



FINANCIAL STATEMENTS OF SUBSIDIARIES OF VARUN BEVERAGES LIMITED

- VARUN BEVERAGES LANKA (PRIVATE) LIMITED
- VARUN BEVERAGES (ZAMBIA) LIMITED
- VARUN BEVERAGES (ZIMBABWE) (PRIVATE) LIMITED
- VARUN BEVERAGES MOROCCO S.A.
- VARUN BEVERAGES INTERNATIONAL DMCC
- VARUN BEVERAGES RDC SAS
- VARUN BEVERAGES (NEPAL) PRIVATE LIMITED
- THE BEVERAGE COMPANY PROPRIETARY LIMITED
- VARUN BEVERAGES SOUTH AFRICA (PTY) LTD
- VBL MOZAMBIQUE, SA
- VBL INDUSTRIES (KENYA) LIMITED
- LUNARMECH TECHNOLOGIES PRIVATE LIMITED

VARUN BEVERAGES LANKA (PRIVATE) LIMITED
FINANCIAL STATEMENTS TOGETHER WITH
AUDITOR'S REPORT
FOR THE YEAR ENDED
31 DECEMBER 2025

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VARUN BEVERAGES LANKA (PVT) LTD

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Varun Beverages Lanka (Pvt) Ltd ("the Company") and the consolidated financial statements of the Company and its subsidiary ("Group") which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described to in the basis for qualified opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects of the financial position of the Company and the Group, as at 31 December 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs).

Basis for Qualified Opinion

Since 2013 to 2017 Borrowing costs and exchange losses amounting to Rs.658.8 million incurred on a loan obtained to finance Property, Plant and Equipment acquisition (Building and Plant and Machinery) have been capitalized under cost of such items in these financial statements. This is not in compliance with the requirements of Sections 17,30 and 25 of the SLFRS for SMEs. Due to the misstatement, the profit of the Company and Group for the year ended 31st December 2025 is understated by Rs.24.2 million (2024- Rs.24.2 million) and accumulated profit of the Company and Group as of 31st December 2025 have been overstated by Rs.390.5 million (2024-414.8million) respectively. Further the net book value of property plant and equipment as of 31st December 2025 of the Company and the Group have been overstated by Rs.390.5 million (2024-Rs. 414.8). The misstatements represent the net impact of borrowing costs and exchange losses capitalized and the depreciation charged on the capitalized costs.

We conducted our audit in accordance with Sri Lanka Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. At the date of this auditor's report, other information was not made available to us.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standard for Small and Medium Sized Entities (SLFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 SLAuSs 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 financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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 information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Report on Other Legal and Regulatory Requirements

As required by Section 163(2) of the Companies Act No. 07 of 2007; we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, except for the matters referred in the basis for qualified opinion paragraph, proper accounting records have been kept by the Company.

Deloitte Associates

Deloitte Associates
Chartered Accountants
Colombo

23 January 2026



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Company Year Ended 31.12.2025 Rs.	Group Year Ended 31.12.2025 Rs.	Company Year Ended 31.12.2024 Rs.	Group Year Ended 31.12.2024 Rs.
Revenue	4	12,118,114,682	13,638,014,742	11,936,422,909	13,589,652,743
Cost of sales	5	<u>(6,241,092,788)</u>	<u>(6,987,488,127)</u>	<u>(6,849,458,831)</u>	<u>(7,754,631,634)</u>
Gross profit		5,877,021,894	6,650,526,615	5,086,964,078	5,835,021,109
Other income	6	<u>176,036,203</u>	<u>197,361,047</u>	<u>137,612,276</u>	<u>166,596,471</u>
		6,053,058,096	6,847,887,662	5,224,576,354	6,001,617,580
Less: Expenditure					
Administrative expenses		(454,033,243)	(515,815,522)	(420,677,123)	(453,994,032)
Selling and distribution expenses		<u>(2,500,593,532)</u>	<u>(2,783,185,738)</u>	<u>(2,287,137,370)</u>	<u>(2,653,241,451)</u>
Profit from operations		3,098,431,324	3,548,886,402	2,516,761,861	2,894,382,097
Finance and other costs	8	<u>(35,787,755)</u>	<u>(83,652,527)</u>	<u>(71,955,751)</u>	<u>(83,753,287)</u>
Profit before tax	7	3,062,643,569	3,465,233,875	2,444,806,111	2,810,628,810
Income tax expenses	9	(506,894,348)	(645,002,607)	(332,649,618)	(432,427,335)
Profit for the year		<u>2,555,749,220</u>	<u>2,820,231,268</u>	<u>2,112,156,493</u>	<u>2,378,201,474</u>
Other comprehensive income/ (expense) not to be reclassified to income statement in subsequent period					
Actuarial (loss) on employee benefit obligations		(15,502,941)	(18,113,981)	(35,286,898)	(40,398,602)
Deferred tax on actuarial loss		<u>2,325,441</u>	<u>3,108,753</u>	<u>5,293,035</u>	<u>6,826,546</u>
Total comprehensive income for the year		<u>2,542,571,720</u>	<u>2,805,226,040</u>	<u>2,082,162,630</u>	<u>2,344,629,419</u>
Attributable to :					
Owners of the parent		2,542,571,720	2,805,226,040	2,082,162,630	2,344,629,419
Non-controlling interest		-	-	-	-
		<u>2,542,571,720</u>	<u>2,805,226,040</u>	<u>2,082,162,630</u>	<u>2,344,629,419</u>

The accounting policies and notes from 1 to 25 form an integral part of these financial statements.



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	Company 31.12.2025 Rs.	Group 31.12.2025 Rs.	Company 31.12.2024 Rs.	Group 31.12.2024 Rs.
Assets					
Non Current Assets					
Property, plant and equipment	10	4,543,932,182	6,129,347,087	3,562,835,704	5,147,677,236
Capital work-in-progress	11.1 & 11.2	9,153,207	91,530,274	378,372,572	378,372,572
		<u>4,553,085,389</u>	<u>6,220,877,361</u>	<u>3,941,208,276</u>	<u>5,526,049,808</u>
Investment in subsidiary - Ole Springs Bottlers (Pvt) Ltd		940,829,050	-	940,828,790	-
Current Assets					
Inventories	12	1,849,442,033	2,007,594,515	1,576,261,895	1,732,021,409
Trade and other receivables	13	1,776,048,032	2,197,448,543	1,578,757,497	2,014,854,192
Amounts due from related parties	22	200,951,401	2,157,129	367,426,604	16,863,510
Fixed deposits with banks	15	811,591,440	878,385,951	945,252,108	1,007,963,261
Cash and cash equivalents	14	846,410,168	920,976,563	999,775,804	1,047,470,227
		<u>5,484,443,074</u>	<u>6,006,563,701</u>	<u>5,467,473,908</u>	<u>5,819,172,599</u>
Total Assets		<u>10,978,357,513</u>	<u>12,227,441,062</u>	<u>10,349,510,974</u>	<u>11,345,222,407</u>
Equity and Liabilities					
Equity					
Stated capital	16	6,438,536,700	6,438,536,700	6,438,536,700	6,438,536,700
Accumulated profit		2,612,900,986	3,225,701,448	2,017,988,204	2,368,134,346
Total Equity		<u>9,051,437,686</u>	<u>9,664,238,148</u>	<u>8,456,524,904</u>	<u>8,806,671,046</u>
Non Current Liabilities					
Bottle deposit payable	17	88,679,358	226,012,622	92,812,770	223,454,147
Retirement benefit obligations	18	165,119,690	210,309,961	134,361,244	173,249,247
Deferred tax liability	9.2 & 9.3	353,897,106	659,035,686	259,599,631	571,924,991
		<u>607,696,154</u>	<u>1,095,358,269</u>	<u>486,773,645</u>	<u>968,628,385</u>
Current Liabilities					
Trade and other payables	19	1,077,170,347	1,147,643,029	937,747,584	1,034,758,240
Income tax payable	20	224,610,265	302,758,555	260,383,529	327,083,424
Amounts due to related parties	22	17,443,061	17,443,061	208,081,312	208,081,312
Total Current Liabilities		<u>1,319,223,673</u>	<u>1,467,844,645</u>	<u>1,406,212,425</u>	<u>1,569,922,976</u>
Total Equity and Liabilities		<u>10,978,357,513</u>	<u>12,227,441,062</u>	<u>10,349,510,974</u>	<u>11,345,222,407</u>

I certify that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

[Signature]
.....
Chief Finance Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Signed for and on behalf of the Board.

[Signature]
.....
Director
22 January 2026

[Signature]
.....
Director
22 January 2026

The accounting policies and notes from 1 to 25 form an integral part of these financial statements.



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Stated Capital Rs.	Accumulated Profit/ (Loss) Rs.	Total Rs.
Company			
Balance as at 01.01.2024	6,438,536,700	1,062,569,497	7,501,106,197
Profit for the year	-	2,112,156,493	2,112,156,493
Dividends	-	(1,126,743,923)	(1,126,743,923)
Other comprehensive loss for the year	-	(29,993,863)	(29,993,863)
Balance as at 31.12.2024	<u>6,438,536,700</u>	<u>2,017,988,204</u>	<u>8,456,524,904</u>
Profit for the year	-	2,555,749,220	2,555,749,220
Share buyback (Note 16)	-	(643,853,670)	(643,853,670)
Dividends	-	(1,303,805,268)	(1,303,805,268)
Other comprehensive loss for the year	-	(13,177,500)	(13,177,500)
Balance as at 31.12.2025	<u>6,438,536,700</u>	<u>2,612,900,986</u>	<u>9,051,437,686</u>
Group			
Balance as at 01.01.2024	6,438,536,700	1,150,248,850	7,588,785,551
Profit for the year	-	2,378,201,474	2,378,201,474
Dividends	-	(1,126,743,923)	(1,126,743,923)
Other comprehensive loss for the year	-	(33,572,056)	(33,572,056)
Balance as at 31.12.2024	<u>6,438,536,700</u>	<u>2,368,134,346</u>	<u>8,806,671,046</u>
Profit for the year	-	2,820,231,268	2,820,231,268
Share buyback value	-	(643,853,670)	(643,853,670)
Dividends	-	(1,303,805,268)	(1,303,805,268)
Other comprehensive loss for the year	-	(15,005,228)	(15,005,228)
Balance as at 31.12.2025	<u>6,438,536,700</u>	<u>3,225,701,448</u>	<u>9,664,238,148</u>

The accounting policies and notes from 1 to 25 form an integral part of these financial statements.



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Company Year Ended 31.12.2025 Rs.	Group Year Ended 31.12.2025 Rs.	Company Year Ended 31.12.2024 Rs.	Group Year Ended 31.12.2024 Rs.
Cash Flows from Operating Activities					
Profit before tax		3,062,643,569	3,465,233,875	2,444,806,111	2,810,628,810
Adjustment for:					
Depreciation	10.1 & 10.2	347,403,284	463,859,388	287,576,879	407,621,637
Bad debt write off & provision for doubtful debts		9,626,747	(5,754,689)	8,165,666	6,463,797
Expiries and breakages		26,778,933	26,778,933	110,101,314	133,680,331
Loss on disposal of assets	8	3,907,987	5,290,976	2,186,465	8,096,796
Provision for gratuity	18	30,805,789	36,858,044	22,325,884	27,935,991
Operating profit before working capital changes		<u>3,481,166,309</u>	<u>3,992,266,527</u>	<u>2,875,162,320</u>	<u>3,394,427,361</u>
Working Capital Changes					
Decrease / (increase) in inventories		(273,180,138)	(275,573,105)	566,989,070	912,804,600
(Decrease) / increase in amounts due to related parties		(190,638,252)	(190,638,252)	(27,590,296)	(27,590,296)
Decrease / increase) in amounts due from related parties		166,475,203	14,706,381	296,744,197	(16,863,510)
(Increase) in trade and other receivable		(233,696,215)	(203,618,595)	(379,498,633)	(640,128,408)
(Decrease) / increase in accounts payable		135,289,351	115,443,263	(453,139,490)	(494,566,132)
Cash generated from operations		<u>3,085,416,258</u>	<u>3,452,586,221</u>	<u>2,878,667,168</u>	<u>3,128,083,615</u>
Gratuity paid	18	(15,550,284)	(17,911,309)	(16,730,134)	(20,161,120)
Income tax paid during the year and WHT credits	20	(446,044,700)	(579,108,028)	(147,250,378)	(202,804,252)
Cash generated from operations		<u>2,623,821,274</u>	<u>2,855,566,883</u>	<u>2,714,686,655</u>	<u>2,905,118,242</u>
Cash Flows from Investing Activities					
Acquisition of property, plant and equipment	10.1 & 10.2	(178,932,969)	(297,345,438)	(633,835,656)	(803,551,452)
Expenditure on capital work in progress	11.1 & 11.2	(786,728,883)	(869,105,953)	(938,605,484)	(938,605,484)
Proceeds on sale of property, plant and equipment		2,473,475	2,473,476	144,414,925	144,414,925
Net investment to fixed deposits with banks		133,660,668	129,576,309	(57,433,370)	(62,349,408)
Net cash used in investing activities		<u>(829,527,711)</u>	<u>(1,034,401,607)</u>	<u>(1,485,459,587)</u>	<u>(1,660,091,421)</u>
Cash Flows from Financing Activities					
Payment of dividends		(1,303,805,268)	(1,303,805,268)	(1,126,743,923)	(1,126,743,923)
Share buyback settlement		(643,853,670)	(643,853,670)	-	-
Net cash outflow from financing activities		<u>(1,947,658,938)</u>	<u>(1,947,658,938)</u>	<u>(1,126,743,923)</u>	<u>(1,126,743,923)</u>
Net increase in cash and cash equivalents		(153,365,376)	(126,493,663)	102,483,145	118,282,897
Cash and cash equivalents at the beginning of the year (Note 14)		<u>999,775,804</u>	<u>1,047,470,227</u>	<u>897,292,657</u>	<u>929,187,326</u>
Cash and cash equivalents at the end of the year (Note 14)		<u><u>846,410,426</u></u>	<u><u>920,976,563</u></u>	<u><u>999,775,804</u></u>	<u><u>1,047,470,227</u></u>
Cash in hand and cash at bank		<u><u>846,410,426</u></u>	<u><u>920,976,563</u></u>	<u><u>999,775,804</u></u>	<u><u>1,047,470,227</u></u>

The accounting policies and notes from 1 to 25 form an integral part of these financial statements.





VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

1. General

1.1 Reporting Entity

Varun Beverages Lanka (Private) Limited is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the company and the principal place of business is located at No.140, Low Level Road, Embulgama, Ranala.

1.2 Principal Activities and Nature of Operations

The Company – Varun Beverages Lanka (Private) Limited

The principle activity of the company is to manufacture, selling and distribution of non-alcoholic beverages, purified drinking water and preforms.

Subsidiary – Ole Springs Bottlers (Pvt) Ltd

The company is engaged in the business of manufacturing, selling and distribution of non-alcoholic beverages.

1.3 Parent and Ultimate Parent Enterprises

The company's parent undertaking is Varun Beverages Limited and in the opinion of the directors, the company's ultimate parent undertaking is RJ Corp Limited. Both intermediate parent and ultimate parent are incorporated in India.

1.4 Date of Authorization for Issue

The financial statements were approved for issue by the Board of Directors on 22 January 2026.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The company has prepared these consolidated financial statements for the quarter and nine month period ended 30 September 2025 for the purpose of complying with the listing requirements of Varun Beverages Limited which is incorporated and listed in India.

2.1.1 Basis of Consolidation

These consolidated financial statements have been prepared in compliance with the Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs) laid down by The Institute of Chartered Accountants of Sri Lanka except for Notes 2.2.1 and 2.4.1 These two policies which deviate from SLFRS for SMEs, are adopted to be in line with group accounting policies.

All values presented in these financial statements are in Sri Lankan Rupees (Rs.) rounded to the nearest rupee. The measurement basis used is the historical cost basis.

The previous period figures and phrases have been reclassified whenever necessary to confirm to the current period presentation.

2.1.2 Going Concern

When preparing the financial statements the directors have assessed the ability of the company and the group to continue as a going concern. The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. The company and the group do not foresee a need for liquidation or cessation of trading, taking into account all available information about the future and accordingly, they continue to adopt the going concern basis in preparing these financial statements.

VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2. Summary of Significant Accounting Policies – (Contd.)

2.1 Basis of Preparation – (Contd.)

2.1.3 Consolidation

2.1.3.1 Consolidation Financial Statements

The consolidated financial statements of the company for the year ended 31 December 2025 include Ole Springs Bottlers (Pvt) Ltd which is a subsidiary of the company.

2.1.3.2 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than half of the voting rights. Subsidiaries are fully consolidated from the date on which the control is transferred to the group. They are de-consolidated from the date the control ceases.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized is recorded as goodwill.

All intragroup transactions, balances, income and expenses are eliminated on consolidation.

Appropriate adjustments have been made where necessary to ensure consistency with the policies adopted by the group.

2.1.3.3 Investment in Subsidiary

Investment in subsidiary is recognized at cost less impairment losses in separate financial statements.

2.2 Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees which is the company's and the group's functional and presentation currency. All financial information presented has been rounded to the nearest rupee, unless otherwise stated.

2.2.1 Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of such transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss except for the exchange gain/loss on the translation of the foreign currency loans taken to finance fixed asset acquisition is capitalized with the respective asset.



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2. Summary of Significant Accounting Policies – (Contd.)

2.3 Revenue

2.3.1 Sale of Goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

2.3.2 Other Income

2.3.2.1 Rent Income

Rent income is recognized on an accrual basis.

2.3.2.2 Interest Income

Interest income is recognized based on the effective interest rate.

2.4 Expenditure Recognition

Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency have been charged to revenue in arriving at the profit/ (loss) for the period.

2.4.1 Borrowing Costs

Borrowing cost incurred on acquisition of property plant and equipment are capitalized as a part of the cost of the asset. All other borrowing costs are recognized in the comprehensive income in the period in which they are incurred.

2.5 Income Tax Expense (Group & Company)

The provision for income tax is based on the elements of income and expenditures as reported in the financial statements and computed in accordance with the provision of the Inland Revenue Act. No 45 of 2022 subsequent to amendments.

The group's liability to taxation has been computed in accordance with the provision of the Inland Revenue Act. No 45 of 2022, and amendments thereto except the income tax rate of the company which is 15% as per the BOI agreement.

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

Current tax is the amount of income tax payable or refundable in respect of the taxable profit or loss for the current or prior periods.



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

- 2. Summary of Significant Accounting Policies – (Contd.)**
- 2.5 Income Tax Expense (Group & Company) – (Contd.)**

Deferred Tax (Group & Company)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the

Financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

- 2.6 Stated Capital**
- 2.6.1 Ordinary Shares**

Ordinary shares are classified as equity.

