equipment (Net)	170.40	4.48
Bad debts and advances written off	-	11.94
Allowance for expected credit loss and advances	58.92	53.09
Corporate social responsibility expenditure	71.53	75.94
Net loss on foreign currency transactions and translations	-	89.64
General office and other miscellaneous	399.86	383.73
	21,262.26	**15,946.01**

***Includes payment to statutory auditors of the Holding Company**

(₹ in million)

	Year ended 31 December 2021	Year ended 31 December 2020
Services rendered for:		
- Audit and reviews	12.08	11.50
- taxation matters	-	1.05
- other matters	1.07	0.48
- reimbursement of expenses	0.74	0.52
	13.89	**13.55**

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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 2021	Year ended 31 December 2020
Retained earnings		
Re-measurement losses on defined benefit plans	85.99	(115.38)
Tax impact on re-measurement losses on defined benefit plans	(18.93)	29.53
Exchange differences arising on translation of foreign operations	(365.92)	(531.02)
Tax impact on exchange differences arising on translation of foreign operations	-	(7.64)
	(298.86)	**(624.51)**

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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 2021	As at 31 December 2020
Varun Beverages (Nepal) Private Limited ("VBL Nepal")	Nepal	100.00%	100.00%
Varun Beverages Lanka (Private) Limited ("VBL Lanka")	Sri Lanka	100.00%	100.00%
Varun Beverages Morocco SA ("VBL Morocco")	Morocco	100.00%	100.00%
Ole Spring Bottlers Private Limited ("Ole")*	Sri Lanka	100.00%	100.00%
Varun Beverages (Zambia) Limited ("VBL Zambia")	Zambia	90.00%	90.00%
Varun Beverages (Zimbabwe) (Private) Limited ("VBL Zimbabwe")	Zimbabwe	85.00%	85.00%
Varun Beverages RDC SAS ("VBL RDC")~	Democratic Republic of the Congo	99.90%	-
Angelica Technologies Private Limited#	India	-	-
Lunarmech Technologies Private Limited	India	55.04%	55.04%

*subsidiary of VBL Lanka
**subsidiary of Angelica Technologies Private Limited till 04 November 2019
~w.e.f. 31 December 2021
#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.

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. As per the current scenario, the economy continues to be hyperinflationary. The CPI (in units) was 2,474.51 on 31 December 2020 and 3,977.46 on 31 December 2021.
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 ₹ 587.18 million (31 December 2020: ₹ 611.90 million) which has been included in 'Net gain/loss on foreign currency transactions and translations' under note 30 & 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 ₹ 381.77 million (31 December 2020: ₹ 604.25 million) which has also been included in the said note.

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41. Gratuity and other post-employment benefit plans

(₹ in million, unless otherwise stated)

Parent Company and other components of the Group provide its employees gratuity and compensated absences benefits in accordance with the respective local statutory requirements and entity's policies. The following tables summaries the changes in their present values over the reporting periods, components of expense recognised in the Consolidated Statement of Profit and Loss, their funded status and amounts recognised in the consolidated balance sheet:

	Gratuity		Compensated absences	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Changes in present values are as follows:				
Balance at the beginning of the year	1,686.65	1,422.85	747.89	610.22
Current service cost	199.98	183.14	141.64	155.80
Interest cost	100.11	93.08	46.37	41.44
Benefits settled	(83.86)	(126.27)	(46.15)	(55.80)
Actuarial (gain)/loss	(85.83)	116.13	(59.54)	(2.51)
Foreign exchange translation reserve	0.57	(2.28)	0.61	(1.26)
Balance at the end of the year	**1,817.62**	**1,686.65**	**830.82**	**747.89**

	Gratuity		Compensated absences	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Changes in fair value of plan assets are as follows:				
Plan assets at the beginning of the year, at fair value	63.76	29.93	-	-
Expected income on plan assets	3.93	3.67	-	-
Actuarial gain	0.16	0.76	-	-
Contributions by employer	2.14	50.00	-	-
Benefits settled	(4.38)	(20.60)	-	-
Plan assets at the end of the year, at fair value	**65.61**	**63.76**	**-**	**-**

The Holding Company has taken an insurance policy against its liability towards gratuity, the same has been disclosed as plan assets above.

	Gratuity		Compensated absences	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
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	1,817.62	1,686.65	830.82	747.89
Plan assets at the end of the respective year	(65.61)	(63.76)	-	-
Net liability recognised in the consolidated balance sheet	**1,752.01**	**1,622.89**	**830.82**	**747.89**

41. Gratuity and other post-employment benefit plans [Cont'd]

(₹ in million, unless otherwise stated)

	Gratuity		Compensated absences	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Amount recognised in consolidated statement of profit and loss:				
Current service cost	199.98	183.14	141.64	155.80
Interest cost	100.11	93.08	46.37	41.44
Expected income on plan assets	(3.93)	(3.67)	-	-
Actuarial gain	-	-	(59.54)	(2.51)
Net cost recognised	**296.16**	**272.55**	**128.47**	**194.73**

	Gratuity		Compensated absences	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Amount recognised in Other Comprehensive Income:				
Actuarial changes arising from changes in financial assumptions	(76.65)	116.00	-	-
Actuarial changes arising from changes in demographic assumptions	(35.45)	-	-	-
Experience adjustments	26.27	0.13	-	-
Return on plan assets	(0.16)	(0.75)	-	-
Amount recognised (gain)/loss	**(85.99)**	**115.38**	**-**	**-**

	Gratuity		Compensated absences	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
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	6.40%-11.00%	5.85%-8.00%	6.40%-11.00%	5.85%-8.00%
Rate of return on plan assets	6.76-6.84%	6.76-7.27%	0.00%	0.00%
Withdrawal rate	3%-12%	3%-11%	3%-12%	3%-11%
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

41. Gratuity and other post-employment benefit plans [Cont'd]

(₹ in million, unless otherwise stated)

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 2021	India	Outside India	Total
Defined benefit obligation	1,744.10	73.52	1,817.62
Fair value of plan assets	65.61	-	65.61

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

A quantitative sensitivity analysis for significant assumption is as shown below:

	Sensitivity level		Gratuity		Compensated absences	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Discount rate	+1%	+1%	(114.37)	(117.64)	(26.11)	(24.74)
	-1%	-1%	129.34	134.44	27.87	26.48
Salary increase	+1%	+1%	121.79	125.63	26.23	24.78
	-1%	-1%	(110.26)	(112.70)	(25.09)	(23.66)
Withdrawal rate	+1%	+1%	(31.48)	(36.91)	(9.13)	(9.37)
	-1%	-1%	35.04	41.42	9.64	9.91

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 2020: (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.

41. Gratuity and other post-employment benefit plans [Cont'd]

(₹ in million, unless otherwise stated)

The following are maturity profile of Defined Benefit Obligations in future years (before adjusting fair value of plan assets):

	Gratuity		Compensated absences	
	31 December 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**
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	292.11	174.96	267.96	217.99
2 to 5	689.30	638.44	508.10	461.60
Above 5	1,990.58	1,948.57	268.85	254.77
	2,971.99	**2,761.97**	**1,044.91**	**934.36**

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 ₹ 483.82 million (31 December 2020 ₹ 445.89 million) (Refer note 34)

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42. Earnings per share (EPS)

(₹ in million, unless otherwise stated)

	31 December 2021	31 December 2020
Profit attributable to the equity shareholders	6,940.52	3,289.95
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (nos.)*	433,033,080	433,033,080
Weighted average number of equity shares for calculating diluted earnings per share (nos.)*	433,033,080	433,033,080
Nominal value per equity shares (₹)	10.00	10.00
Basic earnings per share (₹)	16.03	7.60
Diluted earnings per share (₹)	16.03	7.60

*Previous year numbers are adjusted for bonus shares issued during the current year.

43. Dividend

(₹ in million)

	31 December 2021	31 December 2020
Interim dividend ₹ 2.50 per share (31 December 2020: ₹ 2.50 per share) by Holding company	1,082.58	721.72

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.

44. Contingent liabilities and commitments

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
a. Guarantee issued to third party by subsidiaries for business purposes	79.27	81.02
b. Claims against the Group not acknowledged as debts (being contested):		
i. Goods and Service Tax	6.78	4.23
ii. For excise and service tax	174.22	198.81
iii. For Customs	90.75	90.75
iii. For sales tax (VAT)/entry tax	1,401.97	1,296.62
iv. For income tax	515.05	507.46
v. Others*	561.19	509.04

*excludes pending matters where amount of liability is not ascertainable.

45. Capital commitments

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 1,656.35 (31 December 2020 ₹ 958.00))	5,024.12	1,929.55

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.

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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), till 19 February 2021
Mr. Varun Jaipuria	Whole Time Director
Mr. Raj Pal Gandhi	Whole Time Director
Mr. Rajinder Jeet Singh Bagga	Whole Time Director
Mr. Kapil Agarwal	Chief Executive Officer and Whole Time Director
Mr. Vikas Bhatia (till 02 August 2021)	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. Rajesh Chawla (w.e.f. 02 August 2021)	Chief Financial Officer
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) (till 19 February 2021)	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 (till 19 February 2021)
Ole Marketing (Private) Limited
Devyani Food Industries (Kenya) Limited
Devyani Airport Services (Mumbai) Private Limited
Devyani International Nepal Private Limited

IV. Relatives of KMPs*

Mrs. Dhara Jaipuria
Mrs. Devyani Jaipuria
Mrs. Aastha Agarwal
Mr. Ravindra Dhariwal
Mr. Kaustubh Agarwal

V. 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
Lineage Healthcare Limited (w.e.f. 20 February 2021)
Jai Beverages Private Limited
Medanta Institute of Education and Research
RJ Foundation (Trust)

VI. 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)

47A. Transactions with KMPs

(₹ in million)