- 2.7 Tangible Assets**
- 2.7.1 Property, Plant and Equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to comprehensive income during the period in which they are incurred. Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method which is as follows:



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2. Summary of Significant Accounting Policies – (Contd.)

2.7 Tangible Assets – (Contd.)

2.7.1 Property, Plant and Equipment – (contd.)

Assets	Rate (%)
Computers	25
Furniture and fittings	10
Motor vehicles	14.29
Trade equipment	12.5
Office equipment	25
Buildings	3.34
Plant and machinery	4.75
Bottles and crates	12.5

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within finance and other costs in the statement of comprehensive income.

2.7.2 Capital Work-in-Progress

Capital work-in-progress is carried at cost in respect of Projects under construction, incidental and attributable expenses (net of incidental income) including interest expenses is carried as part of incidental expenditure during construction to be allocated on major immovable project assets other than land and infrastructural facilities, on commissioning of the project.

2.8 Intangible Assets

2.8.1 Computer Software

Purchased computer software is stated at cost less accumulated depreciation and any accumulated impairment losses. It is amortized over its estimated life of five years using the straight-line method. If there is an indication that there has been a significant change in amortization rate, useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2. Summary of Significant Accounting Policies – (Contd.)

2.9 Impairment of Non-Financial Assets

At each reporting date, property, plant and equipment, investment property and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in comprehensive income.

If an impairment loss for a non-financial asset other than goodwill subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.10 Inventories

Inventories are measured at the lower of cost and net realizable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale. The costs incurred in bringing the inventories to its present location and condition, are accounted for as follows:

Raw materials - On actual cost on a weighted average basis

Finished goods - Valued at standard cost basis

Other inventories - On actual cost on a weighted average basis

2.11 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments which are readily convertible to known amounts of cash and subject to significant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in bank net of outstanding bank overdrafts.

2.12 Financial Instruments

Trade and other receivables are initially recognized at the transaction price. All sales are made on the basis of normal credit terms, and the receivables do not bear interest. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in comprehensive income.

Financial liabilities are initially recognized at the transaction price (including transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortized cost using the effective interest method.



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2. Summary of Significant Accounting Policies – (Contd.)

2.13 Bottle Deposit Payable

Deposit on returnable containers and crates represents the cash deposits collected from distributors when issuing returnable containers and crates by the Company. At the time of the termination of a distributor the deposit is refunded in case the returnable containers and crates were returned to the Company or the deposit was forfeited to the extent the returnable containers and crates were not returned to the Company.

At each reporting date, the Company evaluates the liability based on a mathematical formula that considers the tenure of the distributorship and the number of return crates and containers and any difference between the calculated liability and the book balance is transferred to the Income Statement.

2.14 Defined Benefit Plan – Gratuity

Gratuity is a defined benefit plan. In order to meet this liability, a provision is carried forward in the statement of financial position. The provision is made on the basis of an actuarial valuation as recommended by the Sri Lanka Accounting Standard for SMEs considering the Projected Unit Credit (PUC) method and premium for the period is charged as an expense to the income statement in the period which it is related. The fund is not externally funded.

However, as per the Payment of Gratuity Act No. 12 of 1983, the liability arises only upon the completion of five years of continuous service.

2.15 Defined Contribution Plan - EPF & ETF

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the income statement as in the periods during which services are rendered by employees.

Employees' Provident Fund

The company and employees contribute 12% and 8% respectively on the salary of each employee to the approved Provident Fund.

Employees' Trust Fund

The company contributes 3% of the salary of each employee to the Employees' Trust Fund.



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3.1 Judgments and Key Sources of Estimation Uncertainty

The preparation of the company's and group's financial statements require management to make judgments, estimates and assumptions that effect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised or in the period of revision and future periods, only if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

a) Defined benefit plans

The carrying value of defined benefit plans is determined using a formula which considers the actuarial assumption. This involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, etc. Due to the complexity of the valuation, the underlying assumptions and their long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The assumptions used in the valuation is disclosed in Note 18.

3.2 Events after the Reporting Period Date

All material events after the reporting period date are considered and where necessary adjustments have been made in the financial statements.

3.3 Capital Commitments and Contingencies

Capital expenditures and contingent liabilities as at the reporting period date are disclosed in the notes to the accounts.



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Company Year Ended 31.12.2025 Rs.	Group Year Ended 31.12.2025 Rs.	Company Year Ended 31.12.2024 Rs.	Group Year Ended 31.12.2024 Rs.
4. Revenue				
Local sales	14,230,875,818	16,028,436,351	13,736,411,929	15,648,151,515
Export sales	-	-	-	-
Trade discounts & Haulage	(927,028,937)	(1,049,954,719)	(671,935,636)	(761,880,632)
	<u>13,303,846,881</u>	<u>14,978,481,632</u>	<u>13,064,476,293</u>	<u>14,886,270,883</u>
Social Security Contribution Levy	(280,358,959)	(322,256,105)	(275,540,314)	(325,391,638)
Excise duty	(905,373,240)	(1,018,210,785)	(852,513,070)	(971,226,501)
	<u><u>12,118,114,682</u></u>	<u><u>13,638,014,742</u></u>	<u><u>11,936,422,909</u></u>	<u><u>13,589,652,743</u></u>
5. Cost of Finished Goods Manufactured				
Finished goods at the at the beginning of the year	366,946,756	392,278,975	398,526,796	435,668,604
Finished goods purchase	20,384,783	18,597,176	36,315,378	59,835,093
Factory cost transferred (Note 5.1)	6,071,739,878	6,807,860,099	6,781,563,414	7,651,405,290
Finished goods at the end of the year	(217,978,629)	(231,248,124)	(366,946,756)	(392,277,354)
	<u><u>6,241,092,788</u></u>	<u><u>6,987,488,127</u></u>	<u><u>6,849,458,831</u></u>	<u><u>7,754,631,634</u></u>
5.1 Factory Cost Transferred				
Raw materials at the beginning of the year	789,856,470	845,771,892	1,415,469,534	1,822,636,119
Raw materials purchase	4,915,954,128	5,252,033,522	4,767,409,725	4,766,904,553
Raw materials at the end of the year	(994,456,304)	(1,062,178,537)	(789,856,470)	(845,771,892)
Raw materials consumed	<u>4,711,354,294</u>	<u>5,035,626,876</u>	<u>5,393,022,789</u>	<u>5,743,768,780</u>
Production overheads (Note 5.2)	1,360,385,584	1,772,233,222	1,388,540,625	1,907,636,411
	<u><u>6,071,739,878</u></u>	<u><u>6,807,860,099</u></u>	<u><u>6,781,563,414</u></u>	<u><u>7,651,405,191</u></u>



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Company Year Ended 31.12.2025 Rs.	Group Year Ended 31.12.2025 Rs.	Company Year Ended 31.12.2024 Rs.	Group Year Ended 31.12.2024 Rs.
5. Cost of Finished Goods Manufactured - (Contd.)				
5.2 Production Overheads				
Salaries	202,773,209	227,118,955	177,691,814	203,569,839
Wages	46,902,251	94,837,730	26,683,387	74,981,455
Overtime	122,999,992	174,220,876	97,092,033	138,393,620
Bonus	24,060,553	27,860,151	22,022,355	26,069,593
Allowance	32,563,188	34,443,037	32,053,993	34,435,253
Employees' Provident Fund	25,844,757	28,781,496	22,553,122	25,674,385
Employees' Trust Fund	6,370,261	7,104,421	5,637,630	6,417,945
Staff welfare	3,431,876	3,461,726	3,151,099	3,156,899
Medical	6,225,811	6,388,655	3,205,874	3,405,874
Terminal gratuity	5,917,122	6,651,992	3,985,412	4,815,659
Fuel	71,766,315	77,692,971	113,638,806	141,026,981
Chemicals	114,418,643	136,618,942	100,164,151	124,171,848
Lab consumables	-	3,487,400	-	-
Lab testing charges	16,969,373	16,969,373	6,655,283	8,054,591
Tea and food	33,730,877	33,730,877	24,043,149	24,043,149
Foreign travelling	5,385,285	5,385,285	15,068,423	15,068,423
Electricity	175,913,611	256,289,802	281,967,813	419,680,479
Postage and courier charges	2,366,271	2,366,271	3,417,279	3,417,279
Telephone	(406,642)	(406,642)	332,059	332,059
General insurance	10,852,619	14,661,495	11,134,850	14,459,089
Printing and stationery	2,459,311	2,459,311	1,713,517	1,713,517
Security charges	24,274,755	24,274,755	16,001,622	20,918,847
- Factory building	-	3,414,487	-	3,421,516
- Plant and machinery	159,137,130	182,665,816	121,038,162	144,219,540
- Office equipment	-	15,308	-	48,131
- Furniture and fittings	-	28,396	-	26,555
- Motor vehicles and forklift	-	-	-	256,917
- Computers	-	61,667	-	17,488
- Bottles and crates	-	66,835,285	-	58,805,664
Building repairs and maintenance	40,484,909	62,806,218	58,868,629	103,658,671
Equipment maintenance	224,054,958	269,630,814	229,777,167	292,732,148
Travelling and transport	1,889,149	2,376,353	10,627,999	10,627,999
	<u>1,360,385,584</u>	<u>1,772,233,222</u>	<u>1,388,540,625</u>	<u>1,907,636,411</u>
6. Other Income				
Scrap sales	16,790,948	31,985,948	12,697,624	31,561,794
Rent income	518,160	518,160	4,470,029	4,470,029
Miscellaneous income	1,029,904	2,685,904	51,420	51,420
Exchange gain	66,658,903	66,658,903	-	4,932,055
Interest income	91,038,288	95,512,132	120,393,204	125,581,173
	<u>176,036,203</u>	<u>197,361,047</u>	<u>137,612,276</u>	<u>166,596,471</u>



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Company Year Ended 31.12.2025 Rs.	Group Year Ended 31.12.2025 Rs.	Company Year Ended 31.12.2024 Rs.	Group Year Ended 31.12.2024 Rs.
7. Profit before Tax is Stated after Charging all Expenses Including the Following:				
Personnel cost	853,441,927	1,064,376,909	744,913,704	926,030,666
Defined contribution plan costs - EPF &ETF	90,982,310	99,704,740	80,114,566	86,749,249
Provision for gratuity	15,354,246	17,128,898	10,360,624	13,309,748
Bonus	56,714,119	61,705,686	49,063,710	54,444,761
Depreciation	347,403,284	463,859,388	287,576,879	407,621,637
Insurance	20,618,249	24,427,125	17,815,075	21,139,315
Auditor's fee	2,690,609	4,393,399	2,392,906	3,853,698
8. Finance Cost and Other Costs				
Interest charges	3,183,761	3,647,335	1,400,760	2,412,541
Loss on disposal of fixed assets	3,907,987	5,290,976	2,186,465	8,096,796
Corporate guarantee fee for banks	8,250,013	8,250,013	8,250,013	8,250,013
Expiries and breakages	-	28,623,931	-	-
Bank charges	4,994,451	5,811,053	3,500,952	4,110,757
Exchange loss	-	12,202,776	44,652,301	44,652,301
Interest cost on gratuity	15,451,543	19,826,443	11,965,260	16,230,879
	<u>35,787,755</u>	<u>83,652,527</u>	<u>71,955,751</u>	<u>83,753,287</u>



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Company Year Ended 31.12.2025 Rs.	Group Year Ended 31.12.2025 Rs.	Company Year Ended 31.12.2024 Rs.	Group Year Ended 31.12.2024 Rs.
9. Taxation				
Income tax expenses				
Deferred tax (benefit) / expense (Note 9.2 & 9.3)	94,297,475	87,110,697	(32,774,076)	(48,000,772)
Deferred tax charge against other comprehensive income	2,325,441	3,108,753	5,293,035	6,826,546
Income tax expenses (Note 9.1)	414,490,527	542,846,909	367,871,645	490,776,614
Prior year income tax (over) provision	(4,219,095)	11,936,248	(7,740,986)	(17,175,053)
	<u>506,894,348</u>	<u>645,002,607</u>	<u>332,649,618</u>	<u>432,427,335</u>

9.1

Reconciliation of the total tax charge

A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

Accounting profit as per financial statement	3,062,643,569	3,467,724,005	2,444,806,111	2,809,953,377
Less: Investment income	(91,556,448)	(99,198,292)	(120,393,204)	(128,749,173)
Allowable credits	(747,851,480)	(849,879,939)	(476,449,711)	(563,797,446)
Non- deductible expenses	448,478,093	573,280,721	484,121,233	616,004,933
Investment income	91,556,448	99,198,292	120,393,204	128,749,173
Tax loss claimed	-	-	-	-
Tax profit for the year of assessment	<u>2,763,270,182</u>	<u>3,191,124,787</u>	<u>2,452,477,633</u>	<u>2,862,160,864</u>
Tax expense	414,490,527	542,846,909	367,871,645	490,776,614



Income tax rates are explained in "Note 2.6 Income Tax Expense"

VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

9. Taxation - (Contd.)	9.2 Deferred tax balances	Unrealized Exchange Loss		Unrealized Exchange Gain		Impairment of Inventory		Property, Plant & Equipment		Retirement Benefit Obligation		Bad Debt Provision		Unused Tax Losses		Total		
		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.
Company																		
	Balance as at 1 January 2024	-	-	-	-	5,227,895	-	(314,426,232)	14,021,789	2,802,841	-	(292,373,707)						
	Recognised in profit or loss	15,406,446	(3,679,146)	(3,679,146)	-	5,227,895	13,736,180	6,132,397	1,178,199	-	32,774,076							
	Balance as at 31 December 2024	15,406,446	(3,679,146)	(3,679,146)	-	5,227,895	(300,690,052)	20,154,187	3,981,040	-	(259,599,631)							
	Balance as at 1 January 2025	15,406,446	(3,679,146)	(3,679,146)	-	5,227,895	(300,690,052)	20,154,187	3,981,040	-	(259,599,631)							
	Recognised in profit or loss	(15,406,446)	(3,574,815)	(3,574,815)	-	-	(78,435,341)	4,613,767	(1,494,640)	-	(94,297,474)							
	Balance as at 31 December 2025	-	(7,253,961)	(7,253,961)	-	5,227,895	(379,125,393)	24,767,953	2,486,399	-	(353,897,106)							

Deferred tax of the company has been calculated at the rate of 15% which is future tax rate applicable to the entity as per agreement with BOI.



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

9. Taxation - (Contd.)													
9.2 Deferred tax balances - (Contd.)													
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	Unrealized exchange Loss	Unrealised exchange gain	Impairment of Inventory	Property, Plant & Equipment	Retirement Benefit Obligation	Bad Debt Provision	Unused Tax Losses	Total					
Group													
Balance as at 1 January 2024	-	-	11,488,098	(697,738,689)	23,500,943	42,823,886	-	(619,925,762)					
Recognised in changes in equity													
Recognised in profit or loss	15,406,446	(3,793,614)	-	27,470,601	8,319,644	597,695	-	48,000,772					
Balance as at 31 December 2024	<u>15,406,446</u>	<u>(3,793,614)</u>	<u>11,488,098</u>	<u>(670,268,088)</u>	<u>31,820,587</u>	<u>43,421,581</u>	<u>-</u>	<u>(571,924,990)</u>					
Balance as at 1 January 2025	15,406,446	(3,793,614)	11,488,098	(670,268,088)	31,820,587	43,421,581	-	(571,924,990)					
Recognised in profit or loss	(15,291,978)	(3,460,347)	-	(71,679,513)	6,504,447	(3,183,306)	-	(87,110,696)					
Balance as at 31 December 2025	<u>114,468</u>	<u>(7,253,961)</u>	<u>11,488,098</u>	<u>(741,947,601)</u>	<u>38,325,034</u>	<u>40,238,275</u>	<u>-</u>	<u>(659,035,687)</u>					

Deferred tax of the subsidiary has been calculated at the rate of 30% which is the future tax rate applicable to the entity.