	For year ended 2021	For year ended 2020
I. Remuneration paid		
Mr. Varun Jaipuria	48.39	43.65
Mr. Raj Pal Gandhi	63.47	41.56
Mr. Kapil Agarwal	78.35	68.31
Mr. Rajesh Chawla	3.40	-
Mr. Ravi Batra	10.99	9.13
Mr. Rajinder Jeet Singh Bagga^	38.80	31.55
Mr. Mahavir Prasad Garg^	2.21	3.09
Mr. Vikas Bhatia	18.49	22.53
II. Director sitting fees paid		
Mr. Pradeep Khushalchand Sardana	0.40	0.40
Mrs. Sita Khosla	0.90	0.90
Dr. Ravi Gupta	1.30	1.00
Mrs. Rashmi Dhariwal	1.20	1.30
III. Dividend paid		
Mr. Varun Jaipuria	183.66	126.66
Mr. Raj Pal Gandhi	2.29	1.53
Mr. Kapil Agarwal	1.54	1.03
Mr. Ravi Kant Jaipuria	202.06	-
Mr. Rajinder Jeet Singh Bagga	0.49	0.32
Mr. Vikas Bhatia	-	0.02
Mr. Pradeep Khushalchand Sardana	0.00*	-
IV. Commission paid to non-executive director		
Mr. Ravi Kant Jaipuria	73.46	-
V. Defined benefit obligation for KMP (cumulative)		
i. Gratuity		
Mr. Varun Jaipuria	42.82	43.73
Mr. Raj Pal Gandhi	46.10	47.13
Mr. Kapil Agarwal	66.68	61.97
Mr. Ravi Batra	2.07	1.26
Mr. Mahavir Prasad Garg	0.51	0.32
Mr. Rajinder Jeet Singh Bagga	33.66	23.43
Mr. Vikas Bhatia	-	0.02
Mr. Rajesh Chawla	0.17	-
ii. Compensated absences		
Mr. Varun Jaipuria	17.32	14.82
Mr. Raj Pal Gandhi	13.97	14.58

^Net of reimbursement

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47A. Transactions with KMPs [Cont'd]

(₹ in million)

	For year ended 2021	For year ended 2020
ii. Compensated absences [Cont'd]		
Mr. Kapil Agarwal	17.83	18.53
Mr. Ravi Batra	1.89	1.56
Mr. Rajesh Chawla	0.38	-
Mr. Vikas Bhatia	-	1.42
Mr. Mahavir Prasad Garg	0.66	0.61
Mr. Rajinder Jeet Singh Bagga	10.39	7.52
VI. Bonus share issued (Face value of ₹ 10 each)		
Mr. Varun Jaipuria	244.87	-
Mr. Raj Pal Gandhi	3.06	-
Mr. Kapil Agarwal	2.05	-
Mr. Ravi Kant Jaipuria	269.41	-
Mr. Pradeep Khushalchand Sardana	0.01	-
Mr. Vikas Bhatia	0.04	-
Mr. Rajinder Jeet Singh Bagga	0.65	-
VII. Balances (payable)/ receivable outstanding at the end of the year, net		
Mr. Varun Jaipuria	(2.02)	(2.15)
Mr. Raj Pal Gandhi	(1.26)	(1.48)
Mr. Kapil Agarwal	(2.92)	(2.63)
Mr. Rajinder Jeet Singh Bagga	(1.99)	(1.31)
Mr. Ravi Batra	(0.49)	(0.50)
Mr. Mahavir Prasad Garg	(0.29)	(0.22)
Mr. Rajesh Chawla	(0.41)	-
Mr. Vikas Bhatia	-	(0.66)

*Rounded off to Nil.

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47B. Transactions with related parties

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Sale of goods												
- SMV Beverages Private Limited	-	-	-	-	-	-	141.84	98.27	-	-	**141.84**	**98.27**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	26.43	20.51	-	-	**26.43**	**20.51**
- Devyani Food Industries (Kenya) Limited	-	-	13.79	19.18	-	-	-	-	-	-	**13.79**	**19.18**
- Jai Beverages Private Limited	-	-	-	-	-	-	160.58	548.63	-	-	**160.58**	**548.63**
- Devyani International Limited	-	-	40.59	32.49	-	-	-	-	-	-	**40.59**	**32.49**
- Devyani Food Industries Limited	-	-	17.66	8.44	-	-	-	-	-	-	**17.66**	**8.44**
- Lineage Healthcare Limited	-	-	-	0.05	-	-	0.07	-	-	-	**0.07**	**0.05**
- Devyani Airport Services (Mumbai) Private Limited	-	-	2.21	1.58	-	-	-	-	-	-	**2.21**	**1.58**
- Devyani International Nepal Private Limited	-	-	-	2.50	-	-	-	-	-	-	**-**	**2.50**
Sale of raw materials and stores												
- Devyani Food Industries (Kenya) Limited	-	-	-	4.74	-	-	-	-	-	-	**-**	**4.74**
- RJ Foundation (Trust)					-	-	1.53	-	-	-	**1.53**	**-**
- Jai Beverages Private Limited	-	-	-	-	-	-	3.38	0.00*	-	-	**3.38**	**0.00***
- Devyani Food Industries Limited	-	-	40.49	32.76	-	-	-	-	-	-	**40.49**	**32.76**
- SMV Beverages Private Limited	-	-	-	-	-	-	149.22	58.23	-	-	**149.22**	**58.23**
Purchase of goods												
- Varun Food and Beverages Zambia Limited	-	-	-	84.40	-	-	-	-	-	-	**-**	**84.40**
- SMV Beverages Private Limited	-	-	-	-	-	-	488.79	263.65	-	-	**488.79**	**263.65**
- Devyani Food Industries Limited	-	-	279.02	251.62	-	-	-	-	-	-	**279.02**	**251.62**
Purchase of raw materials and stores												
- SMV Beverages Private Limited	-	-	-	-	-	-	27.76	-	-	-	**27.76**	**-**
- Devyani Food Industries Limited	-	-	35.69	-	-	-	-	-	-	-	**35.69**	**-**
- Devyani Food Industries (Kenya) Limited	-	-	29.64	-	-	-	-	-	-	-	**29.64**	**-**
House keeping and cleaning charges paid												
- Varun Developers Private Limited	-	-	12.53	12.53	-	-	-	-	-	-	**12.53**	**12.53**
Interest received/(paid)												
- SMV Beverages Private Limited	-	-	-	-	-	-	(4.00)	(4.00)	-	-	**(4.00)**	**(4.00)**
Contribution to corporate social responsibility activities												
- Mala Jaipuria Foundation	-	-	-	-	-	-	-	10.80	-	-	**-**	**10.80**
- Champa Devi Jaipuria Charitable Trust	-	-	-	-	-	-	-	20.00	-	-	**-**	**20.00**
- Medanta Institute of Education and Research	-	-	-	-	-	-	-	10.00	-	-	**-**	**10.00**
- RJ Foundation (Trust)	-	-	-	-	-	-	67.54	33.59	-	-	**67.54**	**33.59**

*Rounded off to Nil.

47B. Transactions with related parties [Cont'd]

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Professional charges paid												
- Mr. Ravindra Dhariwal	-	-	-	-	4.94	4.40	-	-	-	-	**4.94**	**4.40**
Travelling expenses paid												
- Wellness Holdings Limited	-	-	109.20	38.30	-	-	-	-	-	-	**109.20**	**38.30**
Contribution to gratuity trust												
- VBL Employees' Gratuity Trust	-	-	-	-	-	-	-	-	2.14	50.00	**2.14**	**50.00**
Dividend paid												
- RJ Corp Limited	299.75	199.83	-	-	-	-	-	-	-	-	**299.75**	**199.83**
- Ravi Kant Jaipuria & Sons (HUF)	-	134.70	-	-	-	-	-	-	-	-	**-**	**134.70**
- Mrs. Aastha Agarwal	-	-	-	-	0.38	0.25	-	-	-	-	**0.38**	**0.25**
- Mr. Kaustubh Agarwal	-	-	-	-	0.38	0.25	-	-	-	-	**0.38**	**0.25**
- Mrs. Dhara Jaipuria	-	-	-	-	0.01	0.01	-	-	-	-	**0.01**	**0.01**
- Mrs. Devyani Jaipuria	-	-	-	-	26.26	17.51	-	-	-	-	**26.26**	**17.51**
(Expenses incurred by the Company on behalf of others)/expenses incurred by others on behalf of the Company												
- Devyani International Limited	-	-	(3.13)	8.17	-	-	-	-	-	-	**(3.13)**	**8.17**
- RJ Corp Limited	(2.24)	(1.03)	-	-	-	-	-	-	-	-	**(2.24)**	**(1.03)**
- Devyani Food Industries (Kenya) Limited	-	-	(0.47)	(1.94)	-	-	-	-	-	-	**(0.47)**	**(1.94)**
- Jai Beverages Private Limited	-	-	-	-	-	-	0.07	-	-	-	**0.07**	**-**
- Devyani Food Industries Limited	-	-	(14.95)	1.27	-	-	-	-	-	-	**(14.95)**	**1.27**
- SMV Beverages Private Limited	-	-	-	-	-	-	0.02	0.00*	-	-	**0.02**	**0.00***
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	(0.20)	-	-	**-**	**(0.20)**
Amount paid by Company on behalf of others/(amount paid by others on behalf of the Company)												
- SMV Beverages Private Limited	-	-	-	-	-	-	0.02	2.49	-	-	**0.02**	**2.49**
Licence fee paid												
- Devyani Food Industries Limited	-	-	1.24	1.20	-	-	-	-	-	-	**1.24**	**1.20**
Purchase of fixed assets												
- SMV Beverages Private Limited	-	-	-	-	-	-	-	15.00	-	-	**-**	**15.00**
- Varun Food and Beverages Zambia Limited	-	-		756.64^	-	-	-	-	-	-	**-**	**756.64^**
Advance paid for acquisition of assets												
- SMV Beverages Private Limited	-	-	-	-	-	-	50.40	30.00	-	-	**50.40**	**30.00**

*Rounded off to Nil.

^excluding bank charges paid amounting to ₹ 4.31 million

47B. Transactions with related parties [Cont'd]

(₹ in million)

Description	Parent and ultimate parent		Fellow subsidiaries and entities controlled by parent and ultimate parent		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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Rent/ lease charges paid/(received)												
- RJ Corp Limited	112.69	112.35	-	-	-	-	-	-	-	-	**112.69**	**112.35**
- Devyani Food Industries Limited			(3.97)	(1.33)	-	-	-	-	-	-	**(3.97)**	**(1.33)**
- Ravi Kant Jaipuria & Sons (HUF)	1.28	7.57	-	-	-	-	-	-	-	-	**1.28**	**7.57**
- SMV Beverages Private Limited	-	-	-	-	-	-	27.00	27.00	-	-	**27.00**	**27.00**
- SVS India Private Limited	-	-	1.20	1.20	-	-	-	-	-	-	**1.20**	**1.20**
- Mrs. Dhara Jaipuria	-	-	-	-	0.72	2.83	-	-	-	-	**0.72**	**2.83**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	(1.36)	(0.86)	-	-	**(1.36)**	**(0.86)**
IT infrastructure support fee												
- Devyani Food Industries Limited	-	-	5.57	4.98	-	-	-	-	-	-	**5.57**	**4.98**
- RJ Corp Limited	0.03	-	-	-	-	-	-	-	-	-	**0.03**	**-**
- Devyani Food Industries (Kenya) Limited	-	-	1.20	-	-	-	-	-	-	-	**1.20**	**-**
- Diagno Labs Private Limited	-	-	-	-	-	-	0.43	-	-	-	**0.43**	**-**
- Varun Food and Beverages Zambia Limited	-	-	-	0.34	-	-	-	-	-	-	**-**	**0.34**
- Devyani International Limited	-	-	1.40	1.70	-	-	-	-	-	-	**1.40**	**1.70**
Capital commitments												
- SMV Beverages Private Limited	-	-	-	-	-	-	201.60	252.00	-	-	**201.60**	**252.00**
Bonus share issued (Face value of ₹ 10 each)												
- RJ Corp Limited	399.67	-	-	-	-	-	-	-	-	-	**399.67**	**-**
- Mrs. Aastha Agarwal	-	-	-	-	0.50	-	-	-	-	-	**0.50**	**-**
- Mr. Kaustubh Agarwal	-	-	-	-	0.50	-	-	-	-	-	**0.50**	**-**
- Mrs. Dhara Jaipuria	-	-	-	-	0.02	-	-	-	-	-	**0.02**	**-**
- Mrs. Devyani Jaipuria	-	-	-	-	35.01	-	-	-	-	-	**35.01**	**-**
Balances outstanding at the end of the year, net												
Receivable/(payable), net												
- Devyani International Limited	-	-	5.03	10.35	-	-	-	-	-	-	**5.03**	**10.35**
- RJ Corp Limited	35.82	35.49	-	-	-	-	-	-	-	-	**35.82**	**35.49**
- Mrs. Dhara Jaipuria	-	-	-	-	-	1.27	-	-	-	-	**-**	**1.27**
- Wellness Holdings Limited	-	-	(12.22)	(9.77)	-	-	-	-	-	-	**(12.22)**	**(9.77)**
- Devyani International Nepal Private Limited	-	-	-	0.35	-	-	-	-	-	-	**-**	**0.35**
- Lineage Healthcare Limited	-	-	-	-	-	-	0.02	-	-	-	**0.02**	**-**
- Ole Marketing (Private) Limited	-	-	-	37.80	-	-	-	-	-	-	**-**	**37.80**
- SMV Beverages Private Limited	-	-	-	-	-	-	56.93	47.53	-	-	**56.93**	**47.53**
- Diagno Labs Private Limited	-	-	-	-	-	-	0.50	-	-	-	**0.50**	**-**
- Devyani Food Industries (Kenya) Limited	-	-	1.93	21.89	-	-	-	-	-	-	**1.93**	**21.89**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	10.64	9.02	-	-	**10.64**	**9.02**
- Devyani Airport Services (Mumbai) Private Limited	-	-	0.05	0.26	-	-	-	-	-	-	**0.05**	**0.26**
- Jai Beverages Private Limited	-	-	-	-	-	-	0.01	1.22	-	-	**0.01**	**1.22**
- Devyani Food Industries Limited	-	-	(32.38)	(21.83)	-	-	-	-	-	-	**(32.38)**	**(21.83)**
- Varun Food and Beverages Zambia Limited	-	-	(18.04)	(78.06)	-	-	-	-	-	-	**(18.04)**	**(78.06)**

*Rounded off to Nil.

48. Disclosure on lease transactions pursuant to Ind AS 116 - Leases

The Group lease asset class primarily consists of leases for land, buildings, plant and equipments and vehicles. With the exception of short-term leases, leases of low-value and cancellable long-term leases underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liability.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the weighted average borrowing rate on the date of adoption, i.e., 5.44% - 10.00% (31 December 2020: 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 Group's other debts and liabilities.

i. Lease liabilities are presented in the balance sheet as under:

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Current maturities of lease liabilities (Refer note 26)	136.02	102.26
Non-current lease liabilities (Refer note 22B)	312.63	244.39
Total	**448.65**	**346.65**

ii. The recognised right of use assets relate to land, buildings, plant and equipments and vehicles are as provided below:

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Balance at the beginning of the year	5,552.08	-
Addition on account of transition to Ind AS 116 (Refer note 4)	-	5,555.27
Additions for the year	341.37	239.70
Government grant related to asset received	-	(6.37)
Disposals for the year	-	(1.55)
Depreciation charge for the year	(217.38)	(204.76)
Exchange differences on translation of foreign operations	51.92	(30.21)
Balance at the end of the year	**5,727.99**	**5,552.08**

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

(₹ in million)

	Year ended 31 December 2021	Year ended 31 December 2020
Depreciation charge on right of use assets	217.38	204.76
Interest expense on lease liabilities	30.50	29.56
Total	**247.87**	**234.32**

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 ₹ 821.26 (31 December 2020: ₹ 759.00 million).

v. Refer Consolidated Cash Flow Statement for total cash outflow for leases for the year ended 31 December 2021 and 31 December 2020.

vi. Maturity of lease liabilities

Future minimum lease payments for year ended 31 December 2021 were as follows:

(₹ in million)

	Lease payments	Interest expense	Net Present value*
Not later than 1 year	163.45	26.14	136.02
Later than 1 year not later than 5 years	256.53	56.43	196.05
Later than 5 years	529.00	412.41	116.59
Total	**948.98**	**494.98**	**448.65**

* Includes exchange differences on translation of foreign operations of ₹ 5.35 million

Future minimum lease payments for year ended 31 December 2020 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

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

APAS & CO LLP * FRN: 000340C/C400308 * New Delhi * Chartered Accountants

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 sale of products of the Group is seasonal.

The following table presents segment non-current assets, revenue from external customers regarding geographical segments:

	As at 31 December 2021	As at 31 December 2020
Non-current assets*		
-Within India	57,125.93	54,564.60
-Outside India	12,787.13	11,493.18

* excluding financial instruments, deferred tax assets and post-employment benefit assets.

	As at 31 December 2021	As at 31 December 2020
Revenue from external customers		
-Within India	65,448.50	48,283.53
-Outside India	24,134.41	17,274.38

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(₹ in million)

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:

Particulars	31 December 2021	31 December 2020
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	342.85	93.70
Interest due on above	1.32	0.28
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*	299.00	670.87
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.	3.83	2.62
The amount of interest accrued and remaining unpaid at the end of each accounting year	9.73	4.58
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	9.73	4.58

*includes principal amounting to ₹ 299.00 million (31 December 2020: ₹ 670.87 million).

51. Acquisition of Subsidiary during the year

On 31 December 2021, the Holding Company had aquired 99.90% stake in Varun Beverages RDC SAS. The total consideration transferred in cash is ₹ 0.74 millions.

52. The Holding Company follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

53. Share-based payments

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.

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54. 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.

54.1 Market risk analysis

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and commodity price risk, which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

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	ZWL~
31 December 2021									
Financial assets									
(i) Trade receivables	0.82	-	-	-	368.90	64.19	168.32	68.47	518.09
(ii) Loans	-	-	-	-	-	2.62	-	0.30	-
(iii) Others	0.16	-	-	-	-	-	49.66	0.18	5.35
(iv) Cash and cash equivalents	0.62	-	-	-	1,096.22	3.64	36.05	9.61	864.97
(v) Other bank balances	-	-	-	-	99.39	-	1,849.51	-	563.67
Total financial assets	**1.60**	**-**	**-**	**-**	**1,564.51**	**70.45**	**2,103.54**	**78.56**	**1,952.08**
Financial liabilities									
(i) Borrowings	-	-	4.85	16.56	-	108.22	111.18	62.64	103.23
(ii) Trade payables	6.73	0.00*	0.14	-	(62.07)	122.71	290.87	90.08	928.01
(iii) Other financial liabilities	2.08	-	0.70	0.03	898.92	47.93	247.43	26.31	75.24
Total financial liabilities	**8.81**	**-**	**5.69**	**16.59**	**836.85**	**278.86**	**649.48**	**179.03**	**1,106.48**
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**	**-**	**3.39**	**33.19**	**915.27**	**165.39**	**974.03**	**231.03**	**1,435.08**

*Rounded off to Nil.

~Refer note 40 for change in functional currency in Varun Beverages (Zimbabwe) (Private) Limited.

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 2021 (31 December 2020: +/-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 against the USD by 1% (31 December 2020: 1%), LKR by 1% (31 December 2020: 1%), GBP by 1% (31 December 2020: 1%), SGD by 1% (31 December 2020: 1%) and Euro by 1% (31 December 2020: 1%), the following would have been the impact:

(₹ in million)

	Profit for the year		Equity	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
USD	5.34	2.14	5.34	2.14
GBP	0.00*	(0.00)*	0.00*	(0.00)*
Euro	4.78	1.65	4.78	1.65
SGD	9.14	18.34	9.14	18.34
LKR	(2.64)	0.69	(2.64)	0.69
MAD	16.52	8.52	16.52	8.52
NPR	(9.08)	(3.35)	(9.08)	(3.35)
ZMW	4.47	5.95	4.47	5.95
ZWL	(5.78)	7.18	(5.78)	7.18

*Rounded off to Nil.

54. Financial instruments risk [Cont'd]

If the INR had weakened against the USD by 1% (31 December 2020 1%), LKR by 1% (31 December 2020: 1%), GBP by 1% (31 December 2020: 1%), SGD by 1% (31 December 2020: 1%) and Euro by 1% (31 December 2020: 1%), the following would have been the impact:

(₹ in million)

	Loss for the year		Equity	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
USD	(5.34)	(2.14)	(5.34)	(2.14)
GBP	(0.00)*	0.00*	(0.00)*	0.00*
Euro	(4.78)	(1.65)	(4.78)	(1.65)
SGD	(9.14)	(18.34)	(9.14)	(18.34)
LKR	2.64	(0.69)	2.64	(0.69)
MAD	(16.52)	(8.52)	(16.52)	(8.52)
NPR	9.08	3.35	9.08	3.35
ZMW	(4.47)	(5.95)	(4.47)	(5.95)
ZWL	5.78	(7.18)	5.78	(7.18)

*Rounded off to Nil.