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2025

	Company 31.12.2025 Rs.	Group 31.12.2025 Rs.	Company 31.12.2024 Rs.	Group 31.12.2024 Rs.
10. Property, Plant and Equipment				
Freehold property, plant and equipment (Note 10.1 and 10.2)	4,543,932,182	6,129,347,086	3,562,835,704	5,147,677,236
	<u>4,543,932,182</u>	<u>6,129,347,086</u>	<u>3,562,835,704</u>	<u>5,147,677,236</u>

10.1 Freehold Property, Plant and Equipment

Company	Balance at the Beginning of the Year Rs.	Additions Rs.	Disposals/ Write off Rs.	Balance at the End of the Year Rs.
Cost				
Buildings	948,786,980	5,669,146		954,456,126
Computers	31,772,805	12,105,163	(420,518)	43,457,450
Furniture and fittings	26,290,504	3,120,248		29,410,752
Machinery and other equipment	3,246,827,611	1,001,145,987		4,247,973,598
Motor vehicles	211,407,686	-		211,407,686
Office equipment	9,679,346	2,237,352		11,916,698
Bottle and crates	324,788,600	102,233,142	(11,642,732)	415,379,010
Trade equipment	1,042,789,081	208,370,186	(10,229,212)	1,240,930,054
Total	<u>5,842,342,613</u>	<u>1,334,881,224</u>	<u>(22,292,462)</u>	<u>7,154,931,375</u>
Accumulated Depreciation				
Buildings	322,070,462	31,491,381		353,561,843
Computers	17,450,476	7,969,984	(354,812)	25,065,649
Furniture and fittings	7,156,042	2,811,765		9,967,807
Machinery and other equipment	1,139,016,349	159,137,130		1,298,153,479
Motor vehicles	206,238,221	3,018,613		209,256,834
Office equipment	6,681,064	1,779,008		8,460,072
Bottle and crates	58,964,646	41,146,393	(7,297,649)	92,813,390
Trade equipment	521,929,650	100,049,010	(8,258,540)	613,720,120
Total	<u>2,279,506,910</u>	<u>347,403,284</u>	<u>(15,911,000)</u>	<u>2,610,999,194</u>
Written Down Value	<u>3,562,835,704</u>			<u>4,543,932,182</u>

10.2 Freehold Property, Plant and Equipment

Group	Balance at the Beginning of the Year Rs.	Additions Rs.	Disposals/ Write off Rs.	Balance at the End of the Year Rs.
Cost				
Land	972,314,280			972,314,280
Buildings	1,092,814,176	5,669,146	(420,518)	1,098,062,804
Computers	36,626,001	12,573,163		49,199,164
Furniture and fittings	34,726,637	3,558,348		38,284,985
Machinery and other equipment	3,738,758,134	1,016,103,111		4,754,861,245
Motor vehicles	240,985,236	-		240,985,236
Office equipment	12,998,937	2,341,790	(169,611)	15,171,115
Bottle and crates	1,616,481,989	204,677,945	(21,610,433)	1,799,549,501
Trade equipment	1,257,338,600	208,370,186	(10,515,880)	1,455,192,906
Total	<u>9,003,043,989</u>	<u>1,453,293,689</u>	<u>(32,716,442)</u>	<u>10,423,621,236</u>
Accumulated Depreciation				
Buildings	394,275,003	35,251,830		429,526,833
Computers	22,139,824	8,037,903		30,177,727
Furniture and fittings	12,654,955	3,322,985	(354,812)	15,623,128
Machinery and other equipment	1,429,336,694	182,665,817		1,612,002,511
Motor vehicles	235,815,764	3,018,612		238,834,376
Office equipment	9,874,921	1,835,746	(169,610)	11,541,057
Bottle and crates	1,023,702,265	107,981,677	(15,894,607)	1,115,789,335
Trade equipment	727,567,327	121,744,817	(8,532,961)	840,779,184
Total	<u>3,855,366,753</u>	<u>463,859,387</u>	<u>(24,951,990)</u>	<u>4,294,274,150</u>
Written Down Value	<u>5,147,677,236</u>			<u>6,129,347,086</u>



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

11. Capital Work-in-Progress

11.1 Company	Balance at the Beginning of the Year Rs.	Additions Rs.	Transfers Rs.	Balance at the End of the Year Rs.
Description				
Plant and machinery	378,372,572	786,728,886	(1,155,948,251)	9,153,207
	<u>378,372,572</u>	<u>786,728,886</u>	<u>(1,155,948,251)</u>	<u>9,153,207</u>
11.2 Groups				
Building	-	4,500,000	-	4,500,000
Plant and machinery	378,372,572	864,605,954	(1,155,948,251)	87,030,274
	<u>378,372,572</u>	<u>869,105,954</u>	<u>(1,155,948,251)</u>	<u>91,530,274</u>



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Company 31.12.2025 Rs.	Group 31.12.2025 Rs.	Company 31.12.2024 Rs.	Group 31.12.2024 Rs.
12. Inventories				
Finished goods	217,978,629	231,246,767	366,946,756	392,277,354
Trading inventory	48,998,427	50,533,196	51,120,694	51,120,694
Raw materials	994,456,304	1,062,178,537	789,856,470	845,771,892
Chemicals and fuel	54,062,099	66,900,436	44,981,262	54,522,955
Goods in transit	106,923,094	106,923,094	-	29,782,515
Spare parts	461,876,114	545,532,462	358,209,348	414,265,976
Less: Impairment of spare parts	(34,852,635)	(55,719,977)	(34,852,635)	(55,719,977)
	<u>1,849,442,033</u>	<u>2,007,594,514</u>	<u>1,576,261,895</u>	<u>1,732,021,409</u>
13. Trade and Other Receivables				
Trade debtors	1,279,446,245	1,780,889,822	902,626,492	1,432,650,844
Less: Impairment provision for trade debtors	(16,575,996)	(142,415,584)	(26,540,263)	(158,008,732)
	<u>1,262,870,249</u>	<u>1,638,474,238</u>	<u>876,086,228</u>	<u>1,274,642,111</u>
Other receivables	427,763,406	459,456,749	591,378,677	617,641,130
Deposits and prepayments	79,337,533	91,119,543	99,976,938	109,603,581
Staff loans and festival advances	6,076,844	6,926,664	6,028,823	6,209,190
Tax receivables	-	1,471,349	5,286,830	6,758,179
	<u>1,776,048,032</u>	<u>2,197,448,543</u>	<u>1,578,757,497</u>	<u>2,014,854,192</u>
14. Cash and Cash Equivalents				
Standard Chartered Bank - Fort Branch	12,218,850	18,713,646	24,344,182	28,891,146
Nations Trust Bank PLC	24,359,897	25,427,449	7,543,662	9,925,543
Nations Trust Bank PLC-USD	142,422	142,422	134,382	134,382
Hatton National Bank - Kaduwela	27,583,081	31,860,875	5,987,626	7,576,104
HSBC-Head Office	5,378,581	5,378,581	5,474,581	5,474,581
Sampath Bank	1,597	1,597	15,337	15,337
Commercial Bank of Ceylon PLC	35,705,424	84,842,113	8,469,629	37,984,087
Commercial Bank of Ceylon PLC-USD	625,003	625,003	804,718	804,718
Pan Asia Banking Corporation PLC	186,124	186,124	188,774	188,774
People's Bank - Hanwella	-	4,855,337	-	896,917
People's Bank - Corporate Division	1,968,490	2,080,177	4,178,631	4,291,817
Standard Chartered Bank - Fort Branch (USD)	144,730,482	144,730,482	557,704,226	557,704,226
Saving AC - Hatton National Bank	587,503,116	587,503,116	378,497,389	378,497,389
Marginal AC - Nation Trust Bank	-	8,096,539	-	8,096,539
Marginal AC - Commercial Bank of Ceylon PLC	2,000,000	2,000,000	2,000,000	2,000,000
Cash in hand	4,007,101	4,533,102	4,432,667	4,988,667
	<u>846,410,168</u>	<u>920,976,563</u>	<u>999,775,804</u>	<u>1,047,470,227</u>
15. Fixed Deposits in Banks				
Nations Trust Bank PLC	559,376,372	626,171,883	633,490,589	696,201,743
Commercial Bank of Ceylon PLC	-	-	-	109,351,682
Seylan Bank PLC	50,000,000	50,000,000	-	-
Pan Asia Banking Corporation PLC	-	-	109,351,682	-
Fixed deposit - Hatton National Bank PLC	202,215,068	202,215,068	202,409,836	202,409,836
	<u>811,591,440</u>	<u>878,386,951</u>	<u>945,252,108</u>	<u>1,007,963,261</u>



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Company 31.12.2025 Rs.	Group 31.12.2025 Rs.	Company 31.12.2024 Rs.	Group 31.12.2024 Rs.
16. Stated Capital				
Issued and fully paid shares				
No. of shares	579,468,303	579,468,303	643,853,670	643,853,670
Total value	<u>6,438,536,700</u>	<u>6,438,536,700</u>	<u>6,438,536,700</u>	<u>6,438,536,700</u>
During the period, the Company repurchased 10% of the shares held by the parent company (No of 64,385,367 ordinary shares), funded from accumulated profits in compliance with Section 63 of the Companies Act.				
17. Bottle Deposits Payable				
Deposits against assets	83,979,358	217,812,622	88,112,770	215,254,147
Dealership deposits	4,700,000	8,200,000	4,700,000	8,200,000
	<u>88,679,358</u>	<u>226,012,622</u>	<u>92,812,770</u>	<u>223,454,147</u>
18. Retirement Benefit Obligations				
Balance at the beginning of the year	134,361,244	173,249,244	93,478,596	125,075,774
Current service cost	15,354,246	17,128,898	10,360,624	13,309,748
Interest charge for the year	15,451,543	19,729,146	11,965,260	14,626,243
	<u>165,167,033</u>	<u>210,107,288</u>	<u>115,804,480</u>	<u>153,011,765</u>
Actuarial (gain) / loss	15,502,941	18,113,981	35,286,898	40,398,602
Payments during the year	(15,550,284)	(17,911,309)	(16,730,134)	(20,161,120)
Balance at the end of the year	<u>165,119,690</u>	<u>210,309,960</u>	<u>134,361,244</u>	<u>173,249,247</u>
The following assumptions were used in determining the post employment benefit obligations :				
Expected future salary increments	9%	9%	9%	9%
Discount rate	10.5%	10.5%	11.5%	11.5%
Staff turnover rate	11%	11%	11%	11%
Retirement age	60 Years	60 Years	60 Years	60 Years
19. Trade and Other Payables				
Trade payables	409,913,373	411,402,531	220,108,076	221,991,448
Stamp duty	100,650	119,449	97,275	117,725
Excise duty	182,416,731	205,650,029	157,646,271	182,545,304
Accrued and other payables	311,668,204	344,698,015	339,440,478	339,440,474
VAT payable	68,693,224	79,191,076	77,597,295	90,966,334
Other creditors	104,378,165	106,581,929	142,858,187	199,696,956
	<u>1,077,170,347</u>	<u>1,147,643,029</u>	<u>937,747,584</u>	<u>1,034,758,240</u>
20. Income tax payable				
Balance at the beginning of the year	260,383,529	327,083,424	47,503,248	56,286,115
Tax expense for the year	414,490,527	542,846,908	367,871,645	490,776,614
Prior year income tax (over) provision	(4,225,013)	11,930,330	(7,740,986)	(17,175,053)
Payments made prior year-Income Tax	(256,158,515)	(338,307,466)	-	-
Payments made during the year-Income Tax	(181,538,897)	(231,746,989)	(141,447,254)	(196,412,396)
Tax credits-Withholding Tax	(8,341,366)	(9,047,652)	(5,803,124)	(6,391,856)
Balance at the end of the year	<u>224,610,265</u>	<u>302,758,555</u>	<u>260,383,529</u>	<u>327,083,424</u>



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2025

21. Securities Pledged for Short Terms Loans & Bank Overdrafts

a) Standard Chartered Bank	Corporate Guarantee from Varun Beverages Ltd .
b) Commercial Bank	Primary Concurrent mortgage along with Standard Chartered Bank over Stocks & Book debtors. General terms and conditions relating to overdraft, import Demand Loans & Short Term Loans signed by the Company. Corporate Guarantee from Varun Beverages Lanka (Pvt) Ltd for the facility given for Ole Springs Bottlers (Pvt) Ltd.
c) Nation Trust Bank PLC	Ole Springs Bottlers (Pvt) Ltd (Subsidiary) has obtained bank guarantees against the fixed deposits.

22. Related Party Transactions

Identification of Related Parties

Related parties include companies under common control and key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company. Transactions with related parties during the year was taken place at agreed commercial terms.

During the year, Mr. Ravi Kant Jaipuriya, Mr. Achal Kumar, Mr. Sandeep Kumar, Mr. Amit Joshi and Mr. Tilak de Zoysa were the directors of the company.

	Amount due from related parties		Amount due to related parties	
	Company	Group	Company	Group
	31.12.2025	31.12.2025	31.12.2025	31.12.2025
	Rs.	Rs.	Rs.	Rs.
Ole Springs Bottlers (Pvt) Ltd - Subsidiary	198,794,272	-	-	-
Varun Beverages Ltd-Immediate Parent Company	-	-	17,443,061	17,443,061
Fellow Subsidiaries				
Everest Industrial Lanka (Pvt) Ltd	2,157,129	2,157,129	-	-
	<u>200,951,401</u>	<u>2,157,129</u>	<u>17,443,061</u>	<u>17,443,061</u>

	Amount due from related parties		Amount due to related parties	
	Company	Group	Company	Group
	31.12.2024	31.12.2024	31.12.2024	31.12.2024
	Rs.	Rs.	Rs.	Rs.
Ole Springs Bottlers (Pvt) Ltd- Subsidiary	350,563,094	-	-	-
Varun Beverages Ltd- Immediate Parent Company	-	-	208,081,312	208,081,312
Fellow Subsidiaries				
Lunarmech Technologies (Pvt) Ltd	16,863,510	16,863,510	-	-
	<u>367,426,604</u>	<u>16,863,510</u>	<u>208,081,312</u>	<u>208,081,312</u>



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

22. Related Party Transactions (Contd.)

During the year, the Company and the group entered into the following transactions with related parties at agreed commercial terms

	2025 Rs.	2024 Rs.
<u>Company</u>		
Ole Springs Bottlers (Pvt) Ltd-Subsidiary		
Sales	506,175,868	507,153,233
Purchases	135,719,926	434,493,083
Payments/ settlements	493,339,125	393,046,136
Land lease expenses	3,738,240	3,421,440
Other transactions	25,147,399	10,199,720
Varun Beverages Ltd, India -Immediate Parent Company		
Purchases	238,408,621	567,295,699
Dividends	1,303,803,682	1,126,743,923
Share Buyback	643,853,670	-
Guarantee fee	5,774,725	8,250,013
Software license fee	29,896,636	30,964,563
Payments/ settlements	2,413,367,953	1,724,860,689
Varun Beverages International DMCC -Fellow Subsidiary		
Purchases	499,705,307	151,570,650
Payments/ settlements	499,059,020	151,570,650
Varun Beverages Zambia Ltd-Fellow Subsidiary		
Purchases	-	266,022,000
Payments/ settlements	-	266,022,000
Lunarmech Technologies (Pvt) Ltd-Fellow Subsidiary		
Purchases	165,178,747	183,561,822
Payments	148,560,609	224,589,149
Everest Industrial Lanka (Pvt) Ltd -Fellow Subsidiary		
Purchases	76,794,919	-
Service fee	1,466,776	-
Sales	2,157,129	-
Payments	78,261,695	-
<u>Group</u>		
Varun Beverages Ltd, India -Immediate Parent Company		
Purchases	306,272,153	668,382,325
Dividends	1,303,803,682	1,126,743,923
Software license fee	29,896,636	30,964,563
Guarantee fee	5,774,725	8,250,013
Payments / settlements	2,480,968,628	1,823,443,478
Varun Beverages International DMCC-Fellow Subsidiary		
Purchases	499,705,307	266,022,000
Payments/ settlements	499,059,020	266,022,000



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025



22. Related Party Transactions (Contd.)

Group - (Contd.)

Varun Beverages Zambia Ltd-Fellow Subsidiary

Payments/ settlements	-	266,022,000
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Lunarmech Technologies (Pvt) Ltd-Fellow Subsidiary

Purchases	170,526,118	183,561,822
Payments	153,907,981	224,589,149

Everest Industrial Lanka (Pvt) Ltd -Fellow Subsidiary

Purchases	76,794,919	-
Service fee	1,466,776	-
Sales	2,157,129	-
	78,261,695	-

Key management personnel include members of the Board of Directors of the Company and its subsidiaries, and the ultimate parent company, RJ Corp Limited, India.

There was no compensations paid to key management personnel during the year other than the following:

	Company	Group	Company	Group
	Year Ended	Year Ended	Year Ended	Year Ended
	31.12.2025	31.12.2025	31.12.2024	31.12.2024
	Rs.	Rs.	Rs.	Rs.
Directors emoluments	114,568,963	131,594,077	134,860,587	134,860,587
	114,568,963	131,594,077	134,860,587	134,860,587

23. Capital Commitments and Contingencies

Assessment issued on subsidiary company

The Department of Inland Revenue has issued a notice of assessment for the subsidiary company on VAT for the quarter ended December 31 2013 for Rs. 556,020, on which an appeal has been made.

The Department of Inland Revenue has issued a notice of assessment for the subsidiary company on VAT for the quarter ended 31 March 2020 for Rs. 21,691,777, on which an appeal has been made.

The Department of Inland Revenue has issued a notice of assessment for the subsidiary company on VAT for the quarter ended 31 March 2021 for Rs. 1,647,673, on which an appeal has been made.

The Department of Inland Revenue has issued a notice of assessment for the subsidiary company on VAT for the quarter ended 30 September 2021 for Rs. 540,467 on which an appeal has been made.

The Department of Inland Revenue has issued a notice of assessment for the subsidiary company on VAT for the quarter ended 31 December 2021 for Rs. 1,387,896 on which an appeal has been made.

The Department of Inland Revenue has issued a notice of assessment for the subsidiary company on VAT for the quarter ended 31 December 2022 for Rs. 1,981,125 on which an appeal has been made.

The Department of Inland Revenue has issued a notice of assessment for the subsidiary company on VAT for the quarter ended 31 March 2023 for Rs. 1,090,789 on which an appeal has been made.

The has been filed with three legal cases, Case Nos. 29387/5/24, B/13532/24, and 69424/25, all relating to product defect claims.

VARUN BEVERAGES LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

23. Capital Commitments and Contingencies - (Contd.)

Assessment issued on subsidiary company - (Contd.)

The Department of Inland Revenue has issued a notice of assessment for the subsidiary company on VAT for the quarter ended 30th June 2023 for Rs. 435,488 on which an appeal has been made.

The Department of Inland Revenue has issued a notice of assessment for the subsidiary company on VAT for the quarter ended 31 March 2024 for Rs. 120,137 on which an appeal has been made.

The Department of Inland Revenue has issued a notice of assessment for the subsidiary company on SSCL for the quarter ended 31 March 2024 for Rs. 2,708,164 on which an appeal has been made.

The Company has been filed three cases for product related issues which case numbers are 29387/5/24,B/13532/24 & 69424/25. No value has been determined for these cases.

Estimated amount of contracts remaining to be executed on capital commitments not provided for (net of advance) is Rs. 117,606,774 in company and Rs 1,138,630 in subsidiary.

Apart from the above, there were no significant contingent liabilities and capital commitments as at the reporting period end that would require adjustments to/or disclosures in the financial statements.

24. Events after the Reporting Period End

There were no significant events after the balance sheet date which require adjustments to or disclosures in the financial statements.

25. Comparative information

The presentation and classification of financial statements of the previous year have been amended, where relevant for better presentation and to be comparable with those of the current year.