Exposures to foreign exchange rates vary during the year depending on the volume of the overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Group is exposed to changes in market interest rates as some of the bank and other borrowings are at variable interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (31 December 2020: +/- 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 2021	(217.02)	217.02	(217.02)	217.02
31 December 2020	(197.13)	197.13	(197.13)	197.13

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of sugar and pet chips and therefore require a continuous supply. In view of volatility of price of sugar and pet chips, the Group also executes into various advance purchase contracts.

Commodity price sensitivity

The following tables shows the effect of price change in sugar and pet chips

(₹ in million)

Particulars	Change in yearly average price	Effect on profit/(loss) before tax		Effect on equity	
31 December 2021					
Sugar	+/-1%	(107.54)	107.54	(107.54)	107.54
Pet chips	+/-1%	(52.51)	52.51	(52.51)	52.51
31 December 2020					
Sugar	+/-1%	(75.00)	75.00	(75.00)	75.00
Pet chips	+/-1%	(35.09)	35.09	(35.09)	35.09

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.

54.2 **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 2021	As at 31 December 2020
Classes of financial assets-carrying amounts:		
Investments (non-current)	0.01	0.01
Loans (non-current and current)	507.13	518.05
Others non-current financial assets	8.04	1.21
Trade receivables	2,212.49	2,417.97
Cash and cash equivalents	1,507.50	1,045.58
Bank balances (other than those classified as cash and cash equivalents above)	1,858.72	854.92
Others current financial assets	2,276.86	1,670.04
	8,370.75	**6,507.78**

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.

54. Financial instruments risk [Cont'd]

Movement in expected credit loss allowance on trade receivables and capital advances:-

(₹ in million)

	As at 31 December 2021	As at 31 December 2020
Balance as at beginning of the year	435.33	795.38
Loss allowance measured at lifetime expected credit loss	58.92	53.09
Adjusted/Written off during the year	-	(402.34)
Foreign currency translation reserve	1.11	(10.80)
Balance at the end of the year	**495.36**	**435.33**

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.

54.3 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 2021, the Group's non-derivative financial liabilities have contractual maturities as summarised below:

(₹ in million)

31 December 2021	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	15,285.68	17,578.69	554.58
Trade payables	7,117.53	-	-
Other financial liabilities (current and non-current)	4,065.68	196.05	116.58
Total	**26,468.89**	**17,774.74**	**671.16**

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

(₹ 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)	3,419.34	152.81	91.58
Total	**20,795.94**	**19,949.03**	**91.58**

As at 31 December 2021, the contractual cash flows (excluding interest thereon) of the Group's derivative financial instruments are as follows:

(₹ in million)

31 December 2021	1 to 12 months	1 to 5 years
Cross currency interest rate swap	911.78	-

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 2020	1 to 12 months	1 to 5 years
Cross currency interest rate swap	914.08	914.08

54.4 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.

CHARTERED ACCOUNTANTS

APAS & CO LLP
FRN: 000340C/C400308
New Delhi
Chartered Accountants

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55. 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 2021	31 December 2020	31 December 2021	31 December 2020
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	412.59	417.89	412.59	417.89
(b) Others	8.04	1.21	8.04	1.21
(ii) Current financial assets				
(a) Trade receivables	2,212.49	2,417.97	2,212.49	2,417.97
(b) Cash and cash equivalents	1,507.50	1,045.58	1,507.50	1,045.58
(c) Bank balances other than above	1,858.72	854.92	1,858.72	854.92
(d) Loans	94.54	100.16	94.54	100.16
(e) Others	2,276.86	1,670.04	2,276.86	1,670.04
Total	**8,370.75**	**6,507.78**	**8,370.75**	**6,507.78**
Financial liabilities				
FVTPL				
(i) Current financial liability				
(a) Liability for derivative contract	25.58	20.71	25.58	20.71
Amortised cost				
(i) Non-current borrowings (excluding those disclosed under FVTPL category above)	18,133.27	19,796.22	18,133.27	19,796.22
(ii) Other non-current financial liabilities	312.63	244.39	312.63	244.39
(ii) Current financial liabilities				
(a) Borrowings	6,284.92	7,138.58	6,284.92	7,138.58
(b) Trade payables	7,117.53	5,113.85	7,117.53	5,113.85
(c) Others	13,040.86	8,522.80	13,040.86	8,522.80
Total	**44,914.79**	**40,836.55**	**44,914.79**	**40,836.55**

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 2021 and 31 December 2020 as follows: (also refer note 3(a))

(₹ in million)

31 December 2021	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2021	0.01	-	-	0.01

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55. Fair value measurements [Cont'd]

(₹ in million)

31 December 2021	Date of valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
(a) Liability for derivative contract	31 December 2021	25.58	-	25.58	-

There have been no transfers of financial assets and financial liabilities between the levels during the year 2020.

(₹ 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

(₹ 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)
Liabilities measured at fair value:					
(a) Liability for derivative contract	31 December 2020	20.71	-	20.71	-

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56. 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 2021	As at 31 December 2020
Non-current borrowings (Refer note 22A)		18,133.27	19,796.22
Current borrowings (Refer note 22C)		6,284.92	7,138.58
Lease liabilities (Refer note 22B)		312.63	244.39
Current maturities of lease liabilities (Refer note 26)		136.02	102.26
Current maturities of long-term debts (Refer note 26)		9,000.76	5,124.17
		33,867.60	**32,405.62**
Less: Cash and cash equivalents (Refer note 14)		(1,507.50)	(1,045.58)
Net debt	**(A)**	**32,360.10**	**31,360.04**
Equity share capital (Refer note 20)		4,330.33	2,886.89
Other equity (Refer note 21)		36,468.75	32,353.12
Total capital	**(B)**	**40,799.08**	**35,240.01**
Capital and net debt	**(C=A+B)**	**73,159.18**	**66,600.05**
Gearing ratio	**(A/C)**	**44.23%**	**47.09%**

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 2021 and 31 December 2020.
There is no breaches in the financial covenants of the borrowing that would permit the banks to immediately call loans and borrowings in the reporting periods.

57. Assets pledged as security

The carrying amount of assets pledged as security are:

(₹ in million)

Particulars	As at 31 December 2021	As at 31 December 2020
Inventories and trade receivable	13,633.94	10,286.32
Other bank deposits	1,198.50	1,121.71
Current loans	284.15	99.94
Other current financial assets	2,733.64	2,130.20
Other current assets	2,438.64	1,485.15
Other intangible assets	5,543.00	5,553.03
Property, plant and equipment (including capital work-in-progress)	54,236.68	54,682.74

58. Recent accounting pronouncements (Ind AS issued but not yet effective)

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revised Division I, II and III of Schedule III and are applicable to the Holding Company from accounting periods beginning on or after 01 January 2022.
The amendments are extensive and the Company is evaluating the requirements of the amendments to give effect to them as required by law. Since these amendments relates to disclosures in financial statements, it will not impact the financial position and results of the Company.

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59. 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 2021								
Holding Company								
Varun Beverages Limited	104.81%	43,986.21	65.61%	4,894.87	-18.82%	56.25	69.13%	4,951.12
Subsidiaries								
Varun Beverages (Nepal) Private Limited	3.98%	1,671.20	-3.59%	(268.18)	0.00%	-	-3.74%	(268.18)
Varun Beverages Lanka (Private) Limited (Consolidated)	4.86%	2,039.44	1.34%	100.17	-3.61%	10.78	1.55%	110.96
Varun Beverages Morocco SA	5.46%	2,293.44	-0.03%	(2.25)	0.00%	-	-0.03%	(2.25)
Varun Beverages (Zambia) Limited (Consolidated)	2.30%	963.34	7.87%	586.83	0.00%	-	8.19%	586.83
Varun Beverages (Zimbabwe) (Private) Limited	8.87%	3,723.70	30.10%	2,245.26	0.00%	-	31.35%	2,245.26
Lunarmech Technologies Private Limited^	2.12%	887.87	3.71%	276.99	-0.01%	0.03	3.87%	277.01
Varun Beverages RDC SAS	0.00%	0.74	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
Minority interest in all subsidiaries	-2.78%	(1,167.89)	-6.97%	(520.00)	0.00%	0.01	-7.26%	(519.99)
Inter group eliminations	-29.62%	(12,431.08)	1.96%	146.83	122.44%	(365.93)	-3.06%	(219.10)
Total	**100.00%**	**41,966.97**	**100.00%**	**7,460.52**	**100.00%**	**(298.86)**	**100.00%**	**7,161.66**
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	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**

^ Refer note 6

60. The exceptional items for the previous 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.

61. Subsequent to 31 December 2021-

a) The Holding Company has incorporated a new wholly-owned subsidiary company i.e. "Varun Beverages International DMCC" in Dubai, United Arab Emirates by subscription of its 100% equity share capital for a consideration of ₹ 2.05 million to render business related management and technical services to the Company and its subsidiaries.

b) The Holding Company has granted 94,650 and 3,000 stock options to eligible employees of the Company under the ESOS 2016 of face value of ₹ 10 each at exercise price of ₹ 907.00 and ₹ 897.00 per stock option respectively.