VARUN BEVERAGES LANKA (PRIVATE) LIMITED

**DETAILED NOTES OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

VARUN BEVERAGES LANKA (PRIVATE) LIMITED
DETAILED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Company Year Ended 31.12.2025 Rs.	Group Year Ended 31.12.2025 Rs.	Company Year Ended 31.12.2024 Rs.	Group Year Ended 31.12.2024 Rs.
1. Administrative Expenses				
Salaries	86,988,636	107,781,290	77,888,930	84,494,752
Wages	391,478	4,250,997	2,508,944	4,978,334
Overtime	2,204,756	4,841,022	2,449,446	4,290,820
Bonus	11,613,786	12,605,754	7,661,568	8,609,682
Tea and food	23,670,906	25,227,906	23,494,517	24,965,439
Medical expenses	4,017,510	4,804,434	4,991,310	5,685,140
Terminal gratuity	2,538,415	3,166,036	1,746,955	1,958,890
Employees' Provident Fund	12,001,659	14,791,143	10,805,212	11,824,537
Employees' Trust Fund	2,999,940	3,697,311	2,701,303	2,956,134
Lease rental	3,168,000	-	3,168,000	-
Foreign travelling	3,645,288	4,711,984	3,746,570	4,195,571
External auditor's remuneration	2,690,609	4,393,399	2,392,906	3,853,698
Internal auditor's remuneration	77,900	77,900	4,624,950	4,624,950
Telephone	3,290,001	5,031,181	2,959,486	4,466,383
Printing and stationery	3,040,532	5,420,343	2,930,078	7,028,857
Stamp duty	364,797	501,642	437,405	509,855
Repairs and maintenance - vehicles	126,189	126,189	440,522	909,768
Depreciation - Buildings	31,491,381	31,837,343	31,515,258	31,861,932
- Furniture and fittings	2,811,765	3,294,589	2,496,374	2,947,896
- Office equipment	1,779,008	1,820,438	1,673,172	1,803,437
- Motor vehicles	3,018,613	3,018,613	3,350,082	3,825,615
- Computer and software	7,969,984	7,976,236	5,487,228	5,489,000
Computer maintenance	39,105,895	40,071,963	39,785,473	40,796,578
Staff welfare	24,822,610	24,839,860	30,963,030	30,963,030
Equipment repairs and maintenance	1,498,203	1,498,203	1,414,297	1,414,297
CSR Expenses	49,168,840	49,168,840	28,377,677	28,377,677
Rent and accommodation charges	17,185,360	17,185,360	14,214,730	14,214,730
Courier charges	215,625	215,625	634,146	634,146
Staff recruitment	560,485	560,485	1,157,983	1,157,983
Subscriptions and periodicals	2,440,349	3,020,675	2,005,117	2,322,160
Entertainment	1,195,278	1,195,278	-	-
Electricity charges	2,142,280	2,142,280	2,507,486	2,507,486
Staff insurance	9,765,630	9,765,630	6,680,226	6,680,226
Allowance	20,814,258	23,859,124	20,075,830	22,679,059
Legal and professional charges	3,886,842	8,817,224	9,057,549	10,547,312
Travelling and transport	8,901,170	10,961,859	8,988,695	11,256,853
Other taxes	5,863,053	5,889,440	144,109	222,015
Tax on tax of employees salary	56,186,217	66,867,932	54,891,307	58,630,539
Water	379,995	379,994	309,252	309,250
	<u>454,033,243</u>	<u>515,815,522</u>	<u>420,677,123</u>	<u>453,994,032</u>



VARUN BEVERAGES LANKA (PRIVATE) LIMITED
DETAILED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Company Year Ended 31.12.2025 Rs.	Group Year Ended 31.12.2025 Rs.	Company Year Ended 31.12.2024 Rs.	Group Year Ended 31.12.2024 Rs.
2. Selling and distribution expenses				
Salaries - staff	236,411,135	246,842,310	206,353,419	215,775,977
Wages	11,104,567	36,382,930	22,659,051	49,127,870
Overtime	29,146,480	51,587,583	20,408,225	36,449,625
Bonus	21,039,781	21,239,781	19,379,787	19,765,486
Employees' Provident Fund	34,917,082	36,168,823	30,733,839	31,901,047
Employees' Trust Fund	8,848,610	9,161,545	7,683,460	7,975,200
Medical expenses	9,794,849	9,906,936	8,861,678	9,006,266
Conference and meeting expenses	13,258,912	13,258,912	13,845,388	13,845,388
Terminal gratuity	6,898,710	7,213,572	4,628,257	4,930,562
Telephone	6,973,294	6,973,294	6,892,329	6,892,329
Printing and stationery	1,748,169	1,748,169	4,581,057	4,581,057
Sales promotions and discounts	1,214,313,045	1,281,048,968	997,184,839	1,113,314,342
Expiries and Breakages	26,778,933	26,778,933	110,101,314	133,680,331
Tea and food	34,947,568	42,567,640	32,130,364	39,786,934
Other allowance to staff	81,956,236	82,070,178	79,124,461	79,533,120
Staff incentives	32,440,625	32,440,625	75,718,515	76,097,515
Rent and accommodation expenses	13,212,413	16,044,013	12,132,563	12,726,563
Staff welfare	8,965,167	8,965,167	7,621,197	7,621,197
Travelling expenses	30,382,281	30,382,281	26,738,959	26,738,959
Transport expenses	192,279,431	274,861,226	185,685,466	267,447,323
Foreign travelling	5,168,670	5,168,670	14,315,517	14,315,517
Motor vehicle maintenance and repairs	84,933,143	95,725,077	93,751,545	107,245,261
Motor vehicle fuel	52,508,934	87,036,713	57,849,818	94,253,149
Contract outlet expenses	157,612,611	157,612,611	78,739,950	78,739,950
Provision for bad debts	(10,255,888)	(15,884,769)	7,854,659	5,919,646
Bad debts written off	9,626,747	10,130,081	311,007	544,150
Depreciation - trade equipment	141,195,403	162,891,211	122,016,603	154,897,947
Trade equipment maintenance	44,386,623	44,863,255	39,834,100	40,128,737
	<u>2,500,593,531</u>	<u>2,783,185,735</u>	<u>2,287,137,370</u>	<u>2,653,241,451</u>



VARUN BEVERAGES (ZAMBIA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

Varun Beverages (Zambia) Limited
Annual report and financial statements
For the year ended 31 December 2025

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COMPANY INFORMATION

BOARD OF DIRECTORS	: Mr. Rajnish Gupta : Mr. Shankar Krishnan Iyer : Mr. Satyanarayan Sharma : Mr. Subhasis Rath : Mr. Vibhay Singh Chauhan
SHAREHOLDERS	: 95.00% - Varun Beverages Limited, India : 4.11% - Capital Infrastructure Ltd -Seychelles : 0.84% - Africa Bottling Company Limited : 0.05% - Rajnish Gupta
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	: Plot No. 37426 Mungwi Road : Heavy Industrial Area : P.O. Box 30007 : Lusaka : Zambia
INDEPENDENT AUDITOR	: PKF Zambia Chartered Accountants : P.O. Box 31290 : Lusaka : Zambia
COMPANY SECRETARY	: PKF Consulting Zambia Limited : P.O. Box 31290 : Lusaka : Zambia
PRINCIPAL BANKERS	: First National Bank Zambia Limited : Zambia National Commercial Bank Plc. : Indo-Zambia Bank Limited. : Standard Chartered Bank Zambia Plc. : First Capital Bank Limited. : ECO Bank Zambia : Access Bank Plc
LEGAL ADVISORS	: Mulenga Mundashi Legal Practitioners : Plot No. 11058 : First Floor, Zimbabwe House, Haile Selassie Avenue, Long Acres : P.O. Box 34972 : Lusaka : Zambia
ULTIMATE PARENT	: Varun Beverages Limited, India

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2025, which disclose the state of affairs of the Company.

PRINCIPAL ACTIVITIES

The Company manufactures and distributes carbonated soft drinks, bottled drinking water and dairy products. During the year, the Company expanded its operations to include the distribution of snacks.

RESULTS	2025 ZMW	2024 ZMW
Profit/(Loss) before tax	172,536,499	(47,144,384)
Tax (charge)	-	-
Profit/(Loss) for the year	<u>172,536,499</u>	<u>(47,144,384)</u>

DIVIDEND

The directors do not recommend the declaration of a dividend for the year ended 31 december 2025 (2024: Nil).

EVENTS AFTER THE END OF THE REPORTING DATE

There were no events after the reporting date that requires disclosure or adjustment to these financial statements.

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 1.

INDEPENDENT AUDITOR

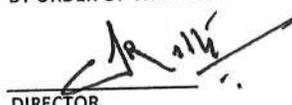
The Company's auditor, PKF Zambia Chartered Accountants, has indicated willingness to continue in office in accordance with the Companies Act, 2017.

OTHER

In accordance with Sections 249 and 277 of the Companies Act, 2017 the Board of Directors also report that during the year:

- the Company made donations amounting to ZMW Nil (2024: ZMW Nil);
- Directors' remuneration amounted to ZMW 3,037,457 (2024: ZMW 1,932,687);
- Auditors' remuneration amounted to ZMW 435,500 (2024: ZMW 370,137)

BY ORDER OF THE BOARD



DIRECTOR
LUSAKA

28th FEBRUARY 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act No.10 of 2017 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Company; that disclose, with reasonable accuracy, the financial position of the Company and that enable them to prepare financial statements of the Company that comply with the International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of *Zambian Companies Act, 2017*. The directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities and in the manner required under *Companies Act No.10 of 2017*.

They also accept responsibility for:

- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances.

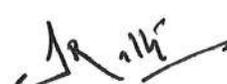
The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2025 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the *Zambian Companies Act, 2017*.

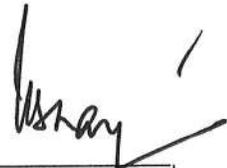
In preparing these financial statements the Directors have assessed the Company's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

So far as each of the Directors is aware, there is no relevant audit information which the Company's auditor is unaware of, and each of the Directors has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the board of directors on 28th FEBRUARY 2026 signed on its behalf by:


Mr. Subhasis Rath


Mr. Vibhay Singh Chauhan

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF VARUN BEVERAGES (ZAMBIA) LIMITED**Opinion**

We have audited the financial statements of Varun Beverages (Zambia) Limited set out on pages 7 to 21, which comprise the statement of financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and the Companies Act, 2017.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Company information, report of the directors, statement of directors' responsibilities and the schedule of expenditure but does not include the financial statements and our report of the independent auditor thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS for SMEs and the requirements of the Companies Act, 2017, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF VARUN BEVERAGES (ZAMBIA) LIMITED
(CONTINUED)**

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- i. Identify and assess the risks of material misstatement of the 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 override of internal control.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the appropriateness of the company's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- iv. Conclude on the appropriateness of director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the independent auditor 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 company to cease to continue as a going concern.
- v. 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.

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.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF VARUN BEVERAGES (ZAMBIA) LIMITED (CONTINUED)

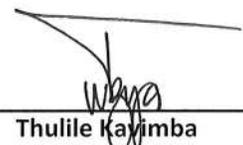
Report on other legal and regulatory requirements

As required by the Companies Act, 2017 we report to you, based on our audit, that:

- i. there is no relationship, interest, or debt which we have in the Company;
- ii. there were no serious breaches of corporate governance principles or practices by the directors

The engagement partner responsible for the audit resulting in this report of the independent auditor is Thulile Kavimba Mumba - membership number AUD/F0008077.

PKF ZAMBIA
Chartered Accountants
LUSAKA



Thulile Kavimba

2 MARCH 2026

Our Reference: AR/LSK/022/26

Varun Beverages (Zambia) Limited
Annual report and financial statements
For the year ended 31 December 2025

STATEMENT OF PROFIT OR LOSS AND RETAINED EARNINGS

	Notes	2025 ZMW	2024 ZMW
Revenue	3	1,476,055,778	1,070,693,653
Cost of sales	4	<u>(869,522,727)</u>	<u>(582,768,263)</u>
Gross profit		606,533,051	487,925,390
Other operating income	5	110,667,181	3,743,830
Administrative expenses		(123,175,658)	(179,396,143)
Selling and distribution expenses		(173,114,237)	(128,020,859)
Employment costs		(161,941,405)	(151,008,395)
Depreciation on property, plant and equipment	9	<u>(53,557,070)</u>	<u>(43,911,759)</u>
Operating profit/(loss)	6	205,411,861	(10,667,936)
Finance costs	7	<u>(32,875,362)</u>	<u>(36,476,448)</u>
Profit/(loss) before tax		172,536,499	(47,144,384)
Tax charge	8	<u>-</u>	<u>-</u>
Profit/(loss) for the year		<u>172,536,499</u>	<u>(47,144,384)</u>
Retained earnings			
At start of year		(93,707,531)	(46,563,147)
Profit/(loss) for the year		<u>172,536,499</u>	<u>(47,144,384)</u>
At end of year		<u>78,828,968</u>	<u>(93,707,531)</u>

The notes on pages 10 to 21 form an integral part of these financial statements.

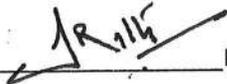
Report of the independent auditor - pages 4 to 6.

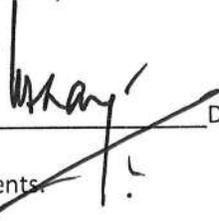
Varun Beverages (Zambia) Limited
Annual report and financial statements
For the year ended 31 December 2025

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December	
		2025 ZMW	2024 ZMW
Non-current assets			
Property, plant and equipment	9	527,888,786	487,334,241
Other non current assets	11	<u>5,772,456</u>	<u>6,481,519</u>
		<u>533,661,242</u>	<u>493,815,760</u>
Current assets			
Inventories	10	212,747,985	203,348,759
Trade and other receivables	12	155,388,702	113,927,959
Cash and cash equivalents	13	<u>12,755,482</u>	<u>6,633,696</u>
		<u>380,892,169</u>	<u>323,910,414</u>
		<u>914,553,411</u>	<u>817,726,174</u>
EQUITY			
Share capital	14(a)	415,780,000	207,890,000
Retained earnings		78,828,968	(93,707,531)
Other equity	14(b)	<u>525,430</u>	<u>231,075</u>
Equity attributable to the owners of the company		<u>495,134,398</u>	<u>114,413,544</u>
Non-current liabilities			
Borrowings	16	<u>65,716,233</u>	<u>271,842,109</u>
		<u>65,716,233</u>	<u>271,842,109</u>
Current liabilities			
Trade and other payables	15	274,685,278	256,816,714
Borrowings	16	<u>79,017,501</u>	<u>174,653,808</u>
		<u>353,702,779</u>	<u>431,470,522</u>
		<u>914,553,411</u>	<u>817,726,174</u>

The financial statements on pages 7 to 21 were approved and authorised for issue by the board of Directors on 28th FEBRUARY 2026 and were signed on its behalf by:


DIRECTOR


DIRECTOR

The notes on pages 10 to 21 form an integral part of these financial statements.

Report of the independent auditor - pages 4 to 6.

Varun Beverages (Zambia) Limited
Annual report and financial statements
For the year ended 31 December 2025

STATEMENT OF CASH FLOWS

	Notes	2025 ZMW	2024 ZMW
Cash flows from operating activities			
Profit/(loss) before tax		172,536,499	(47,144,384)
Adjustments for:			
Depreciation on property, plant and equipment	9	53,557,072	43,911,759
Interest expense	7	29,284,819	33,292,187
Foreign exchange/(gain) losses		-	43,527,020
Net cash from operations before working capital changes		255,378,390	73,586,582
Changes in working capital:			
- (Increase)/decrease in inventories		(9,399,226)	(38,643,437)
- Decrease/(increase) in trade and other receivables		(40,751,679)	4,801,390
- (Decrease)/increase in trade and other payables		17,868,565	76,638,894
Interest paid	7	(29,284,819)	(33,292,187)
Net cash from operating activities after working capital changes		193,811,231	83,091,242
Cash flows from investing activities			
Cash paid for purchase of property, plant and equipment	9	(94,855,030)	(178,215,027)
Share based payment to employees		294,355	194,219
Proceeds from disposal of property, plant and equipment		743,413	18,948,832
Net cash (used in)/generated from investing activities		(93,817,262)	(159,071,976)
Cash flows from financing activities			
Proceeds/(re-payment) of borrowings		(93,872,183)	120,734,981
Net cash used in financing activities		(93,872,183)	120,734,981
Decrease in cash and cash equivalents		6,121,786	44,754,247
Movement in cash and cash equivalents			
At start of year		6,633,696	5,406,469
Decrease in cash and cash equivalents		6,121,786	44,754,247
Effect of exchange rate changes		-	(43,527,020)
Total cash at end of the year	13	12,755,482	6,633,696

The notes on pages 10 to 21 form an integral part of these financial statements.

Report of the independent auditor - pages 4 to 6.

NOTES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated.

1) General Information

The Company manufactures and distributes carbonated soft drinks, bottled drinking water and dairy products. During the year, the Company expanded its operations to include the distribution of snacks.

Plot No. 37426 Mungwi Road
Heavy Industrial Area
P.O. Box 30007
Lusaka
Zambia

2) Significant accounting policies

a) Basis of preparation

The financial statements of Varun Beverages (Zambia) Limited have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in note 2 (b).

These financial statements comply with the requirements of the Companies Act, 2017. The statement of profit or loss and retained earnings represents the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Going concern

The financial performance of the Company is set out in the report of the directors and in the statement of profit or loss and retained earnings. The financial position of the Company is set out in the statement of financial position.

Based on the financial performance and position of the group and its risk management policies, the directors are of the opinion that the group is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

b) Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are disclosed as follows.

NOTES (CONTINUED)

2) Significant accounting policies (continued)

b) Key sources of estimation uncertainty (continued)

- Useful lives of property, plant and equipment - Management reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.
- Impairment of trade receivables - the Company reviews their portfolio of trade receivables on an annual basis. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.

c) Significant judgements made by management in applying the Company's accounting policies

The directors have made the following judgements that are considered to have the most significant effect on the amounts recognised in the financial statements:

- Revenue recognition - In making their judgement, the directors considered the detailed criteria for the recognition of revenue from the sale of goods set out in Section 23 and, in particular whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods.

d) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of sales value-added tax, returns, rebates and discounts.

The Company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company's activities.

- i) Sales of goods are recognised upon delivery of products and customer acceptance

e) Property, plant and equipment

All property, plant and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred. Depreciation is calculated on straight line method to write down value (WDV) the cost of each asset, to its residual value, over its estimated useful life using the following annual rates:

	<u>Estimated useful life</u>
Land and buildings	
- Land	Over the lease period
- Buildings	50 years
Plant and machinery	20 years
Motor vehicles	4 years
Furniture and fittings	5 years
IT equipment	3 years
Computer equipment	3 years
Visi-cooler	7 years

NOTES (CONTINUED)

2) Significant accounting policies (continued)

e) Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss.

f) Financial assets

Trade and other receivables are initially recognised at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method.

g) Financial liabilities

Financial liabilities are initially recognised at the transaction price (less transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

h) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts.

In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the "weighted average cost method". The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

j) Borrowings

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

k) Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES (CONTINUED)

2) Significant accounting policies (continued)

l) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Zambian Kwacha (functional currency) at rates ruling at the transaction dates. Assets and liabilities at the statement of financial position date which are expressed in foreign currencies are translated into Zambian Kwacha (functional currency) at rates ruling at that date. The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

m) Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Company leases certain items of property, plant and equipment. Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is apportioned between the liability and finance charges using the effective interest method. Rental obligations, net of finance charges, are included in borrowings in the statement of financial position. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

n) Employee benefit obligations

Gratuity

Employee entitlements to gratuity are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date.

Pension obligations

The Company and its employees contribute to the National Pension Scheme Authority (NAPSA), a statutory defined contribution scheme registered under the NAPSA Act. The Company's contributions to the defined contribution scheme are charged to profit or loss in the period to which they relate. There are no further payment obligations once the contributions have been paid.