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

Ashish Gupta
Partner
Membership No.: 504662

For **APAS & Co LLP**
Chartered Accountants
Firm's Registration No.: 000340C/C400308

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

Rajesh Chawla
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: 03 February 2022

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of subsidiaries/associate companies:

Part"A": Subsidiaries

(₹ in million, except as stated otherwise)

S.No	Particulars	1	2	3	4	5	6	7
		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	Varun Beverages RDC SAS
	Date of acquisition	01 January 2012	01 January 2012	01 January 2012	01 January 2016	01 January 2016	04 November 2019	31 December 2021
	Financial year ending on	31 December 2021	31 December 2021	31 December 2021	31 December 2021	31 December 2021	31 December 2021	31 December 2021
	Currency	NPR	LKR	MAD	ZMW	RTGS	INR	CDF
	Exchange rate on the last day of financial year	0.62441	0.36341	7.92750	4.45162	0.68377	1.00000	0.03672
	Average exchange rate during the financial year	0.62441	0.36930	8.13215	3.75473	0.68377	1.00000	0.03658
1	Share capital	675.46	2,896.82	6,215.07	843.71	0.07	9.95	0.74
2	Reserve and surplus	995.75	(857.38)	(3,921.63)	119.64	3,723.62	877.92	(0.00)
3	Total assets	4,323.36	2,532.34	5,590.49	2,621.24	6,222.19	1,502.08	0.74
4	Total liabilities	2,475.67	492.90	3,297.05	1,657.90	2,498.49	614.21	-
5	Turnover	4,915.04	1,958.76	4,440.49	2,899.62	10,534.04	1,550.08	-
6	Profit before taxation	244.16	183.17	42.51	485.26	2,272.92	360.10	(0.00)
7	Provision for taxation	512.34	66.30	23.46	-	-	83.11	-
8	Profit after taxation	(268.18)	116.87	19.05	485.26	2,272.92	276.99	(0.00)
9	Proposed dividend	303.46	-	-	-	-	-	-
10	% of shareholding	100.00%	100.00%	100.00%	90.00%	85.00%	55.04%	99.90%

* Consoloidated 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

Rajesh Chawla
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

APAS & CO LLP * FRN: 000340C/C400308 * New Delhi * Chartered Accountants

Place: Gurugram
Dated: 03 February 2022

PROPOSED ALLOTTEES IN THE ISSUE

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the Lead Managers, to Eligible QIBs only, on a discretionary basis. The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them is set forth below. The details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, has been included in this Placement Document to be sent to such proposed Allottees.

S. No.	Name of the proposed Allottees*	Percentage of the post-Issue share capital held (%)^
1.	INDIA ACORN FUND LTD	0.03%
2.	CAISSE DE DEPOT ET PLACEMENT DU QUEBEC - WHITE OAK CAPITAL PARTNERS PTE LTD.	0.03%
3.	AL MEHWAR COMMERCIAL INVESTMENTS L.L.C. - (WHITING)	0.06%
4.	ABU DHABI INVESTMENT AUTHORITY - WAY	0.12%
5.	WHITE OAK INDIA EQUITY FUND II	0.01%
6.	WHITE OAK INDIA SELECT EQUITY FUND	0.01%
7.	WHITE OAK INDIA EQUITY FUND V	0.01%
8.	WHITE OAK INDIA EQUITY FUND VI	0.00%
9.	ASHOKA WHITEOAK ICAV - ASHOKA WHITEOAK INDIA OPPORTUNITIES FUND	0.26%
10.	ABS DIRECT EQUITY FUND LLC - INDIA SERIES 1	0.02%
11.	DENDANA INVESTMENTS (MAURITIUS) LIMITED	0.01%
12.	ASHOKA INDIA EQUITY INVESTMENT TRUST PLC	0.07%
13.	NINETY ONE AUSTRALIA PTY LTD ACTING IN ITS CAPACITY AS TRUSTEE OF NINETY ONE AUS	0.05%
14.	UNITED SUPER PTY LTD AS TRUSTEE FOR CONSTRUCTION AND BUILDING UNIONS SUPERANNUAT	0.01%
15.	IOWA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM	0.01%
16.	SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM - WELLINGTON MANAGEME	0.01%
17.	GUIDESTONE FUNDS EMERGING MARKETS EQUITY FUND	0.01%
18.	GLOBAL RESEARCH EQUITY EXTENDED MASTER FUND (CAYMAN) L.P.	0.01%
19.	INTERNATIONAL RESEARCH EQUITY EXTENDED MASTER FUND (CAYMAN) L.P.	0.01%
20.	HARTFORD INTERNATIONAL EQUITY FUND	0.00%
21.	WELLINGTON MANAGEMENT FUNDS (IRELAND) PUBLIC LIMITED COMPANY - WELLINGTON EMERGI	0.00%
22.	WELLINGTON TRUST COMPANY NATIONAL ASSOCIATIONMULTIPLE COLLECTIVE INVESTMENT FUND	0.00%
23.	THE MASTER TRUST BANK OF JAPAN LTD AS TRUSTEE OF KOKUSAI EMERGING EQUITY OPEN MO	0.00%
24.	WELLINGTON MANAGEMENT FUNDS (LUXEMBOURG) - WELLINGTON DOWNSIDE ALPHA OPPORTUNITI	0.00%
25.	WELLINGTON TRUST COMPANY, NATIONAL ASSOCIATION MULTIPLE COMMON TRUST FUNDS TRUST	0.03%
26.	TREASURER OF THE STATE OF NORTH CAROLINA EQUITY INVESTMENT FUND POOLED TRUST MAN	0.03%
27.	WELLINGTON EMERGING MARKETS EQUITY FUND (AUSTRALIA)	0.01%
28.	WELLINGTON TRUST COMPANY, NATIONAL ASSOCIATION MULTIPLE COLLECTIVE INVESTMENT FU	0.00%
29.	WELLINGTON TRUST COMPANY, NATIONAL ASSOCIATION MULTIPLE COLLECTIVE INVESTMENT FU	0.03%
30.	THE WELLINGTON TRUST COMPANY NATIONAL ASSOCIATION MULTIPLE COMMON TRUST FUNDS TR	0.02%
31.	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM MANAGED BY WELLINGTON MANAGEMENT C	0.02%
32.	WELLINGTON TRUST COMPANY, NATIONAL ASSOCIATION MULTIPLE COLLECTIVE INVESTMENT FU	0.01%
33.	INVESCO INDIA FOCUSED FUND	0.11%
34.	INVESCO INDIA AGGRESSIVE HYBRID FUND	0.00%
35.	INVESCO INDIA EQUITY SAVINGS FUND	0.00%
36.	INVESCO INDIA BALANCED ADVANTAGE FUND	0.01%

S. No.	Name of the proposed Allottees*	Percentage of the post-Issue share capital held (%)^
37.	INVESCO INDIA FLEXI CAP FUND	0.03%
38.	INVESCO INDIA MANUFACTURING FUND	0.02%
39.	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS GROWTH OPPORTUNIT	0.05%
40.	MANULIFE SINGAPORE PTE LTD	0.00%
41.	HSBC INDIA EXPORT OPPORTUNITIES FUND	0.03%
42.	ABU DHABI INVESTMENT AUTHORITY - MONSOON	0.24%
43.	ABU DHABI INVESTMENT AUTHORITY - MONSOON	0.23%
44.	ABU DHABI INVESTMENT AUTHORITY - MONSOON	0.24%
45.	ABU DHABI INVESTMENT AUTHORITY - MONSOON	0.27%
46.	CLSA GLOBAL MARKETS PTE. LTD-ODI	0.04%
47.	SCHRODER GLOBAL EMERGING MARKETS FUND	0.03%
48.	SCHRODER PACIFIC EMERGING MARKETS FUND	0.04%
49.	SCHRODER EMERGING MARKETS FUND (CANADA)	0.01%
50.	HARTFORD SCHRODERS EMERGING MARKETS EQUITY FUND	0.23%
51.	SCHRODER INSTITUTIONAL DEVELOPING MARKETS FUND	0.00%
52.	SCHRODER INTERNATIONAL SELECTION FUND EMERGING MARKETS	0.20%
53.	SCHRODER INTERNATIONAL SELECTION FUND - BIC (BRAZIL, INDIA, CHINA)	0.04%
54.	THE STATE OF CONNECTICUT, ACTING THROUGH ITS TREASURER - SCHRODER INVESTMENT MAN	0.02%
55.	SAUDI CENTRAL BANK - EMERGING MARKET PORTFOLIO 22	0.16%
56.	TELSTRA SUPER PTY LTD AS TRUSTEE FOR TELSTRA SUPERANNUATION SCHEME	0.00%
57.	TCORPIM EMERGING MARKET SHARE FUND	0.08%
58.	SCHRODER GLOBAL EMERGING MARKETS FUND	0.00%
59.	STICHTING PENSIOENFONDS MEDISCH SPECIALISTEN	0.01%
60.	ROBUSTA EMERGING MARKETS EQUITY FUND	0.00%
61.	METZLER ASSET MANAGEMENT GMBH FOR MI FONDS K26	0.01%
62.	SCHRODER INTERNATIONAL SELECTION FUND EMERGING MARKETS MULTI-ASSET	0.00%
63.	MONETARY AUTHORITY OF SINGAPORE ACCOUNT 10	0.03%
64.	GENERAL ORGANIZATION FOR SOCIAL INSURANCE	0.10%
65.	SAS TRUSTEE CORPORATION POOLED FUND	0.04%
66.	NINETY ONE GLOBAL STRATEGY FUND - EMERGING MARKETS EQUITY FUND	0.14%
67.	NINETY ONE GLOBAL STRATEGY FUND - EMERGING MARKETS MULTI-ASSET FUND	0.02%
68.	NINETY ONE GLOBAL SELECT LLC - NINETY ONE EMERGING MARKETS EQUITY FUND	0.11%
69.	NINETY ONE FUNDS SERIES IV - EMERGING MARKETS EQUITY FUND	0.00%
70.	MIRAE ASSET LARGE CAP FUND	0.17%
71.	MIRAE ASSET LARGE & MIDCAP FUND	0.13%
72.	MIRAE ASSET GREAT CONSUMER FUND	0.07%
73.	MIRAE ASSET AGGRESSIVE HYBRID FUND	0.04%
74.	MIRAE ASSET BALANCED ADVANTAGE FUND	0.01%
75.	MIRAE ASSET EQUITY SAVINGS FUND	0.00%
76.	SBI CONSUMPTION OPPORTUNITIES FUND	0.03%
77.	SBI EQUITY HYBRID FUND	0.20%
78.	LONG TERM INDIA FUND	0.20%
79.	NVIT EMERGING MARKETS FUND	0.01%
80.	ARCA INVESTMENTS - GLOBAL EMERGING MARKETS EQUITY ROI III	0.01%
81.	PRIVATE CLIENT EMERGING MARKETS PORTFOLIO	0.01%
82.	NS PARTNERS GLOBAL EMERGING MARKETS EQUITY FUND	0.02%
83.	NS PARTNERS SUSTAINABLE GLOBAL EM FUND	0.00%
84.	NS PARTNERS TRUST	0.04%
85.	NEDGROUP INVESTMENTS FUNDS PLC - GLOBAL EMERGING MARKETS EQUITY FUND	0.02%
86.	DUNHAM EMERGING MARKETS STOCK FUND	0.01%
87.	BARCLAYS MULTI-MANAGER FUND PLC	0.02%

S. No.	Name of the proposed Allottees*	Percentage of the post-Issue share capital held (%)^
88.	DIVERSIFIED TRUST COMPANY COMMON TRUST INTERNATIONAL EQUITY FUND	0.00%
89.	CAPITAL GROUP GLOBAL EQUITY FUND (CANADA)	0.10%
90.	NEW PERSPECTIVE FUND	0.21%
91.	CAPITAL GROUP GLOBAL NEW PERSPECTIVE FUND (LUX)	0.01%
92.	LOCKHEED MARTIN CORPORATION MASTER RETIREMENT TRUST	0.01%
93.	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS CHILDREN'S FUND	0.00%
94.	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS AGGRESSIVE HYBRID	0.01%
95.	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS RETIREMENT FUND -	0.00%
96.	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS RETIREMENT FUND -	0.00%
97.	AXIS MUTUAL FUND TRUSTEE LTD A/C AXIS MUTUAL FUND A/C AXIS FLEXI CAP FUND	0.13%
98.	ASK INVESTMENT FUNDS ICAV - ASK INDIAN ENTREPRENEUR FUND	0.02%
99.	INDIA EMERGING OPPORTUNITIES FUND LIMITED	0.06%
100.	INVESCO INDIA ELSS TAX SAVER FUND	0.04%
101.	INVESCO INDIA LARGECAP FUND	0.02%
102.	INVESCO INDIA MULTICAP FUND	0.04%
103.	FIDELITY INDIA FUND	0.01%
104.	DENDANA INVESTMENTS (MAURITIUS) LIMITED	0.01%
105.	FIDELITY FUNDS - INDIA FOCUS FUND	0.11%
106.	FIDELITY KOREA - INDIA EQUITY INVESTMENT TRUST - MOTHER	0.01%
107.	FIDELITY INVESTMENT FUNDS IX - FIDELITY SOUTH EAST ASIA FUND	0.01%
108.	FIDELITY GLOBAL INVESTMENT FUND-ASIA PACIFIC EQUITY FUND	0.11%
109.	BEST INVESTMENT CORPORATION MANAGED BY FIDELITY	0.00%
110.	KAPITALFORENINGEN INSTITUTIONEL INVESTOR, ASIATISKE EMERGING MARKET AKTIER	0.04%
111.	FIDELITY INVESTMENT FUNDS - FIDELITY ASIA FUND	0.19%
112.	FIDELITY FUNDS - ASIAN SPECIAL SITUATIONS FUND	0.12%
113.	MANULIFE PROVIDENT FUNDS UNIT TRUST SERIES- MANULIFE PACIFIC ASIA EQUITY FUND	0.15%
114.	NORDEA 1 SICAV - INDIAN EQUITY FUND	0.05%
115.	MANULIFE GLOBAL FUND - INDIA EQUITY FUND	0.05%
116.	MANULIFE SINGAPORE PTE LTD	0.00%
117.	MANULIFE SINGAPORE PTE LTD	0.00%
118.	MANULIFE SINGAPORE PTE LTD	0.01%
119.	CAPITAL GROUP NEW PERSPECTIVE TRUST (US)	0.01%
120.	MINISTRY OF ECONOMY AND FINANCE - CAPITAL INTERNATIONAL, INC.	0.00%
121.	CAPACITY - FONDS INSTITUTIONNEL - ACTIONS ETRANGERES	0.00%
122.	LOCKHEED MARTIN CORPORATION DEFINED CONTRIBUTION PLANS MASTER TRUST	0.01%
123.	CAPITAL GROUP NEW PERSPECTIVE FUND (LUX)	0.02%
124.	NEW WORLD FUND INC	1.37%
125.	CAPITAL GROUP NEW WORLD FUND (LUX)	0.01%
126.	AMERICAN FUNDS INSURANCE SERIES NEW WORLD FUND	0.08%
127.	GOVERNMENT PENSION FUND GLOBAL	2.38%
128.	GOVERNMENT PENSION FUND GLOBAL	2.31%
129.	HDFC LIFE INSURANCE COMPANY LIMITED	0.19%
130.	UNIVERSITIES SUPERANNUATION SCHEME LIMITED (USSL) AS TRUSTEE OF UNIVERSITIES SUP	0.17%
131.	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED - ODI	0.02%
132.	MORGAN STANLEY ASIA (SINGAPORE) PTE.	0.01%
133.	MORGAN STANLEY ASIA (SINGAPORE) PTE. - ODI	0.03%
134.	LEADING LIGHT FUND VCC - THE TRIUMPH FUND	0.06%
135.	ALCHEMY EMERGING LEADERS OF TOMORROW	0.03%
136.	ALCHEMY EMERGING LEADERS OF TOMORROW - SERIES 2	0.01%
137.	ALCHEMY LEADERS OF TOMORROW	0.02%
138.	ALCHEMY INDIA LONG TERM FUND	0.01%

S. No.	Name of the proposed Allottees*	Percentage of the post-Issue share capital held (%)^
139.	TATA INDIAN OPPORTUNITIES FUND	0.26%
140.	TATA BALANCED ADVANTAGE FUND	0.02%
141.	TATA BUSINESS CYCLE FUND	0.01%
142.	VQ FASTERCAP FUND	0.07%
143.	AMUNDI FUNDS ASIA EQUITY CONCENTRATED	0.01%
144.	AMUNDI FUNDS NEW SILK ROAD	0.01%
145.	KUWAIT INVESTMENT AUTHORITY- FUND NO.202	0.05%
146.	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO	0.02%
147.	MINE SUPERANNUATION FUND	0.01%
148.	SCHRODER INTERNATIONAL SELECTION FUND - EMERGING MARKETS EX CHINA	0.00%
149.	UTI LARGE CAP FUND	0.06%
150.	UTI-MASTER EQUITY PLAN UNIT SCHEME	0.02%
151.	UTI - INDIA CONSUMER FUND	0.01%
152.	PICTET - INDIAN EQUITIES	0.10%
153.	HSBC GLOBAL INVESTMENT FUNDS - ASIA EX JAPAN EQUITY	0.03%
154.	HSBC GLOBAL INVESTMENT FUNDS - MANAGED SOLUTIONS - ASIA FOCUSED GROWTH	0.00%
155.	INTERNATIONAL MONETARY FUND (IN RESPECT OF THE INTERNATIONAL MONETARY FUND STAFF	0.01%
156.	INTERNATIONAL MONETARY FUND (IN RESPECT OF THE INTERNATIONAL MONETARY FUND RETIR	0.00%
157.	HSBC COLLECTIVE INVESTMENT TRUST - HSBC EVOLVING ASIA EQUITY FUND	0.01%
158.	HSBC GLOBAL INVESTMENT FUNDS - INDIAN EQUITY	0.26%
159.	HSBC INDIAN EQUITY MOTHER FUND	0.18%
160.	HSBC COLLECTIVE INVESTMENT TRUST - HSBC INDIA MULTI INCOME FUND	0.00%
161.	NPS TRUST- A/C SBI PENSION FUND SCHEME - CENTRAL GOVT	0.16%
162.	NPS TRUST- A/C SBI PENSION FUND SCHEME - STATE GOVT	0.25%
163.	BANDHAN SMALL CAP FUND	0.08%
164.	BANDHAN CORE EQUITY FUND	0.11%
165.	BANDHAN BALANCED ADVANTAGE FUND	0.04%
166.	BOFA SECURITIES EUROPE SA - ODI	0.08%
167.	GOVERNMENT OF SINGAPORE	1.48%
168.	MONETARY AUTHORITY OF SINGAPORE	0.31%
169.	RBC INDIGO INDIAN EQUITY FUND	0.00%
170.	BARODA BNP PARIBAS MULTI CAP FUND	0.03%
171.	BARODA BNP PARIBAS ELSS FUND	0.01%
172.	BARODA BNP PARIBAS RETIREMENT FUND	0.00%
173.	INTERNATIONALE KAPITALANLAGEGESELLSCHAFT MBH ACTING FOR ACCOUNT OF ENTSORGUNGSFO	0.08%
174.	AMP CAPITAL FUNDS MANAGEMENT LTD AS RESPONSIBLE ENTITY FOR THE FUTURE DIRECTIONS	0.02%
175.	SIEFORE XXI BANORTE BASICA 85-89, SOCIEDAD ANONIMA DE CAPITAL VARIABLE	0.00%
176.	SIEFORE XXI BANORTE BASICA 90-94, SOCIEDAD ANONIMA DE CAPITAL VARIABLE	0.00%
177.	SIEFORE XXI BANORTE BASICA 60-64, SOCIEDAD ANONIMA DE CAPITAL VARIABLE	0.00%
178.	SIEFORE XXI BANORTE BASICA 65-69, SOCIEDAD ANONIMA DE CAPITAL VARIABLE	0.00%
179.	SIEFORE XXI BANORTE BASICA 70-74, SOCIEDAD ANONIMA DE CAPITAL VARIABLE	0.01%
180.	SIEFORE XXI BANORTE BASICA 75-79, SOCIEDAD ANONIMA DE CAPITAL VARIABLE	0.01%
181.	SIEFORE XXI BANORTE BASICA 80-84, SOCIEDAD ANONIMA DE CAPITAL VARIABLE	0.01%
182.	DESJARDINS EMERGING MARKETS FUND	0.03%
183.	FLORIDA RETIREMENT SYSTEM - NINETY ONE NORTH AMERICA, INC.	0.08%
184.	GOVERNMENT EMPLOYEES SUPERANNUATION BOARD	0.09%
185.	SOCIAL PROTECTION FUND	0.01%