Accrued leave

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

o) Impairment of non-financial assets other than inventories

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES (CONTINUED)

2) Significant accounting policies (continued)

p) Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

q) Share capital

Ordinary shares are classified as equity.

r) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Varun Beverages (Zambia) Limited
Annual report and financial statements
For the year ended 31 December 2025

NOTES (CONTINUED)

	2025 ZMW	2024 ZMW
3. Revenue		
Carbonated soft drinks	590,534,367	542,837,844
Bottled drinking water	212,413,838	158,430,859
Other sales - Trading	6,241,318	7,430,728
Scrap sales	2,017,107	1,388,467
Sale of dairy	584,854,982	380,232,199
Sale account	-	993,860
Snacks and biscuits	134,953,340	-
Trade discount	(54,959,174)	(20,620,304)
	<u>1,476,055,778</u>	<u>1,070,693,653</u>
4. Cost of sales		
Opening stock	203,348,759	164,705,321
Purchases	903,989,743	621,411,701
Closing stock	(237,815,775)	(203,348,759)
	<u>869,522,727</u>	<u>582,768,263</u>
5. Other operating income		
Bad debts written back	50,278	262,527
Profit on disposal	1,961,037	3,481,303
Exchange gains	108,655,865	-
	<u>110,667,181</u>	<u>3,743,830</u>
6. Operating loss		
The following items have been charged/(credited) in arriving at operating Profit/(loss):		
Depreciation on property, plant and equipment (Note 9)	53,557,072	43,911,759
Auditor's remuneration	923,722	719,597
Directors' emoluments	3,037,457	1,932,687
Trade receivables - impairment	9,562,650	6,820,078
Staff costs		
- Salaries and wages	134,717,637	126,525,107
- Pension	8,514,408	8,175,694
- Other staff cost	18,286,920	15,677,217
	<u>182,506,922</u>	<u>155,103,705</u>
7. Finance costs		
Interest expense:		
- holding company	12,193,113	18,446,527
- banks	17,091,706	14,845,660
Processing fees	957,250	2,197,230
Corporate guarantee	2,633,293	987,031
	<u>32,875,362</u>	<u>36,476,448</u>

NOTES (CONTINUED)

	2025 ZMW	2024 ZMW
8. Tax		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

There is no tax charge for the year as the company has an investment license (ZDA/146/03/2009) under the Zambia Development Agency (ZDA) Act, No.11 of 2006. The company's profits are subject to tax as below:

- From the year 2017 to 2021, the company will pay tax at the rate of 0%.
- From 2022 to 2024 the company will pay tax on 50% of its taxable profits.
- From 2025 to 2026 the company will pay tax on 75% of its taxable profits.
- From 2027 the company will pay tax on 100% of its taxable profits.

No deferred tax has been recognised in these financial statements because of the tax holiday the Company is currently enjoying.

9. Property, plant and equipment

	Land ZMW	Buildings ZMW	Plant and machinery ZMW	Motor vehicles ZMW	Furniture and fittings ZMW	Total ZMW
Cost						
At start of year	57,296,605	113,584,488	469,100,674	61,430,091	1,701,018	703,112,876
Additions	-	9,220,426	74,609,214	10,882,510	142,880	94,855,030
Disposals	-	-	(5,182,530)	(2,927,035)	-	(8,109,565)
At end of year	<u>57,296,605</u>	<u>122,804,914</u>	<u>538,527,358</u>	<u>69,385,566</u>	<u>1,843,898</u>	<u>789,858,341</u>
Depreciation						
At start of year		15,927,715	167,782,343	30,801,627	1,266,950	215,778,635
Charge for the year	-	2,745,403	40,791,626	9,927,599	92,444	53,557,072
Disposals	-	-	(4,736,973)	(2,629,179)	-	(7,366,152)
At end of year		<u>18,673,118</u>	<u>203,836,996</u>	<u>38,100,047</u>	<u>1,359,394</u>	<u>261,969,555</u>
Net book value						
31 December 2025	<u>57,296,605</u>	<u>104,131,796</u>	<u>334,690,362</u>	<u>31,285,519</u>	<u>484,504</u>	<u>527,888,786</u>
31 December 2024	<u>57,296,605</u>	<u>97,656,773</u>	<u>301,318,331</u>	<u>30,628,464</u>	<u>434,069</u>	<u>487,334,241</u>

Varun Beverages (Zambia) Limited
Annual report and financial statements
For the year ended 31 December 2025

NOTES (CONTINUED)

	2025 ZMW	2024 ZMW
10. Inventories		
Finished goods	61,679,991	38,426,650
Consumables and advertising materials	45,657,990	37,076,459
Raw materials	113,883,167	127,845,650
Goods in transit	16,594,627	-
	<u>237,815,775</u>	<u>203,348,759</u>
Provision for Slow Moving Inventories	(25,067,790)	0
	<u>212,747,985</u>	<u>203,348,759</u>
11 Other Non-current		
Capital advances	4,256,013	5,947,450
Security deposit	1,516,443	534,069
	<u>5,772,456</u>	<u>6,481,519</u>
12. Trade and other receivables		
Current		
Trade receivables	161,184,659	101,264,919
Less: provision for impairment	(9,562,650)	(6,820,078)
Net trade receivables	140,964,135	94,444,841
Prepayments and other receivables	3,766,693	12,355,212
Receivables from related parties (Note 17)	10,657,874	7,127,906
	<u>155,388,702</u>	<u>113,927,959</u>
13. Cash and cash equivalents		
Cash and bank balances	<u>12,755,482</u>	<u>6,633,696</u>
For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:		
Cash and bank balances	<u>12,755,482</u>	<u>6,633,696</u>
	<u>12,755,482</u>	<u>6,633,696</u>
14(a). Share capital		
Authorised, issued and fully paid		
41,578,000 (2024: 20,789,000) Ordinary shares of ZMW 10 each	<u>415,780,000</u>	<u>207,890,000</u>
14(b). Other Equity		
Promoter Contribution in Equity (ESOP Cross - Charge)*	<u>525,430</u>	<u>231,075</u>

*The ESOP cross-charge from Varun Beverages Limited - India for the year ended 31 December 2025 amounts to ZMW 525,430. This represents the allocation of the ESOP cost attributable to KMP of Varun Beverages (Zambia) Limited.

Varun Beverages (Zambia) Limited
Annual report and financial statements
For the year ended 31 December 2025

NOTES (CONTINUED)

	2025	2024
	ZMW	ZMW
15. Trade and other payables		
Current		
Trade payables	56,944,892	56,887,414
Payables to related parties (Note 17)	64,789,744	82,374,085
Security deposits	31,096,300	29,710,769
Other payables and accruals	<u>121,854,342</u>	<u>87,844,446</u>
Total trade and other payables	<u>274,685,278</u>	<u>256,816,714</u>

Security deposits

This relate to amounts paid by distributors for empty containers as security.

NOTES (CONTINUED)

16. Borrowings	2025 ZMW	2024 ZMW
Non-current		
Loans from related parties (Note 17 (v))	<u>65,716,233</u>	<u>271,842,109</u>
	<u>65,716,233</u>	<u>271,842,109</u>
Current		
Bank overdrafts	<u>79,017,501</u>	<u>174,653,808</u>
	<u>79,017,501</u>	<u>174,653,808</u>
Total borrowings	<u><u>144,733,734</u></u>	<u><u>446,495,917</u></u>

Borrowings from HQ

The unsecured loan has no specific repayment terms except the loan from Varun Beverages India Limited which is repayable as per the terms of the respective agreement i.e.

Principal amount \$ 9,655,198 with interest rate Three month SFOR plus 2.5 %

Bank overdrafts

The borrowing facilities expiring within one year and are subject to review during the next financial year.

First National Bank (FNB) Zambia - The overdraft facility with a limit of USD 5,000,000 will attract interest at fixed rate of 6.5% Interest on the Dollar Facility will be charged at the applicable Term SOFR, plus a margin of 1.2%.

First National Bank (FNB) Zambia - This overdraft facility has a limit of ZMW 54,000,000. The variable interest rate will be charged at Bank of Zambia Monetary Policy Committee Rate (,MPR,,) (currently 13.5% per annum) plus a margin of 3% which may be revised during the lifetime of this Facility in response to changes in economic fundamentals including, but not limited to the following:

- a) A change in the Monetary policy rate (MPR) as announced by the 'Bank of Zambia's Monetary Policy Committee' (MPC)
 - b) Disproportionate changes in annual inflation, in comparison to MPR rate;
 - c) Disproportionate changes in the cost of deposits in comparison to MPR;
 - d) Any changes in the regulatory environment; and
 - e) Any other money market factors which may impact the Bank's ability, and/or cost of funding this Facility,
- Based on current MPR rates, the applicable interest rate would be 16.5%

The overdrafts are secured by:

First National Bank(FNB) USD 5,000,000 and ZMW 54,000,000

- i) First legal mortgage securing the sum of United States Dollars Five Million only plus interest on Floating Charge over Company Stock.

Standard Chartered Bank - The overdraft facility has a limit of ZMW 54,000,000. The facility is charged at an interest rate of 3.5% per annum over Bank of Zambia Monetary Policy Rate. The interest is to be paid monthly in arrears.

NOTES (CONTINUED)

17. Related party transactions and balances

The Company is controlled by Varun Beverages Limited, registered in India, which owns 95% of the Company's shares.

The following were the transaction carried out with related parties and the outstanding balances as at the reporting date:

		2025 ZMW	2024 ZMW
i) Sale of goods and services			
- Other related parties		47,832,767	13,163,362
		<u>47,832,767</u>	<u>13,163,362</u>
ii) Purchase of goods and services			
- Other related parties		(158,047,622)	69,944,386
		<u>(158,047,622)</u>	<u>69,944,386</u>
iii) Receivables from related parties (Note 11)	Relationship		
Varun Beverages Mozambique, Sa	Common Shareholding	6,409,331	6,140,404
The Beverages Company	Common Shareholding	4,196,264	-
Varun Beverages Ltd -Rdc Sas	Common Shareholding	52,279	-
Varun Beverages (Zimbabwe) (Pr		-	987,502
		<u>10,657,874</u>	<u>7,127,906</u>

The amounts due from related parties are interest free, unsecured and no fixed repayment period.

iv) Payables to related parties (Note 14)	Relationship		
Varun Beverages Limited-Alwar	Parent	1,518,406	9,116,981
Varun Beverages Limited , Jaipur	Parent	-	4,491,150
Varun Beverages Ltd. Unit 2- Guwahati	Parent	-	7,798,570
Varun Beverages Limited - Mahu	Parent	-	10,378,215
Varun Beverages Ltd- Sri City	Common Shareholding	1,241,787	-
Varun Beverages Ltd- Jamshedpur	Common Shareholding	3,039,220	-
Varun Beverages Limited, Kosi	Common Shareholding	1,537,315	1,433,898
Varun Beverages (Zimbabwe) (Pr	Common Shareholding	3,049,904	5,038,809
Varun Beverages Ltd -Rdc Sas	Common Shareholding	9,250,710	-
Varun Beverages International	Common Shareholding	29,998,573	29,166,694
Varun Foods And Beverages (Zambia) Limited	Common Shareholding	15,153,829	14,949,767
		<u>64,789,744</u>	<u>82,374,085</u>

The amounts due to related parties are interest free, unsecured and no fixed repayment period.

Non-current

v) loans from related parties (Note 15)	Relationship		
Loan Varun Beverages(India) Limited	Parent	65,716,233	271,842,109
		<u>65,716,233</u>	<u>271,842,109</u>
vi) Interest payable		43,883,372	43,466,234
		<u>43,883,372</u>	<u>43,466,234</u>

Principal amount \$ 9,655,198 with interest rate Three month SFOR plus 2.25%.

NOTES (CONTINUED)

	2025 ZMW	2024 ZMW
17. Related party transactions and balances		
vi) Key management compensation	<u>7,507,094</u>	<u>6,177,819</u>
	<u>7,507,094</u>	<u>6,177,819</u>

18. Events after the end of the reporting date

There were no events after the reporting date that requires disclosure or adjustment to these financial statements.

19. Presentation currency

The financial statements are presented in Zambian Kwacha.

Varun Beverages (Zambia) Limited
Annual report and financial statements
For the year ended 31 December 2025

SCHEDULE OF EXPENDITURE

	2024 ZMW	2024 ZMW
1 SELLING AND DISTRIBUTION EXPENSES		
Freight expense	70,183,662	53,317,150
Load and unload - Plant	2,372,949	1,952,507
Secndary vehicle expense	34,315,230	27,816,736
Vehicle expense	26,557,722	14,256,962
Export handling charges	265,223	338,869
Bad debts	2,742,572	175,645
Publicity materials	7,720,840	4,505,250
Merchandiser expense	5,791,466	4,084,617
Sales promotion	21,069,766	14,201,704
Sponsor of events	2,094,814	2,463,340
Execise duty on sale	-	4,908,079
	<u>173,114,237</u>	<u>128,020,859</u>
Total selling and distribution expenses		
2 ADMINISTRATIVE EXPENSES		
Employment:		
Salaries and wages	118,316,872	114,431,269
Overtime	4,755,759	3,787,506
Bonus	1,400,747	846,477
Employer Napsa	3,637,656	3,000,993
Gratuity expense	7,439,170	5,538,688
Skills Developemnt Levy	656,283	627,368
Notice pay	596,860	2,205,021
Staff incentives	5,221,277	3,422,189
Leave encashment	478,378	431,985
Allowances	729,043	409,305
Guest house expenses	335,657	473,621
Festival expense	383,517	290,901
Labour charges hired	11,046,881	9,220,376
Education expense	673,445	580,921
Workers Compensation	879,094	726,259
Staff welfare	818,785	537,033
Staff uniform	384,070	1,214,807
NHIMA	1,026,842	1,020,546
Medical expenses	2,138,396	1,310,704
Staff training	-	3,000
Funeral expenses	305,878	104,830
Share based payment to employees	294,355	194,219
Staff recruitment	422,440	630,377
	<u>161,941,405</u>	<u>151,008,395</u>
Total employment costs		

Other administrative expenses:

Auditor's remuneration	923,722	719,597
Insurance expense	2,643,161	3,041,766
Postage and courier	94,515	47,323
TA / DA fixed Zambia	1,711,933	1,609,706
Subscription fees	1,034,446	487,308
Laboratory and testing	475,633	574,650
Rent, rates and licenses	8,498,679	7,352,854
Security charges	1,619,049	1,098,918
House keeping charges	1,689,890	1,561,799
Telephone and internet	1,427,234	1,211,111
Printing and stationery	966,004	722,871
Staff vehicle expenses	8,591,146	6,422,916
Travel expenses	9,375,587	8,541,163
VISA and immigration expenses	1,213,351	830,749
Legal expenses	481,265	924,488
Professional fees	2,020,063	1,189,757
Other expenses	9,699,915	9,751,517
Rates and taxes	1,338,357	46,000
Bank charges	1,091,240	1,257,235
Water	-	7,492,381
Electricity	28,369,289	9,166,389
Net foreign exchange losses	-	43,527,020
Repairs and maintenance	30,944,757	32,727,445
Fuel consumed	8,966,422	39,091,180
Total other administrative expenses	<u>123,175,658</u>	<u>179,396,143</u>
Total administrative expenses	<u><u>285,117,063</u></u>	<u><u>330,404,538</u></u>

**VARUN BEVERAGES ZIMBABWE
(PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2025**

**PKF CHARTERED
ACCOUNTANTS**

10 MAR 2026

EIGHTH FLOOR TAKUSA HOUSE
67 KWAWE NRUMVA AVE HARARE
T: +263 247075171 T07926 F: +263 24702510

Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended December 31, 2025

General Information

Country of Incorporation and domicile	Zimbabwe
Nature of business and principal activities	The company is in the business of manufacturing and selling beverages for local and export markets.
Directors	Shankar Krishnan Iyer Vijay Kumar Bahl Mhanisi Malaba Rashmi Dhariwal Satyanarayan Sharma Manoj Kumar
Registered office	1824 Corner Simon Mazorodze Road and St George's Street Ardbennie Harare
Bankers	Stanbic Bank Limited CBZ Bank Limited Ecobank Bank Limited Nedbank Zimbabwe Limited ZB Bank Limited NMB Bank Limited First Capital Bank Zimbabwe Limited NBS Bank Limited FBC Bank Limited CABS Zimbabwe Limited
Auditors	PKF Chartered Accountants (Zimbabwe) 8th Floor Takura House 67 Kwame Nkrumah Avenue Harare
Secretary	Mayank Jhunjhunwala



Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended December 31, 2025

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PKF CHARTERED
ACCOUNTANTS

10 MAR 2026

EIGHTH FLOOR, TAKURA HOUSE
ST. KWAME NKRUMAH AVE. HARARE
T: +263 24 702510 F: +263 24 702510

Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended December 31, 2025

Directors' Responsibilities and Approval

The directors are required in terms of the Companies and Other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the next 12 months from the date of signing of this report and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements were prepared under the supervision of Mr Nitish Kohli (Finance Manager).

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 5 to 6.

The financial statements set out on pages 7 to 29, which have been prepared on the going concern basis, were approved by the board of directors on 10/03/2026 and were signed on their behalf by:

Approval of financial statements

Director

Director



Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended December 31, 2025

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Varun Beverages Zimbabwe (Private) Limited for the year ended December 31, 2025.

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31). The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

2. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

3. Directorate

The directors in office at the date of this report are as follows:

Directors
Shankar Krishnan Iyer
Vijay Kumar Bahi
Mhanisi Malaba
Rashmi Dhariwal
Satyanarayan Sharma
Manoj Kumar

4. Events after the reporting period

The full details of the event after the reporting date are in note 25.

5. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient financial resources and facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

6. Secretary

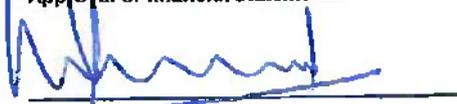
The company secretary is Mr Mayank Jhunjhunwala.

7. Auditors

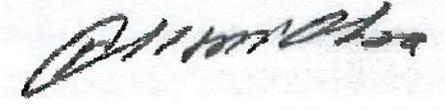
PKF Chartered Accountants (Zimbabwe) are the company auditors.

The financial statements set out on pages 7 to 28, which have been prepared on the going concern basis, were approved by the board of directors on 10/03/2026, and were signed on its behalf by:

Approval of financial statements



Director



Director





PKF Chartered Accountants & Business Advisors
8th Floor Takura House
67 Kwame Nkrumah Avenue
P O Box CY 629
Causeway
Harare

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Independent Auditor's Report

To the members of Varun Beverages Zimbabwe (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Varun Beverages Zimbabwe (Private) Limited (company) set out on pages 7 to 29, which comprise the statement of financial position as at December 31, 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Varun Beverages Zimbabwe (Private) Limited as at December 31, 2025, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Zimbabwe. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Varun Beverages Zimbabwe (Private) Limited financial statements for the year ended December 31, 2025", which includes the Directors' Report and Statement of Directors' Responsibilities and Approval. The other information does not include the financial statements and our auditor's report thereon.

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

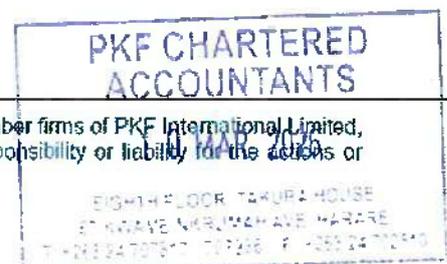
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially 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 the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

PKF Chartered Accountants (Zimbabwe) is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separate and independent legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s).





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Independent Auditor's Report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 International 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 financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company's to cease to continue as a going concern.
- 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.

We communicate with the directors 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.

PKF

PKF Chartered Accountants (Zimbabwe)
Registered Chartered Accountants
Harare

Per: Sydney Bvurere
Engagement Partner
Registered Public Auditor (Zimbabwe)
PAAB Practising Number 0209

10 MARCH 2026

Date



Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

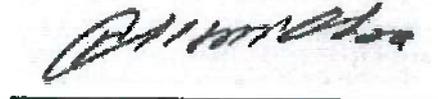
Financial Statements for the year ended December 31, 2025

Statement of Financial Position as at December 31, 2025

Figures in US Dollar	Note(s)	2025	2024
Assets			
Non-Current Assets			
Property, plant and equipment	2	70,222,706	59,563,841
Right-of-use assets	3	3,182,557	3,249,186
Investments at amortised cost	4	898,329	1,722,340
Deferred tax	5	2,465,563	2,292,686
		76,768,155	66,828,053
Current Assets			
Inventories	6	25,498,715	33,377,002
Related parties receivables	7	3,366,731	144,325
Trade and other receivables	8	20,441,725	30,278,181
Cash and cash equivalents	9	5,235,027	4,113,475
		54,542,198	67,912,983
Total Assets		131,311,353	134,741,036
Equity and Liabilities			
Equity			
Share capital	10	1,100	1,100
Retained income		94,880,153	83,566,298
		94,881,253	83,567,398
Liabilities			
Non-Current Liabilities			
Borrowings	11	-	11,840,000
Current Liabilities			
Trade and other payables	12	12,951,791	10,336,516
Related parties payables	13	1,244,601	28,837,979
Borrowings	11	21,840,000	-
Current tax payable		393,708	159,145
		36,430,100	39,333,640
Total Liabilities		36,430,100	51,173,640
Total Equity and Liabilities		131,311,353	134,741,036

The financial statements and the notes on pages 7 to 29, were approved by the board of directors on 10/03/2026 and were signed on its behalf by:


Director


Director

The accounting policies on pages 11 to 20 and the notes on pages 21 to 29 form an integral part of the financial statements.



Varun Beverages Zimbabwe (Private) Limited

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Financial Statements for the year ended December 31, 2025

Statement of Profit or Loss and Other Comprehensive Income

Figures in US Dollar	Note(s)	2025	2024
Revenue	14	184,505,013	184,525,689
Cost of sales	15	(99,397,621)	(92,588,085)
Gross profit		85,107,392	101,937,604
Other operating income	16	21,787	128,227
Operating expenses	17	(70,367,562)	(75,762,873)
Operating profit		14,761,617	26,302,958
Finance costs	18	(1,220,899)	(956,666)
Profit before taxation		13,540,718	25,346,292
Taxation	19	(2,226,861)	(368,873)
Profit for the year		11,313,857	24,977,619
Other comprehensive income		-	-
Total comprehensive income for the year		11,313,857	24,977,619

PKF CHARTERED
ACCOUNTANTS

10 MAR 2026

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Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended December 31, 2025

Statement of Changes in Equity

Figures in US Dollar	Share capital	Retained income	Total equity
Balance at January 1, 2024	1,100	58,588,677	58,589,777
Profit for the year	-	24,977,619	24,977,619
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	24,977,619	24,977,619
Balance at January 1, 2025	1,100	83,566,296	83,567,396
Profit for the year	-	11,313,857	11,313,857
Other comprehensive income	-	-	-
Total comprehensive Income for the year	-	11,313,857	11,313,857
Balance at December 31, 2025	1,100	94,880,153	94,881,253
Note	10		



Varun Beverages Zimbabwe (Private) Limited

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Financial Statements for the year ended December 31, 2025

Statement of Cash Flows

Figures in US Dollar	Note(s)	2025	2024
Cash flows from operating activities			
Profit before taxation		13,540,718	25,346,292
Adjustments for:			
Depreciation and amortisation		8,033,702	5,794,810
Finance costs		1,220,899	956,666
Changes in working capital:			
Inventories		7,878,287	(6,793,447)
Trade and other receivables		9,836,456	(13,298,933)
Trade and other payables		2,615,279	728,950
Related parties balances		(30,815,788)	20,149,137
Cash generated from operations		12,309,553	32,883,475
Finance costs		(1,220,899)	(956,666)
Tax paid	20	(2,165,174)	(2,502,214)
Net cash from operating activities		8,923,480	29,424,595
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(18,868,825)	(28,244,915)
Sale of property, plant and equipment	2	242,886	1,591,047
Purchase of right of use assets		-	(1,084,178)
Movement in investments at amortised cost		824,011	(1,722,340)
Net cash from investing activities		(17,801,928)	(29,460,384)
Cash flows from financing activities			
Movement of borrowings		10,000,000	-
Net cash from financing activities		10,000,000	-
Total cash movement for the year		1,121,552	(36,789)
Cash at the beginning of the year		4,113,475	4,149,264
Total cash at end of the year	9	5,235,027	4,113,475



Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended December 31, 2025

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies and Other Business Entities Act (Chapter 24:31).

The financial statements have been prepared on the historical cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in US Dollars, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Fair value estimation

Several assets and liabilities of the company are either measured at fair value or disclosure is made of their fair values.

The company determine the appropriate valuation techniques and inputs for each valuation.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.



Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended December 31, 2025

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

Residual values and useful lives of property, plant and equipment

The residual values attached to the assets have been estimated to be nil (2024-nil).

Functional Currency

The company maintained the United States Dollars as its functional currency during the year. The directors reviewed their transactions and balances and concluded that their functional currency is the USD. The directors also reviewed and concluded that they were transacting and translating at the official rate which equaled their spot rate.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost or valuation less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

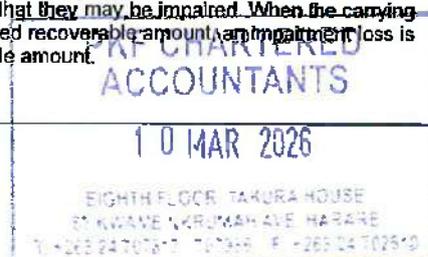
Item	Depreciation method	Average useful life
Buildings	Straight line	20 years
Leasehold property	Straight line	50 years
Plant and machinery	Straight line	10 years
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	5 years
Other property, plant and equipment	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.



Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended December 31, 2025

Accounting Policies

1.3 Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Investments at amortised cost

Classification

Treasury bills are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these treasury bills give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on these treasury bills.

Recognition and measurement

Treasury bills are recognized as a financial asset on the balance sheet when the entity becomes a party to the contractual provisions of the instrument. They are initially measured at fair value plus transaction costs that are directly attributable to the acquisition.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the treasury bill, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on all treasury bills measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk and market conditions since initial recognition of the respective treasury bill.

If impairment is identified, the carrying amount of the treasury bills is adjusted to reflect the present value of expected future cash flows, discounted at the original effective interest rate. The impairment loss is recognized in the profit or loss statement.

1.5 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost.
- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:



Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended December 31, 2025

Accounting Policies

1.5 Financial instruments (continued)

Loans receivable at amortised cost

Classification

Loans to affiliated companies, loans to shareholder, loans to directors, managers and employees, and loans receivable are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Definition of default

For purposes of internal credit risk management purposes, the company consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the company considers that default has occurred when a loan installment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The company writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.



Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended December 31, 2025

Accounting Policies

1.5 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables excluding VAT and prepayments are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance.

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.



Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended December 31, 2025

Accounting Policies

1.5 Financial instruments (continued)

Borrowings and loans from related parties

Classification

Loans from affiliated companies, loans from shareholders and borrowings are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs.

Borrowings expose the company to liquidity risk and interest rate risk. The financial instruments and risk management note details the risk exposure and management thereof.

Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the US Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management.

Trade and other payables

Classification

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.



Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended December 31, 2025

Accounting Policies

1.6 Leases

The Company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense (note) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and net realisable value on the weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

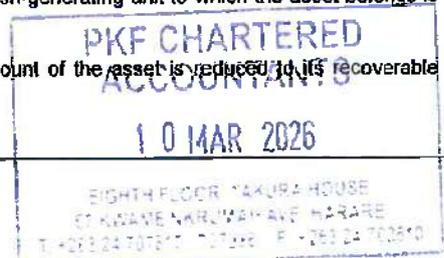
1.8 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.



Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

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Accounting Policies

1.8 Impairment of assets (continued)

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.11 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation 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 obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

1.12 Revenue from contracts with customers

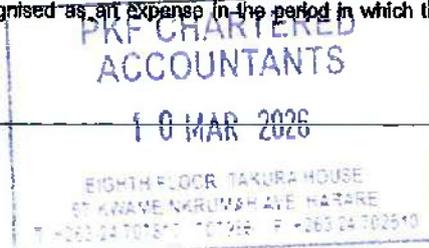
- Sales of beverages
- Sales of snacks
- Sales of biscuits
- Sale of preforms, closures and carbon dioxide.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

The company recognises interest income on a time basis.

1.13 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.



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Financial Statements for the year ended December 31, 2025

Accounting Policies

1.13 Cost of sales (continued)

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the company right to recover products from customers where customers exercise their right of return under the company returns policy.

1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in US Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the company receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the company initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, company determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in US Dollars by applying to the foreign currency amount the exchange rate between the US Dollar and the foreign currency at the date of the cash flow.



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Financial Statements for the year ended December 31, 2025

Accounting Policies

1.16 New Standards and Interpretations

International Financial Reporting Standards and amendments effective for the first time for 31 December 2024 year ends that are relevant to the company.

Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

Annual reporting periods beginning on or after 1 January 2025.

International Financial Reporting Standards and amendments issued but not yet effective for 31 December 2024 that are relevant to the company.

IFRS 18 Presentation and Disclosures in Financial Statements.

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.

Applicable to annual reporting periods beginning on or after 1 January 2027.

Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.

Annual reporting periods beginning on or after 1 January 2026

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

Applicable to annual reporting periods beginning on or after 1 January 2027.

Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)

The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

Annual reporting periods beginning on or after 1 January 2027



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Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

Figures in US Dollar

2025 2024

2. Property, plant and equipment

	2025		2024		Carrying value
	Cost or revaluation	Accumulated depreciation	Carrying value	Accumulated depreciation	
Land	725,802	-	725,802	-	716,122
Buildings	21,742,803	(3,404,647)	18,338,156	(2,713,084)	10,967,181
Plant and machinery	49,065,994	(15,286,818)	33,779,176	(10,769,136)	32,659,177
Furniture and fixtures	594,160	(454,641)	239,519	(384,631)	136,085
Motor vehicles	8,486,987	(2,809,421)	5,677,566	(1,757,451)	3,555,061
Office equipment	946,380	(560,052)	386,328	(429,472)	415,579
IT equipment	598,109	(360,832)	237,277	(265,734)	294,490
Other property, plant and equipment	6,739,762	(4,166,219)	2,573,543	(3,141,665)	3,181,369
Capital - Work in progress	8,265,339	-	8,265,339	-	7,638,767
Total	97,265,336	(27,042,630)	70,222,706	(19,461,173)	59,563,841

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	716,122	9,680	-	-	-	726,802
Buildings	10,967,181	4,871,041	-	3,191,497	(691,563)	18,338,156
Plant and machinery	32,659,177	1,622,098	(125,510)	4,414,961	(4,791,540)	33,779,176
Furniture and fixtures	136,085	173,434	-	-	(70,010)	239,519
Motor vehicles	3,555,061	3,379,120	(98,977)	-	(1,157,638)	5,677,566
Office equipment	415,579	101,330	-	-	(130,581)	386,328
IT equipment	294,490	38,635	(423)	-	(95,425)	237,277
Other property, plant and equipment	3,181,369	440,466	(17,976)	-	(1,030,316)	2,573,543
Capital - Work in progress	7,638,767	8,233,031	-	(7,606,459)	-	8,265,339
Total	59,563,841	18,868,825	(242,886)	(1)	(7,967,073)	70,222,706

PKF CHARTERED
ACCOUNTANTS

10 MAR 2026

EIGHTH FLOOR, TAZARA HOUSE
87, KWARAME VARUNA - ZUBI HARARE
TEL: 00263 2012333333 FAX: 00263 2012333333

Varun Beverages Zimbabwe (Private) Limited

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Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

Figures in US Dollar

2025

2024

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	716,122	-	-	-	-	716,122
Buildings	8,697,467	388,312	(74,921)	2,571,752	(615,429)	10,967,181
Plant and machinery	17,089,988	1,484,291	(1,501,696)	18,923,118	(3,316,524)	32,659,177
Furniture and fixtures	125,836	65,317	-	-	(64,858)	136,095
Motor vehicles	674,381	2,234,997	(14,430)	1,194,978	(634,865)	3,555,061
Office equipment	215,385	326,683	-	-	(126,489)	415,579
IT equipment	191,672	200,462	-	-	(97,644)	294,490
Other property, plant and equipment	2,704,011	1,466,899	-	-	(989,541)	3,181,369
Capital - Work in progress	8,230,661	22,097,954	-	(22,689,848)	-	7,638,767
	38,646,323	28,244,915	(1,591,047)	-	(5,735,350)	59,563,841

3. Right of use asset

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

Leasehold property	3,182,557	3,249,186
--------------------	-----------	-----------

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss.

Leasehold property	66,629	59,460
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4. Investments at amortised cost

Debt investments at amortised cost	898,329	1,722,340
------------------------------------	---------	-----------

Treasury bills	898,329	1,722,340
	898,329	1,722,340

Split between non-current and current portions

Non-current assets	898,329	1,722,340
--------------------	---------	-----------

Varun Beverages received Treasury Bills on 4 April 2024 from the Reserve Bank of Zimbabwe in exchange for funds deposited during an auction. The treasury bills are maturing in 2027.

5. Deferred tax

Deferred tax asset	2,465,563	2,292,686
--------------------	-----------	-----------

Reconciliation of deferred tax asset / (liability)

At beginning of year	2,292,686	-
Income tax movement	172,877	2,292,686
	2,465,563	2,292,686

Varun Beverages Zimbabwe (Private) Limited

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Notes to the Financial Statements

Figures in US Dollar	2025	2024
6. Inventories		
Raw materials, components	11,903,374	20,086,389
Work in progress	7,886	2,226
Finished goods	5,834,885	6,642,804
Stores and spares	7,591,312	6,645,583
Goods in transit	161,258	-
	25,498,715	33,377,002
7. Related parties receivables		
Varun Beverages International	3,230,186	-
Varun Beverages Limited, Zambia	136,545	143,892
Varun Foods (Private) Limited	-	433
	3,366,731	144,325
Split between non-current and current portions		
Current assets	3,366,731	144,325
8. Trade and other receivables		
Financial instruments:		
Trade receivables	10,354,317	7,549,981
Loss allowance	(140,097)	(140,097)
Trade receivables at amortised cost	10,214,220	7,409,884
Advances to suppliers	7,227,927	18,879,701
Other receivables	1,280,637	2,010,824
Non-financial instruments:		
Employee costs in advance	126,222	143,376
Prepayments	1,592,719	1,834,396
Total trade and other receivables	20,441,725	30,278,181
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	525,831	654,955
Bank balances	4,709,186	3,458,520
	5,235,027	4,113,475
Varun Beverages has an overdraft facility with a 90 day repayment term from Ecobank Zimbabwe Limited, at an interest rate of 9% and secured by a corporate guarantee.		
10. Share capital		
Authorised		
1,100 Ordinary shares of \$1 each	1,100	1,100
Issued		
1,100 Ordinary shares of \$1 each	1,100	1,100



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Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

Figures in US Dollar	2025	2024
11. Borrowings		
Held at amortised cost		
Varun Beverages India Limited	11,840,000	11,840,000
ICICI Bank Limited - Dubai	10,000,000	-
	21,840,000	11,840,000
Split between non-current and current portions		
Non-current liabilities	-	11,840,000
Current liabilities	21,840,000	-
	21,840,000	11,840,000
<p>The Varun Beverages India Limited loan had an 8 year repayment term due by 31 December 2025 accruing an interest of SOFR plus 4%.</p> <p>ICICI Bank loan is a working capital loan with an maximum tenor of 90 days repayable after 90 days accruing an interest of SFOR+ 0.85%.</p>		
12. Trade and other payables		
Financial instruments:		
Trade payables	3,425,293	1,252,480
Other payables	3,690,101	4,752,272
Non-financial instruments:		
Accrued leave pay	733,398	545,942
Statutory payables	388,483	364,664
Value added tax payable	3,037,271	2,401,972
Sugar tax and excise duty payable	1,677,265	1,019,186
	12,951,791	10,336,516
13. Related parties payables		
Varun Beverages International	-	26,236,479
Varun Beverages Limited	294,332	2,551,503
The Beverage Company (Private) Limited	1,008	49,997
Varun Beverages DRC SAS	949,263	-
	1,244,801	28,837,979
14. Revenue		
Sale of beverages	163,164,857	194,336,431
Sale of snacks	11,188,332	-
Sale of preforms	7,820,356	105,600
Sale of biscuits	2,217,218	-
Other revenue	114,250	83,658
	184,505,013	194,525,689
15. Cost of sales		
Sale of goods	99,397,621	92,588,085

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Notes to the Financial Statements