S. No.	Name of the proposed Allottees*	Percentage of the post-Issue share capital held (%)^
186.	HOSTPLUS POOLED SUPERANNUATION TRUST INVESTEC 4FACTOR	0.11%
187.	THE HPE EMERGING MARKETS EQUITY SUB-FUND	0.01%
188.	SAS TRUSTEE CORPORATION POOLED FUND	0.04%
189.	MERCER GE INTERNATIONAL EQUITY FUND	0.01%
190.	MERCER UCITS COMMON CONTRACTUAL FUND - NFU MUTUAL GLOBAL ALPHA FUND	0.04%
191.	ASSOCIATION DE BIENFAISANCE ET DE RETRAITE DES POLICIERS ET POLICIERES DE LA VIL	0.01%
192.	IBM DIVERSIFIED GLOBAL EQUITY FUND	0.01%
193.	SAUDI CENTRAL BANK RE FAR EASTEQUITY PORTFOLIO 5	0.23%
194.	SPIRIT SUPER	0.02%
195.	TCORPIM EMERGING MARKET SHARE FUND	0.08%
196.	ADVISORS' INNER CIRCLE FUND III-NINETY ONE EMERGING MARKETS EQUITY FUND	0.03%
197.	NINETY ONE GLOBAL STRATEGY FUND - ASIAN EQUITY FUND	0.08%
198.	NINETY ONE GLOBAL STRATEGY FUND - ASIA PACIFIC EQUITY OPPORTUNITIES FUND	0.01%
199.	BARODA BNP PARIBAS LARGE CAP FUND	0.02%
200.	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EMERGING EQUITIES	0.12%
201.	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EQUITY HYBRID FUND	0.07%
202.	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO MANUFACTURING FUND	0.03%
203.	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO FLEXI CAP FUND	0.10%
204.	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO BLUE CHIP EQUITY FUND	0.11%
205.	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO FOCUSED EQUITY FUND	0.04%
206.	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO MULTI CAP FUND	0.03%
207.	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO ELSS TAX SAVER	0.06%
208.	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO VALUE FUND	0.02%
209.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE INDIA GE	0.05%
210.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE EQUITY A	0.04%
211.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE MULTI-CA	0.04%
212.	PGIM INDIA TRUSTEES PRIVATE LIMITED A/C PGIM INDIA LARGE CAP FUND	0.01%
213.	PGIM INDIA TRUSTEES PRIVATE LIMITED A/C PGIM INDIA ELSS TAX SAVER FUND	0.01%
214.	PGIM INDIA TRUSTEES PRIVATE LIMITED A/C PGIM INDIA MID CAP OPPORTUNITIES FUND	0.16%
215.	PGIM INDIA TRUSTEE PRIVATE LIMITED A/C - PGIM INDIA LARGE AND MID CAP FUND	0.01%
216.	PGIM INDIA TRUSTEE PRIVATE LIMITED A/C - PGIM INDIA RETIREMENT FUND	0.00%
217.	PGIM INDIA TRUSTEE PRIVATE LIMITED A/C - PGIM INDIA MULTI CAP FUND	0.01%
218.	EMERGING MARKETS LEADERS FUND I	0.01%
219.	MORGAN STANLEY INVESTMENT FUNDS EMERGING LEADERS EQUITY FUND	0.25%
220.	DHAHRAN VALLEY BUSINESS SERVICES COMPANY	0.01%
221.	MORGAN STANLEY INSTITUTIONAL FUND, INC. - EMERGING MARKETS LEADERS PORTFOLIO	0.06%
222.	EMERGING MARKETS LEADERS TRUST	0.05%
223.	MATTHEWS INDIA FUND	0.07%
224.	NIPPON LIFE INDIA TRUSTEE LTD-A/C NIPPON INDIA GROWTH FUND	0.46%
225.	NIPPON LIFE INDIA TRUSTEE LTD-A/C NIPPON INDIA MULTI ASSET ALLOCATION FUND	0.02%
226.	RAMS INVESTMENT UNIT TRUST - INDIA EQUITIES PORTFOLIO FUND II	0.07%

S. No.	Name of the proposed Allottees*	Percentage of the post-Issue share capital held (%)^
227.	KUWAIT INVESTMENT AUTHORITY FUND F238	0.16%
228.	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	0.22%
229.	SOCIETE GENERALE - ODI	0.08%
230.	CITIGROUP GLOBAL MARKETS SINGAPORE PTE.LTD.	0.04%
231.	JUPITER INDIA FUND	0.15%
232.	THE JUPITER GLOBAL FUND-JUPITER INDIA SELECT	0.05%
233.	OXBOW MASTER FUND LIMITED	0.10%
234.	VITTORIA FUND - OC,L.P	0.02%

^Based on beneficiary position as on November 19, 2024.

The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees will be disclosed on the basis of their respective PAN, except in case of Mutual Funds, Insurance Companies, and FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID has been considered.

DECLARATION

The Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on the Company's business have been obtained, are currently valid and have been complied with. The Company further certifies that all the statements in this Placement Document are true and correct.

Signed on behalf of the Board of Directors:

____

Name: Raj Pal Gandhi
Designation: Whole-time Director
DIN: 00003649

Date: November 19, 2024
Place: Gurugram

DECLARATION

We, the Board of Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act and the rules made thereunder;

(ii) the compliance with the Companies Act and the rules thereunder, does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed on behalf of the Board of Directors:

____

Name: Raj Pal Gandhi
Designation: Whole-time Director
DIN: 00003649

Date: November 19, 2024
Place: Gurugram

I am authorised by the Board of our Company, through resolution dated October 9, 2024 to sign this form and declare that all the requirements of Companies Act and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

____

Name: Raj Pal Gandhi
Designation: Whole-time Director
DIN: 00003649

Date: November 19, 2024
Place: Gurugram

VARUN BEVERAGES LIMITED

Registered Office: F-2/7, Okhla Industrial Area, Phase I, New Delhi – 110 020, Delhi, India
Corporate Office: Plot No. 31, Institutional Area, Sector – 44, Gurgaon – 122 002, Haryana, India
Website: www.varunbeverages.com
Telephone: +91 11 4170 6720 and +91 124 464 3100; **E-mail:** complianceofficer@rjcorp.in
Corporate Identity Number: L74899DL1995PLC069839

Chief Risk Officer & Group Company Secretary: Ravi Batra
Plot No. 31, Institutional Area, Sector – 44, Gurgaon – 122 002
Haryana, India
Telephone: +91 124 464 3100; **E-mail**: complianceofficer@rjcorp.in

LEAD MANAGERS

Kotak Mahindra Capital Company Limited
1st Floor, 27 BKC, Plot No. C – 27 'G' Block,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051
Maharashtra, India

CLSA India Private Limited
8/F Dalamal House,
Nariman Point
Mumbai – 400 021
Maharashtra, India

IIFL Capital Services Limited (*formerly known as IIFL Securities Limited*)
24th Floor, One Lodha Place,
Senapati Bapat Marg, Lower Parel (W)
Mumbai – 400 013,
Maharashtra, India

Jefferies India Private Limited
Level 16, Express Towers,
Nariman Point,
Mumbai – 400 021
Maharashtra, India

Motilal Oswal Investment Advisors Limited
Motilal Oswal Tower
Rahimtullah Sayani Road
Opposite Parel ST Depot, Prabhadevi,
Mumbai – 400 025
Maharashtra, India

JOINT STATUTORY AUDITORS OF OUR COMPANY

J. C. Bhalla & Co., Chartered Accountants
B-17, Maharani Bagh
New Delhi – 110 065
Delhi, India

O. P. Bagla & Co. LLP., Chartered Accountants
B-225, 5th Floor, Okhla Industrial Area
Phase-I, New Delhi – 110 020
Delhi, India

DOMESTIC LEGAL COUNSEL TO THE ISSUE
As to Indian law

Khaitan & Co
Max Towers, 7th & 8th Floors, Sector 16B
Noida, Gautam Budh Nagar – 201 301
Uttar Pradesh, India

Khaitan & Co
10th and 13th Floors, Tower 1C
One World Centre 841, Senapati Bapat Marg
Mumbai – 400 013, Maharashtra, India

INTERNATIONAL LEGAL COUNSEL TO THE LEAD MANAGERS
Hogan Lovells Lee & Lee
50 Collyer Quay
#10-01 OUE Bayfront
Singapore – 049321
Republic of Singapore

SAMPLE APPLICATION FORM

An indicative format of the Application Form is set forth below.

(*Note: The format of the Application Form included herein above is indicative and for illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. The Company, in consultation with the Lead Managers, shall identify Eligible QIBs and circulate serially numbered copies of this Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should be made only upon receipt of serially numbered copies of this Preliminary Placement Document and the Application Form and not on the basis of the indicative format below.)*

<table>
<tr><td>VARUN BEVERAGES
(a PepsiCo franchisee)
VARUN BEVERAGES LIMITED</td><td rowspan="2">**APPLICATION FORM**

Name of Bidder: ____________________

Form No: _________________________

Date: _____________________________</td></tr>
<tr><td>*Varun Beverages Limited (“**Company**”) was incorporated as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated June 16, 1995 issued by the Registrar of Companies, Delhi and Haryana at New Delhi and commenced our business pursuant to a certificate for commencement of business dated July 4, 1995.*
Registered Office: F-2/7, Okhla Industrial Area, Phase I, New Delhi – 110 020, Delhi, India
Corporate Office: Plot No. 31, Institutional Area, Sector – 44, Gurgaon – 122 002, Haryana, India
Telephone: +91 11 4170 6720 and +91 124 464 3100
Contact Person: Ravi Batra, Chief Risk Officer & Group Company Secretary
E-mail address: complianceofficer@rjcorp.in | **Website**: www.varunbeverages.com
CIN: L74899DL1995PLC069839 | **LEI:** 33580058NWEMWBDNMD48 | **ISIN:** INE200M01039</td></tr>
</table>

QUALIFIED INSTITUTIONS PLACEMENT OF [●] EQUITY SHARES OF FACE VALUE ₹2 EACH (THE “EQUITY SHARES”) FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (“ISSUE PRICE”), INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE, AGGREGATING TO ₹[●] MILLION UNDER CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE “SEBI ICDR REGULATIONS”) AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE “COMPANIES ACT”), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE “PAS RULES”), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER BY VARUN BEVERAGES LIMITED (THE “COMPANY”) (HEREINAFTER REFERRED TO AS THE “ISSUE”). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹594.56 PER EQUITY SHARE AND THE COMPANY MAY OFFER A DISCOUNT ON THE FLOOR PRICE IN TERMS OF REGULATION 176(1) OF THE SEBI ICDR REGULATIONS AND IN ACCORDANCE WITH THE APPROVAL OF ITS SHAREHOLDERS.