Figures in US Dollar	2025	2024
16. Other operating income		
Other income	301	-
Interest received	114	10,582
Profit from sale of property, plant and equipment	21,372	117,665
	21,787	128,227
17. Operating expenses		
Advertising	961,698	1,472,518
Audit fees	34,875	33,600
Bad debts	-	140,097
Bank charges	701,633	743,596
Depreciation, amortisation and Impairments	8,033,702	5,794,810
Distribution expenses	25,933,731	21,178,893
Employee costs	15,333,673	14,285,577
Exchange loss	3,108,518	14,965,628
Insurance	497,760	463,501
Intermediated money transfer tax	1,048,476	1,454,641
Motor vehicle expenses	1,211,152	1,110,296
Other expenses	2,508,456	2,621,193
Professional fees	145,280	179,103
Rent	1,759,614	2,172,529
Security	1,088,135	1,120,700
Technical fees	6,570,191	6,634,813
Travel	1,422,668	1,391,380
	70,367,662	75,762,873
18. Finance costs		
Interest paid	1,220,899	956,666
19. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	2,399,737	2,661,359
Deferred		
Originating and reversing temporary differences	(172,876)	(2,292,686)
	2,226,861	368,673
20. Tax paid		
Balance at beginning of the year	(159,145)	-
Current tax for the year recognised in profit or loss	(2,399,737)	(2,661,359)
Balance at end of the year	393,708	159,145
	(2,165,174)	(2,502,214)
21. Commitments		
Budgeted capital expenditure		
Not yet contracted for and authorised by directors		
• Snacks plant and machinery	10,000,000	5,500,000



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Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

Figures in US Dollar	2025	2024
22. Contingencies		
The company had no contingencies as at 31 December 2025 (2024 - nil).		
23. Related parties		
Relationships		
Fellow subsidiaries	Varun Beverages Zambia Varun Beverages Dubai DMCC Lunamech Technologies Varun Beverages Mozambique The Beverage Company (Private) Limited Varun Foods (Private) Limited	
Shareholder with controlling interest	Varun Beverages India	
Members of key management	Shankar Krishnan Iyer Vijay Kumar Bahl Mhanisi Malaba Rashmi Dhariwal Satyanarayan Sharma Manoj Kumar Mayank Jhunjhunwala	
Related party balances		
Related parties receivables		
Varun Beverages International	3,230,186	-
Varun Beverages Zambia	136,545	143,892
Varun Food (Private) Limited	-	433
Related parties payables		
Varun Beverages Limited	-	26,336,479
Varun Beverages India	294,332	2,551,503
The Beverage Company (Private) Limited	1,006	49,997
Varun Beverages DRC SAS	949,263	-
Loans from related parties		
Varun Beverages India Limited	11,840,000	11,840,000
Related party transactions		
Interest paid to (received from) related parties		
Varun Beverages India	749,958	857,366
Purchases from (sales to) related parties		
Varun Beverages India	4,069,425	8,420,887
Varun Beverages Zambia	1,684,602	272,757
Varun Beverages Dubai DMCC	17,417,232	47,457,357
Lunamech Technologies (Private) Limited	-	440,078
Varun Beverages DRC SAS	2,470,471	-
The Beverage Company (Private) Limited	101,538	140,745
Sales to related parties		
The Beverage Company (Private) Limited	-	840,000
Varun Beverages Zambia	801,761	2,833,894
Varun Beverages DRC SAS	23,760	-
Varun Beverages Mozambique	-	90,800
Technical fees paid to related parties		
Varun Beverages Dubai DMCC	6,570,191	6,634,813
Corporate Guarantee Commission		
Varun Beverages India	38,013	15,068



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Notes to the Financial Statements

Figures in US Dollar		2025	2024
23. Related parties (continued)			
Compensation to directors and other key management			
Key management compensation		262,958	365,793
24. Financial instruments and risk management			
Capital risk management			
The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.			
Related parties payable	13	1,244,801	28,837,979
Borrowings	11	21,840,000	11,840,000
Trade and other payables	12	10,336,518	10,336,515
Total borrowings		33,421,117	51,014,494
Cash and cash equivalents	9	(5,235,027)	(4,113,475)
Net borrowings		28,186,090	46,901,019
Equity		94,881,253	83,567,396
Gearing ratio		30 %	56 %

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Foreign currency risk.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring.

Credit risk exposure arising on cash and cash equivalents is managed by the company through dealing with well-established financial institutions.

The maximum exposure to credit risk is presented in the table below:

		2025			2024		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Related parties receivable	7	3,366,731	-	3,366,731	144,325	-	144,325
Investments at fair value through profit or loss	4	898,329	-	898,329	1,722,340	-	1,722,340
Trade and other receivables	8	18,862,881	(140,097)	18,722,784	28,440,506	(140,097)	28,300,409
Cash and cash equivalents	9	5,235,027	-	5,235,027	4,113,475	-	4,113,475
		28,362,968	(140,097)	28,222,871	34,420,646	(140,097)	34,280,549

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Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

Figures in US Dollar

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24. Financial instruments and risk management (continued)

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table..

2025

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables		9,914,520	9,914,520	9,914,520
Related parties payables	13	1,244,601	1,244,601	1,244,601
Borrowings	11	21,840,000	21,840,000	21,840,000
Current assets				
Trade and other receivables		18,722,784	18,722,784	18,722,784
Related parties receivables	13	3,366,731	3,366,731	3,366,731
Cash and cash equivalents		5,235,027	5,235,027	5,235,027
		27,324,542	27,324,542	27,324,542
		(5,674,579)	(5,674,579)	(5,674,579)

2024

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	12	7,934,544	7,934,544	7,934,544
Affiliated company balances	13	28,837,979	28,837,979	28,837,979
Current assets				
Trade and other receivables		28,300,409	28,300,409	28,300,409
Related parties receivables		144,325	144,325	144,325
Cash and cash equivalents		4,113,475	4,113,475	4,113,475
		32,558,209	32,558,209	32,558,209
		(4,214,314)	(4,214,314)	(4,214,314)

Foreign currency risk

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

25. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.



Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

Figures in US Dollar

2025

2024

26. Events after the reporting period

There are no events after reporting date which have an impact on the financial statements.



**VARUN
BEVERAGES
MOROCCO S.A**

**GENERAL REPORT OF
AUDIT
For the year ended 31
December 2025**



CHAHBI ADVISORY
Expertise Comptable
Commissariat aux Comptes

421, Bd Abdelmoumen 4ème étage N° 16
Casablanca Maroc
Tél : 00 212 522 861 761
Fax : 00 212 522 862 762
E-mail : ahmed@chahbi.com



VARUN BEVERAGES MOROCCO S.A
Bouskoura Casablanca

<p>GENERAL REPORT OF AUDIT For the year ended 31 December 2025</p>
--

Shareholders,

Accordance with the terms of our accord by your General Meeting, we audited the financial statements of the company **VARUN BEVERAGES MOROCCO S.A** attached, which comprise the balance sheet and the statement of income and expenses for the year ended 31 December 2025. These financial statements show an amount of equity to 468.821.696,68 MAD and include a profit of 57.210.774,48 MAD.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these states synthesis, in accordance with accepted accounting standards in Morocco. This responsibility includes, implementing and maintaining internal control relevant to the preparation and presentation of summary statements having no abnormality significant, and the accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards in Morocco. These standards require us to comply with ethical requirements, plan and realize the audit to obtain reasonable assurance whether the financial statements do not contain material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the summary statements. The choice of procedures depend on the judgment of the listener, as well as risk assessment that states synthetic material misstatement. In making those risk assessments, the auditor considers internal control relevant to the entity on the compilation and presentation of summary statements to define procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of it. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the summary statements. We believe that the audit evidence obtained is sufficient and appropriate to our opinion.

Opinion on the financial statements



CHAHBI ADVISORY
Expertise Comptable
Commissariat aux Comptes

We certify that the statements referred to in the first paragraph above are regular and sincere and fairly, in all material respects, fairly the result of operations for the year then ended, the financial position and assets of the company **VARUN BEVERAGES MOROCCO S.A** at 31 December 2025 in accordance with accounting standards admitted in Morocco.

Specific verifications and information

We have also performed the specific verifications required by law and we ensured including the consistency of the information given in the management report to shareholders with the financial statements of the company.

Ahmed CHAHBI
Casablanca January 23, 2026

M. Ahmed CHAHBI
EXPERT COMPTABLE DPLE
421. Bd Abdelmoumen, Imme B N°16
CASABLANCA



CHAHBI ADVISORY
Expertise Comptable
Commissariat aux Comptes

**VARUN
BEVERAGES
MOROCCO S.A**

FINANCIAL STATEMENTS
For the year ended 31
December 2025

Tableau n°1

BILAN (ACTIF)

Société VARUN BEVERAGES MOROCCO S.A

EXERCICE CLOS LE 31/12/2025

	ACTIF	EXERCICE			Net 31/12/2024
		Brut	Amortissements et Provisions	Net 31/12/2025	
A C T I F	IMMOBILISATION EN NON VALEUR (a)	9.049.879,40	8.339.604,91	710.274,49	1.534.234,49
	Frais préliminaires				
	Charges à répartir sur plusieurs exercices	9.049.879,40	8.339.604,91	710.274,49	1.534.234,49
	Primes de remboursement des obligations		-		
	IMMOBILISATIONS INCORPORELLES (b)	696.146,00	136.901,76	559.244,24	57.355,38
	Immobilisations en recherche et développement				
	Brevets, marques, droits et valeurs similaires	696.146,00	136.901,76	559.244,24	57.355,38
	Fonds commercial				
	Autres immobilisations incorporelles		-		
	IMMOBILISATIONS CORPORELLES (c)	1.324.277.756,47	451.245.003,40	873.032.753,07	766.966.084,07
	Terrains	80.551.444,10		80.551.444,10	80.551.444,10
	Constructions	253.125.967,58	54.651.446,29	198.474.521,29	172.306.745,85
	Installations techniques, matériel et outillage	956.001.008,79	371.077.859,10	584.923.149,69	485.259.117,49
	Matériel de transport	17.091.632,99	15.636.234,20	1.455.398,79	2.592.150,28
	Mobiliers, matériel de bureau et aménagements divers	17.135.413,68	9.879.463,81	7.255.949,87	6.591.172,03
	Autres immobilisations corporelles				
	Immobilisations corporelles en cours	372.289,33		372.289,33	19.665.454,32
	IMMOBILISATIONS FINANCIERES (d)	8.189.712,33		8.189.712,33	6.943.264,33
	Prêts immobilisés				
	Autres créances financières	8.189.712,33		8.189.712,33	6.943.264,33
Titres de participation		-			
Autres titres immobilisés					
ECARTS DE CONVERSION - ACTIF (e)				9.936.144,92	
Diminution des créances immobilisées					
Augmentation des dettes de finance				9.936.144,92	
TOTAL I (a+b+c+d+e)	1.342.213.494,20	459.721.510,07	882.491.984,13	785.437.083,19	
A C T I F	STOCKS (f)	177.293.390,69		177.293.390,69	257.389.383,89
	Marchandises	17.792.636,00		17.792.636,00	48.221.968,09
	Matières et fournitures consommables	88.973.660	-	88.973.659,82	136.871.663,93
	Produits en cours	19.489.880,42		19.489.880,42	23.931.660,17
	Produits interm. et produits resid.				
	Produits finis	51.037.214		51.037.214	48.364.092
	CREANCES DE L'ACTIF CIRCULANT (g)	224.954.148,35	10.684.869,86	214.269.278,49	233.633.482,69
	Fournis. débiteurs, avances et acomptes	6.262.507,70		6.262.507,70	33.151.498,91
	Clients et comptes rattachés	145.410.983,06	10.684.869,86	134.726.113,20	128.908.385,29
	Personnel	2.043.684,44		2.043.684,44	2.027.506,35
	Etat	27.930.992,72		27.930.992,72	28.962.549,42
	Comptes d'associés				
	Autres débiteurs				
	Compte de régularisation actif	43.305.980,43		43.305.980,43	40.583.542,72
TITRES ET VALEUR DE PLACEMENT (h)					
ECART DE CONVERSION - ACTIF (i) (Eléments circulants)	130.877,78		130.877,78	475.128,81	
TOTAL II (f+g+h+i)	402.378.416,82	10.684.869,86	391.693.546,96	491.497.995,39	
T R E S O R .	TRESORERIE - ACTIF	8.387.344,58		8.387.344,58	24.605.274,65
	Chèques et valeurs à encaisser	6.373.861,71		6.373.861,71	7.029.688,17
	Banques, T.G & CP	1.802.297,91		1.802.297,91	17.389.066,60
	Caisses, régies d'avances et accréditifs	211.184,96		211.184,96	186.519,88
	TOTAL III	8.387.344,58		8.387.344,58	24.605.274,65
TOTAL GENERAL I+II+III	1.752.979.255,60	470.406.379,93	1.282.572.875,67	1.301.540.353,23	

Tableau n°1

BILAN (PASSIF)

Société VARUN BEVERAGES MOROCCO S.A

EXERCICE CLOS LE 31/12/2025

	PASSIF	Exercice	Exercice
		31/12/2025	31/12/2024
	CAPITAUX PROPRES		
	Capital social ou personnel (1)	869.638.000,00	869.638.000,00
	moins: Actionnaires, capital souscrit non appele dont vers..		
	Moins : Capital appelé		
	Moins : Dont versé		
F	Prime d'emission, de fusion, d'apport		
I	Ecarts de reevaluation		
N	Reserve legale		
A	Autres reserves		
N	Report à nouveau (2)	-458.027.077,80	-505.535.610,03
	Résultat net en instance d'affectation (2)		
C	Resultat net de l'exercice (2)	57.210.774,48	47.508.532,23
E	TOTAL DES CAPITAUX PROPRES (a)	468.821.696,68	411.610.922,20
M	CAPITAUX PROPRES ASSIMILES (b)		
E	Subventions d'investissement		
N	Provisions reglementees		
T	CAPITAUX PROPRES ASSIMILES (Ajout) -		
P	DETTES DE FINANCEMENT (c)	264.843.569,83	397.365.806,26
E	Emprunts obligataires		
R	Autres dettes de financement	264.843.569,83	397.365.806,26
M	DETTES DE FINANCEMENT (Ajout) -		
A	PROVISIONS DURABLES POUR RISQUES ET CHARGES (d)		9.936.144,92
N	Provisions pour charges		
E	Provisions pour risques	-	9.936.144,92
N	ECARTS DE CONVERSION - PASSIF (e)		
T	Augmentation des creances immobilisees		
	Diminution des dettes de financement	-	
	TOTAL I (a+b+c+d+e)	733.665.266,51	818.912.873,38
P	DETTES DU PASSIF CIRCULANT (f)	223.415.735,85	219.173.916,55
A	Fournisseurs et comptes rattaches	159.758.775,42	159.156.609,23
S	Clients crediteurs, avances et acomptes	15.284.236,94	11.831.869,71
S	Personnel	567.490,78	677.308,25
I	Organismes sociaux	7.075.687,22	5.108.821,63
F	Etat	39.438.903,99	33.446.388,50
	Comptes d'associes		6.386.455,49
C	Autres creances		
I	Comptes de regularisation - passif	1.290.641,50	2.566.463,74
R	AUTRES PROVISIONS POUR RISQUES ET CHARGES (g)	130.877,78	475.128,81
C	ECARTS DE CONVERSION - PASSIF (h)(Elements circulants)	133.202,71	326.568,43
U	TOTAL II (f+g+h)	223.679.816,34	219.975.613,79
T	TRESORERIE PASSIF	325.227.792,82	262.651.866,06
R	Credits d'escompte	12.737.247,47	8.976.562,87
R	Credit de tresorerie	240.000.000,00	95.000.000,00
R	Banques (soldes crediteurs)	72.490.545,35	158.675.303,19
	TOTAL III	325.227.792,82	262.651.866,06
	TOTAL I+II+III	1.282.572.875,67	1.301.540.353,23

(1) Capital personnel debiteur

(2) Beneficiaire (+) . deficitaire (-)

Tableau n°2

COMPTE DE PRODUITS ET CHARGES (HORS TAXES)

Société VARUN BEVERAGES MOROCCO S.A

EXERCICE CLOS LE 31/12/2025

		OPERATIONS		Totaux de	Totaux de
		Propres à	Concernant les	L'exercice	L'exercice
		L'exercice	exercices précédents	31/12/2025	31/12/2024
		1	2	3 = 1 + 2	3 = 1 + 2
	I	PRODUITS D'EXPLOITATION			
		Ventes de marchandises	187.204.721,12		187.204.721,12
		Ventes de biens et services produits	1.344.944.034,61		1.344.944.034,61
E		Variation de stock de produits	-1.768.657,00		-1.768.657,00
X		Immobilisations produites pour l'Ese p/elle-même			
P		Subvention d'exploitation			
L		Autres produits d'exploitation			
O		Reprises d'exploitation; transfert de charges	-		
		TOTAL I	1.530.380.098,73		1.530.380.098,73
	II	CHARGES D'EXPLOITATION			
A		Achats revendus de marchandises	114.456.344,16		114.456.344,16
T		Achat consommés de matières et de fournitures	461.139.996,07		461.139.996,07
I		Autres charges externes	508.151.139,36		508.151.139,36
O		Impôts et taxes	123.679.975,55		123.679.975,55
N		Charges de personnel	155.826.465,46		155.826.465,46
		Autres charges d'exploitation			
		Dotations d'exploitation	83.288.180,73		83.288.180,73
		TOTAL II	1.446.542.101,33		1.446.542.101,33
	III	RESULTAT D'EXPLOITATION (I - II)			83.837.997,40
	IV	PRODUITS FINANCIERS			
F		Produits des titres de participation et autres titres immobilisés			
I		Gains de change	6.282.740,91		6.282.740,91
N		Intérêts et autres produits financiers	56.002,49		56.002,49
A		Reprises financières; transfert de charges	10.411.273,73		10.411.273,73
		TOTAL IV	16.750.017,13		16.750.017,13
	V	CHARGES FINANCIERES			
I		Charges d'intérêts	31.697.886,44		31.697.886,44
E		Pertes de changes	4.187.152,44		4.187.152,44
R		Autres charges financières			
		Dotations financières	130.877,78		130.877,78
		TOTAL V	36.015.916,66		36.015.916,66
	VI	RESULTAT FINANCIER (IV - V)			-19.265.899,53
	VII	RESULTAT COURANT (III - VI)			64.572.097,87

1) Variation de stocks : stocks final - stocks initial ;augmentation (+) ;diminution (-)

2) Achats revendus ou consommés : achats - variation de stocks.