Only Qualified Institutional Buyers (“QIBs”) as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and who (a) are not, excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (b) which are not prohibited or debarred by any regulatory authority for buying or selling or dealing in securities or restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws including foreign exchange related laws and other applicable laws; (c) hold a valid and existing registration under the applicable laws in India (as applicable); and (d) are eligible to invest in the Issue can submit this Application Form. In addition to the foregoing, with respect to the Issue, Eligible QIBs shall consist of QIBs which are residents in India or Eligible FPIs (as defined herein below) participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 (“FEMA Rules”) can submit this Application Form. However, except as provided herein, other non-resident QIBs, in terms of the FEMA Rules, are not permitted to participate in the Issue. The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States and, unless so registered, may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are qualified institutional buyers (as defined in Regulation 144A under the U.S. Securities Act) (“U.S. QIBs”) pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act, for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Preliminary Placement Document as “QIBs”, and (b) outside the United States, in “offshore transactions”, as defined in and in reliance on Regulation S under the U.S. Securities Act (“Regulation S”) and the applicable laws of the jurisdictions where those offers and sales are made. You should note and observe the selling and transfer restrictions contained in the sections entitled “*Selling Restrictions*” and “*Purchaser Representations and Transfer Restrictions*” in the accompanying preliminary placement document dated November 13, 2024 (the “PPD”).

ELIGIBLE NON-RESIDENT QIBs CAN PARTICIPATE IN THE ISSUE IN COMPLAINCE WITH THE FEMA RULES. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THE ISSUE THROUGH THE PORTFOLIO INVESTMENT SCHEME AND UNDER THE RESPECTIVE SCHEDULES OF FEMA RULES READ WITH THE RESTRICTION SPECIFIED IN THE “ISSUE PROCEDURE” SECTION OF THE PPD, IN THIS ISSUE, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS AND THE PPD IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE, AS PRESCRIBED IN THE FEMA RULES AND SHALL HAVE TO BE IN CONFORMITY WITH THE APPLICABLE PROVISIONS OF THE FEMA RULES. ALLOTMENTS MADE TO AIFs AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT

QIBs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,

The Board of Directors
Varun Beverages Limited
F-2/7, Okhla Industrial Area, Phase I,
New Delhi – 110 020, Delhi, India

STATUS (Please ✓)			
FI	Scheduled Commercial Banks and Financial Institutions	**AIF**	Alternative Investment Fund*
MF	Mutual Funds	**IF**	Insurance Funds
FPI	Eligible Foreign Portfolio Investors**	**NIF**	National Investment Fund
VCF	Venture Capital Funds*	**SI-NBFC**	Systemically Important Non- Banking Financial Companies
IC	Insurance Companies	**OTH**	Others ______________________ (Please specify)

Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "*same group*" or "*common control*", see "*Application Form*" under *Issue Procedure* section of the PPD.

* *Sponsor and Manager should be Indian owned and controlled.*

** *Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue*

Respected All,

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, on the terms and price indicated below. We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the PPD and this Application Form. We confirm that we are an Eligible QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under the applicable laws, including SEBI ICDR Regulations and foreign exchange related laws. We are not a promoter of the Company, directly or indirectly, (as defined in the SEBI ICDR Regulations), or any person related to the promoters of the Company, directly or indirectly and this Application Form does not directly or indirectly represent the promoter or promoter group or persons related to the promoter. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with promoters or persons related to promoters of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company. We confirm that we are either an Eligible QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules. We confirm that we are not a FVCI. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020. Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue.

We confirm that the Bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**"). We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted a separate Application Form, and asset management companies or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the Bid Amount and number of shares to be Allotted under each scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant authorisations. We note that the Company is entitled, in consultation with Kotak Mahindra Capital Company Limited, CLSA India Private Limited, IIFL Capital Services Limited *(formerly known as IIFL Securities Limited*), Jefferies India Private Limited and Motilal Oswal Investment Advisors Limited (the "**Lead Managers**"), in their sole discretion, to accept or reject this Application Form without assigning any reason thereof.

We hereby agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, Placement Document and the Confirmation of Allocation Note ("**CAN**"), when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below, subject to receipt of Application Form and the Bid Amount towards the Equity Shares that may be Allocated to us. The Bid Amount payable by us for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to the Bid/Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash, demand draft or cheque. We are aware that Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the Lead Manager's; and (i) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or (ii) the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or (iii) the Company is unable to issue and Allot the Equity Shares offered in the Issue or (iv) if we withdraw the Bid before Bid / Issue Closing Date, or (v) if there is a cancellation of the Issue, or the listing of the Equity Shares does not occur in the manner described in the PPD, the Placement Document, the SEBI ICDR Regulations and other applicable laws, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount was paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

We acknowledge and agree that (i) our names, address, contact details, PAN, bank account details and the number of Equity Shares Allotted, along with other relevant information as may be required, will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware pursuant to the requirements under Form PAS-4 of the PAS Rules that our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document, and we are further aware that disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Lead Managers; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Delhi and Haryana at New Delhi ("**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other Eligible QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company shall be required to disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of the National Stock Exchange of India Limited and BSE Limited (together, the "**Stock Exchanges**"), and we consent to such disclosures. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, circulars issued by the RBI and other applicable laws. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020.

By signing and submitting this Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections "***Notice to Investors***", "***Representations by Investors***", "***Issue Procedure***", "***Selling Restrictions***" and "***Purchaser Representations and Transfer Restrictions***" sections of the PPD and the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the Lead Managers, each of whom is entitled to rely on, and is relying on, these representations and warranties in consummating the Issue.

By signing and submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided with a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section "***Risk Factors***" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the Lead Manager's or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the CAN, when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Bid/Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the sole and absolute discretion of the Company, in consultation with the Lead Manager's, and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose our names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Lead Manager's; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue and we shall provide all necessary information in this regard to the Company and the Lead Manager's. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations, i.e., entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, among the Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; and (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

By signing and submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares.

We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of such Eligible QIB.

By signing and/or submitting this Application Form, we acknowledge that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. We hereby represent that we are either (a) a "qualified institutional buyer" (as defined in Regulation 144A under the U.S. Securities Act) pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act, or (b) located outside the United States and purchasing the Equity Shares in an "offshore transactions", as defined in and in reliance on Regulation S under the U.S. Securities Act and in accordance with the applicable laws of the jurisdictions where such offers and sales are made. We confirm that we have read and hereby make the representations, warranties, acknowledgments and agreements contained in the sections titled "***Selling Restrictions***" and "***Purchaser Representations and Transfer Restrictions***" of the PPD.

BIDDER DETAILS (in Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
TELEPHONE NO.		**FAX.**	
EMAIL ID			

FOR ELIGIBLE FPIs**	SEBI FPI REGISTRATION NO. ______________________________________
FOR MFs	SEBI MF REGISTRATION NO. ______________________________________
FOR AIFs***	SEBI AIF REGISTRATION NO. ______________________________________
FOR VCFs***	SEBI VCF REGISTRATION NO. ______________________________________
FOR SI-NBFC	RBI REGISTRATION DETAILS______________________________________
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS ______________________________________
FOR PENSION FUNDS	PFRDA REGISTRATION DETAILS----------------------

* *Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the Bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Company and the Lead Manager's.*

** *In case you are an FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

*** *Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under Form PAS-4 of the PAS Rules. For such information, the Lead Manager's will rely on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

ESCROW ACCOUNT - BANK ACCOUNT DETAILS FOR PAYMENT OF AMOUNT THROUGH ELECTRONIC FUND TRANSFER REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER	
BY [●] PM (IST), [●] November [●], 2024	
Name of the Account	VARUN BEVERAGES LIMITED – QIP – ESCROW ACCOUNT
Name of the Bank	Axis Bank Limited
Address of the Branch of the Bank	DLF Gurgaon Branch, Cross Point Mall, DLF Phase 4, Gurgaon - 122009, Haryana, India
Legal Entity Identifier Code	33580058NWEMWBDNMD48
Account Type	Escrow Account
Account Number	924020062448719
IFSC	UTIB0000131
Tel No.	18605005555 | 9582801313
E-mail	dlfgurgaon.branchhead@axisbank.com

The Bid Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic funds transfer, in favour of "**VARUN BEVERAGES LIMITED – QIP – ESCROW ACCOUNT**". Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Bid/Issue Period, i.e., prior to the Bid/Issue Closing Date. **The payment for subscription to the Equity Shares Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.**

DEPOSITORY ACCOUNT DETAILS			
Depository Name (Please ✓)	National Security Depository Limited		Central Depository Services (India) Limited
Depository Participant Name			
DP – ID	I N		
Beneficiary Account Number			(16-digit beneficiary account. No. to be mentioned above)
The Demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. **However, for the purpose of refund, if any, only the bank details as mentioned below, from which remittance towards subscription has been made, will be considered.**			

The Bidders are responsible for the accuracy of the bank account details mentioned below and acknowledge that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank account details provided by them. The Company and the Lead Manager's shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	
NO. OF EQUITY SHARES BID		**PRICE PER EQUITY SHARE (RUPEES)**	
(In figures)	(In words)	(In figures)	(In words)
BID AMOUNT (RUPEES)			
(In Figures)		(In Words)	

DETAILS OF CONTACT PERSON			
NAME			
ADDRESS			
TEL. NO.		**FAX NO.**	

EMAIL	

OTHER DETAILS	
PAN*	
Legal Entity Identifier Code ("LEI")	
Date of Application	
Signature of Authorised Signatory *(may be signed either physically or digitally)***	

ENCLOSURES ATTACHED
Attested / certified true copy of the following:
☐ Copy of PAN Card or PAN allotment letter*
☐ Copy of FPI Registration Certificate /MF Registration certificate / SEBI certificate of registration for AIFs/VCF/SI-NBFC/IC/IF
☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a Scheduled Commercial Bank
☐ Copy of notification as a public financial institution
☐ FIRC
☐ Copy of IRDAI registration certificate
☐ Intimation of being part of the same group
☐ Certified true copy of power of attorney
☐ Other, please specify

* *It is to be specifically noted that the Bidder should not submit the GIR Number or any other identification number instead of the PAN as the applications are liable to be rejected on this ground, unless the Bidder is exempted from the requirement of obtaining a PAN number under the Income-tax Act, 1961.*

** *A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practical.*

*** *The Application Form is liable to be rejected if any information provided is incomplete and / or inadequate.*

Note:

(1) Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD and PD, unless specifically defined herein.

(2) The application form is liable to be rejected if any information provided is incomplete or inadequate at the discretion of the Company in consultation with the Lead Manager's. The duly filed Application Form along with all enclosures shall be submitted to the Lead Manager's either through electronic form at the email mentioned in the PPD or through physical deliver at the address mentioned in PPD.

This Application Form, the PPD and the PD sent to you/ be sent to you, either in physical form or electronic form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimer and restrictions contained in or accompanying these documents.