Tableau n°2

COMPTE DE PRODUITS ET CHARGES (HORS TAXES) (suite)

Société VARUN BEVERAGES MOROCCO S.A

EXERCICE CLOS LE 31/12/2025

		OPERATIONS		Totaux de	Totaux de	
		Propres à	Concernant les	L'exercice	L'exercice	
		L'exercice	exercices précédents	31/12/2025	31/12/2024	
		1	2	3 = 1 + 2	3 = 1 + 2	
	VII	RESULTAT COURANT (Report)			64.572.097,87	52.026.146,18
	VIII	PRODUITS NON COURANTS				
		Produits des cessions d'immobilisations	491.555,32		491.555,32	31.369.827,92
		Subventions d'équilibre				
		Reprises sur subventions d'investissement				
		Autres produits non courants	69.582,33		69.582,33	20.271,21
		Reprises non courantes; transferts de charges	145.000		145.000,00	7.473.481,29
		TOTAL VIII	706.137,65		706.137,65	38.863.580,42
	IX	CHARGES NON COURANTES				
		Valeurs nettes d'amort. des Immo cédées	1.121.445,92		1.121.445,92	30.448.254,31
		Subventions accordées				
		Autres charges non courantes	3.100.105,83		3.100.105,83	9.133.134,17
		Dotations non courantes aux amortiss. et provision				
		TOTAL IX	4.221.551,75		4.221.551,75	39.581.388,48
	X	RESULTAT NON COURANT (VIII- IV)			-3.515.414,10	-717.808,06
	XI	RESULTAT AVANT IMPOTS (VII+ X)			61.056.683,77	51.308.338,12
	XII	IMPOTS SUR LES RESULTATS			3.845.909,29	3.799.805,89
	XIII	RESULTAT NET (XI - XII)			57.210.774,48	47.508.532,23

	XIV	TOTAL DES PRODUITS (I + IV + VIII)			1.547.836.253,51	1.580.227.193,55
	XV	TOTAL DES CHARGES (II + V + IX + XII)			1.490.625.479,03	1.532.718.661,32
	XVI	RESULTAT NET (XIV - XV)			57.210.774,48	47.508.532,23

VARUN BEVERAGES INTERNATIONAL DMCC

Dubai, United Arab Emirates

FINANCIAL STATEMENTS

(Year Ended December 31, 2025)

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VARUN BEVERAGES INTERNATIONAL DMCC

COMPANY INFORMATION

Shareholder

M/s. Varun Beverages Limited, India

Directors

Mr. Ravi Kant Jaipuria

Mr. Varun Jaipuria

Mr. Satyanarayan Sharma

Mr. Yogendra Pal Gulati

Ms. Gloria Prasad

Manager

Mr. Satyanarayan Sharma

License no.

DMCC-834926

DMCC-834927

Company activities

The principal activities of the Company as per license are "General trading, Management Consultancies and Air Charters for Passengers & Cargo".

Business address

Unit No: AG-20-D,

AG Tower, Plot No. JLT-PH1-I1A

Dubai, United Arab Emirates

Bankers

Standard Chartered Bank

Dubai, United Arab Emirates

Emirates NBD

Dubai, United Arab Emirates

HDFC Bank Ltd

Manama, Bahrain

ICICI Bank Ltd (DIFC Branch)

Dubai, United Arab Emirates

Auditors

TRC PAMCO Middle East Auditing and Accounting L.L.C

P O Box 94570, Dubai, UAE

Tel : +971- 04- 2298777

Email : info@trcpamco.com

VARUN BEVERAGES INTERNATIONAL DMCC

MANAGEMENT REPORT

The management is pleased to present their report together audited financial statements of the Company for the year ended December 31, 2025.

Performance

For the year, the Company has generated a revenue of AED 304.15 million as compared to the previous year revenue of AED 349.39 million. The net loss for the year is AED 14.96 million as compared to the previous year net income of AED 11.69 million.

Principal activities

The principal activities of the Company as per license are "General trading, Management Consultancies and Air Charters for Passengers & Cargo".

Events subsequent to the balance sheet date

There were no major events, which occurred since the year end that materially affect the financial position of the Company.

Auditors

The Company's auditors, TRC PAMCO Middle East Auditing & Accounting L.L.C, now retire and being eligible, offer themselves for re-appointment.

For Varun Beverages International DMCC



Mr. Satyanarayan Sharma
Director
Dubai
March 05, 2026



INDEPENDENT AUDITOR'S REPORT

The Shareholder

Varun Beverages International DMCC
Dubai, United Arab Emirates

Report on the audit of the standalone financial statements of Varun Beverages International DMCC for the year ended December 31, 2025

Opinion

We have audited the accompanying financial statements of Varun Beverages International DMCC ("the Company"), which comprises the statement of financial position as at December 31, 2025, and statement of comprehensive income, statement of changes in equity and statement of cash flows for year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and its financial performance and its cash flows for year ended December 31, 2025 in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA's). Our responsibilities under those standards are further described in the auditors responsibilities for the audit of the financial statements of our report. We are independent of the Company in accordance with the 'International Ethics Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other Ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and their preparation in compliance with the implementing regulations of DMCC authority, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



VARUN BEVERAGES INTERNATIONAL DMCC

INDEPENDENT AUDITOR'S REPORT

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors responsibilities for the audit of the financial statements

Objectives of our audit are to obtain reasonable assurance about whether the 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 ISA's 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 financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgment and maintain professional skepticism through out the audit. We also:

- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



VARUN BEVERAGES INTERNATIONAL DMCC

INDEPENDENT AUDITOR'S REPORT

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.

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.

Report on other legal and regulatory requirements

We confirm that the financial statements comply with provisions of Implementing Regulation 2020 issued by the Dubai Multi Commodities Centre.

TRC PAMCO ME



TRC PAMCO Middle East Auditing & Accounting L.L.C

Reg No: 423

Dubai

March 05, 2026

VARUN BEVERAGES INTERNATIONAL DMCC

Statement of financial position as on December 31, 2025

(Figures in AED)

Notes	As on Dec 31, 2025	As on Dec 31, 2024
TOTAL ASSETS		
Non current assets		
Property, plant and equipment (net)	3 152,427,412	157,042,893
Intangible assets	4 11,358	-
Investment in shares	5 845	845
Capital advances and deposits	6 5,462,182	4,000
Deferred tax assets	7 927,921	-
	158,829,718	157,047,738
Current assets		
Inventory	8 21,951,199	26,714,990
Trade and other receivables	9 77,226,245	130,187,793
Advances and prepayments	10 9,654,360	17,260,856
Fixed deposits	11 1,100,000	1,100,000
Foreign tax credit	12 -	1,354,811
Cash and cash equivalents	13 18,487,901	5,035,996
	128,419,705	181,654,445
	287,249,423	338,702,183
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity		
Share capital	2,749,000	1,000,000
Share premium	90,073,500	-
Retained earnings	23,049,035	38,012,076
ESOP Reserve	415,054	256,198
	116,286,589	39,268,274
Non current liabilities		
Unsecured loan	14 73,082,750	164,895,251
Employee terminal benefits	676,122	320,110
	73,758,872	165,215,362
Current liabilities		
Short term borrowings	15 44,324,408	55,483,730
Trade and other payables	16 21,958,007	45,546,143
Accruals	17 30,921,548	31,833,863
Corporate tax provision	18 -	1,354,811
	97,203,962	134,218,547
	287,249,423	338,702,183
TOTAL EQUITY AND LIABILITIES		

Annexed notes form an integral part of these financial statements.

For Varun Beverages International DMCC



Mr. Satyanarayan Sharma
Director
Dubai
March 05, 2026



VARUN BEVERAGES INTERNATIONAL DMCC

Statement of comprehensive income for the year ended December 31, 2025

<i>(Figures in AED)</i>			
Notes	Year ended Dec 31, 2025	Year ended Dec 31, 2024	
REVENUE			
Revenue from operations	19 304,146,766	349,389,490	
Less: Operating cost	20 (197,327,545)	(231,530,315)	
GROSS INCOME (A)	106,819,221	117,859,174	
EXPENDITURE (B)			
Administrative and general expenses	21 74,079,070	61,717,230	
Depreciation and amortization	18,073,452	16,691,615	
Director Remuneration	31 13,850,995	10,536,103	
	106,003,517	88,944,948	
Operational income for the year (A-B)	815,704	28,914,226	
Finance cost	22 (14,023,757)	(14,969,485)	
Other income	23 103,547	38,611	
Loss on sale of assets	24 (5,168)	-	
Exchange gain/(loss)	806,124	(942,059)	
Net income for the year before tax	(12,303,549)	13,041,294	
Tax expenses	25 (2,659,492)	(1,354,811)	
Net income for the year	(14,963,041)	11,686,483	
Other comprehensive income for the year	-	-	
Net comprehensive income for the year	(14,963,041)	11,686,483	

Annexed notes form an integral part of these financial statements.

For Varun Beverages International DMCC



Mr. Satyanarayan Sharma
Director
Dubai
March 05, 2026



VARUN BEVERAGES INTERNATIONAL DMCC

Statement of cash flow for the year ended December 31, 2025

(Figures in AED)

	Year ended Dec 31, 2025	Year ended Dec 31, 2024
I. OPERATING ACTIVITIES		
Net comprehensive income for the year	(14,963,041)	11,686,483
Depreciation	18,073,452	16,691,615
ESOP expense	158,857	147,969
Net tax expense	212,649	1,354,811
Loss on sale of assets	5,168	-
Finance cost	14,023,757	14,969,485
Unrealized exchange gain/(loss)	9,999	-
Employee terminal benefits expense (net)	356,011	113,114
Operating cash flow before working capital changes	17,876,851	44,963,477
<i>Changes in working capital:</i>		
Decrease/(Increase) in inventory	4,763,791	(21,941,823)
Decrease/(Increase) in trade and other receivables	52,961,548	(106,897,267)
Decrease/(Increase) in advances and prepayments	7,606,496	2,345,571
Decrease/(Increase) in foreign tax credit	-	(1,354,811)
(Decrease)/Increase in trade and other payables	(23,588,136)	35,773,856
(Decrease)/Increase in accruals	(3,031,307)	15,076,886
Corporate tax payment	(1,140,570)	-
Net cash (used In)/generated from operating activities (A)	55,448,672	(32,034,111)
II. INVESTING ACTIVITIES		
Purchase of Property, plant and equipment	(15,040,419)	(79,178,834)
Addition of intangible assets	(13,865)	-
Capital advance made during the year	(5,458,182)	-
Net Proceed from the sale of assets	1,579,787	-
Long term deposit withdrawn	-	27,630
Investment in shares	-	(808)
Net Cash (used In) Investing activities (B)	(18,932,679)	(79,152,012)
III FINANCING ACTIVITIES		
Proceeds from short term borrowings	(11,159,322)	36,373,262
Payment on finance cost	(11,904,765)	(6,477,529)
Net unsecured loan received	-	76,020,891
Net Cash generated from financing activities (C)	(23,064,087)	105,916,624
Net increase/(decrease) in cash and cash equivalents (A+B+C)	13,451,906	(5,269,498)
Cash and cash equivalents at the beginning of the year	5,035,996	10,305,494
Cash and cash equivalents at the end of the year	18,487,901	5,035,996
CASH AND CASH EQUIVALENTS		
Cash in hand	98,301	29,441
Cash at bank	16,985,163	4,399,564
Fund in transit	1,404,437	606,991
Cash and cash equivalents as per cash flow statement	18,487,901	5,035,996

Annexed notes form an integral part of these financial statements.

For Varun Beverages International DMCC



Mr. Satyanarayan Sharma
Director
Dubai
March 05, 2026



VARUN BEVERAGES INTERNATIONAL DMCC

Statement of changes in equity for the year ended December 31, 2025

(Figures in AED)

	Share Capital	Share Premium**	Retained earnings	ESOP Reserve*	Total
As at 01 January 2024	1,000,000	-	26,325,593	108,229	27,433,822
Net comprehensive Income for the year	-	-	11,686,483	-	11,686,483
ESOP given to employees	-	-	-	147,969	147,969
As at 31 December 2024	1,000,000	-	38,012,076	256,198	39,268,274
Net comprehensive loss for the year	-	-	(14,963,041)	-	(14,963,041)
ESOP given to employees	-	-	-	158,857	158,857
Loan conversion into equity**	-	90,073,500	-	-	90,073,500
Additional share capital introduction**	1,749,000	-	-	-	1,749,000
As on December 31, 2025	2,749,000	90,073,500	23,049,035	415,054	116,286,589

*ESOP reserve reflect the amount of shares to be issued to employees of the company by the Parent company as per IFRS 2.

** During the year, the Company converted a portion of the loan due to its Parent Company into equity pursuant to the Board Resolution dated August 19, 2025.

Accordingly, 1,749 ordinary shares were issued at a nominal value of AED 1,000 per share, resulting in an increase in share capital of AED 1,749,000/-. In addition, a share premium of AED 51,500 per share was recognised, amounting to AED 90,073,500/-.

The total loan amount converted into equity therefore amounted to AED 91,822,500/-. This transaction represents a non-cash financing activity.

Annexed notes form an integral part of these financial statements.

For Varun Beverages International DMCC



Mr. Satyanarayan Sharma
Director
Dubai
March 05, 2026



VARUN BEVERAGES INTERNATIONAL DMCC

Significant accounting policies to the financial statements for the year ended December 31, 2025

These financial statements have been prepared for the year ended December 31, 2025.

1. LEGAL STATUS, ACTIVITIES AND MANAGEMENT

1.1 Legal status

Varun Beverages International DMCC ("the Company") was incorporated on January 19, 2022 and registered as a Limited Liability Company with Dubai Multi Commodities Centre Authority (DMCCA), Government of Dubai, UAE vide License No. DMCC-834926 and DMCC-834927.

The registered office of the Company is located in Dubai, United Arab Emirates.

As per the Memorandum of Association and its amendment: the issued, subscribed and paid up capital of the Company as on December 31, 2025 is AED 2,749,000 (United Arab Emirates Dirham Two Million Seven Hundred Forty Nine Thousand only) divided into 2,749 shares of AED 1,000 each. The shareholders as at December 31, 2025 and their share holding in the Company as at the date were as follows:

Company name	Country of incorporation	No. of Share	% of holding	Value (AED)
M/s. Varun Beverages Limited, India	India	2,749	100%	2,749,000
Total		2,749	100%	2,749,000

During the year, the Company converted a portion of the loan due to its Parent Company into equity pursuant to the Board Resolution dated August 19, 2025.

Accordingly, 1,749 ordinary shares were issued at a nominal value of AED 1,000 per share, resulting in an increase in share capital of AED 1,749,000/-. In addition, a share premium of AED 51,500 per share was recognised, amounting to AED 90,073,500/-.

The total loan amount converted into equity therefore amounted to AED 91,822,500/-. This transaction represents a non-cash financing activity.

1.2 Activities

The principal activities of the Company as per license are "General trading, Management Consultancies and Air Charters for Passengers & Cargo".

1.3 Management

The day to day activities is fully controlled and managed by Mr. Satyanarayan Sharma, Indian national bearing passport no. Z7937625 and Manager of the Company as per trade license.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared on standalone basis in accordance with International Financial Reporting Standards (IFRSs) promulgated by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC).

The financial statements are prepared under the historical cost convention.



Significant accounting policies to the financial statements for the year ended December 31, 2025

2.2 Adoption of new and revised international financial reporting standards (IFRS)

(a) New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs have been adopted in this financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangement
- Amendments to IAS 1 Presentation of financial statements relating to Classification of Liabilities as Current or Non-Current
- Amendments to IAS 1 – Non-current Liabilities with Covenants
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback.
- IFRS S1 General Requirements for Disclosure of Sustainability Related Financial Information and IFRS S2 Climate Related Disclosures
- Amendments to IAS 21 – Lack of Exchangeability
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold to an associate or a joint venture (The IASB postponed the effective date of this amendment indefinitely - Early adoption is permitted) ; and
- Amendments to the SASB (Sustainability Accounting Standards Board) standards to enhance their international applicability.

(b) New and revised IFRSs in issue but not yet effective

- Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity (effective for annual periods beginning on or after 1 January 2026)
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instrument and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments is not expected to have any material impact on the financial statements of the company in the year of their initial application.



Significant accounting policies to the financial statements for the year ended December 31, 2025

2.3 Use of estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of assets and liabilities, revenues, expenses and the provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the Year in which the estimate is revised and in any future Years affected.

In particular, information about significant areas of estimation, uncertainty, and critical judgements in applying accounting policies (that have the most significant effect on the amount recognized in the financial statements) are discussed in Notes.

2.4 Revenue recognition

IFRS 15 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Company recognises revenue from contracts with customers based on a five-step model as set out below:

Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.



Significant accounting policies to the financial statements for the year ended December 31, 2025

Step 5 Recognise revenue as and when the Company satisfies a performance obligation.

The Company recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance obligations completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability – advances from customers.

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services, which may include discounts, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised in the statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

2.5 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the statement of comprehensive income as the expense is incurred.



VARUN BEVERAGES INTERNATIONAL DMCC

Significant accounting policies to the financial statements for the year ended December 31, 2025

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets.

Assets	Useful life of assets
Aircraft	7 years
Buildings	30 years
Furniture and fixtures	5 years
Vehicles	5 years
Office equipment	5 years
Computer equipment	5 years

2.6 Intangible assets

Intangible assets meeting the relevant recognition criteria are initially measured at cost, subsequently measured at cost or using the revaluation model, and amortised on a systematic basis over their useful lives (unless the asset has an indefinite useful life, in which case it is not amortised).

Amortization is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Assets	Useful life of assets
Software	5 years

2.7 Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. Expected credit loss is estimated using Simplified approach as per IFRS 9. Bad debts are written off when there is no possibility of recovery.

2.8 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and bank balances.

2.9 Inventories

Inventories are valued at the lower of cost or net realisable value, cost being determined at First in First out (FIFO) method and represents the invoice value of goods purchased plus direct expenses incurred in bringing the inventories to their present state and location.



Significant accounting policies to the financial statements for the year ended December 31, 2025

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale and provision for slow moving and obsolete items, if any.

2.10 Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received. In case the invoices are not available, the same is included in the accruals.

2.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

2.12 Employees' end of service benefits

An accrual is made for employee's entitlements to annual leave and leave passage as a result of service rendered by the employees up to the reporting date.

The accrual relating to annual leave and leave passage is disclosed as a current liability and included in other payables, while that relating to end of service benefits is disclosed as a non-current liability in the statement of financial position.

The Company provides end of service benefits (Gratuity and Leave Encashment) to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

2.13 Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. In the book of lease operating lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Where significant risk and reward transferred to the lease the assets is recognized as finance lease in the books of the lease.

2.14 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at the current spot rates at the date the transaction first qualifies for recognition.



Significant accounting policies to the financial statements for the year ended December 31, 2025

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2.15 Fair value measurement

Fair value 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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting Year.

This note summarises accounting policy for fair value.



Significant accounting policies to the financial statements for the year ended December 31, 2025

2.16 Financial instruments

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

a) Financial assets

Initial recognition and subsequent measurement

Financial assets are classified, at initial recognition, are classified as at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (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 losses arising from impairment are recognised in the Statement of comprehensive income.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.



Significant accounting policies to the financial statements for the year ended December 31, 2025

Debt instrument at FVTPL

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

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.



Significant accounting policies to the financial statements for the year ended December 31, 2025

Impairment of financial assets

In accordance with IFRS 9, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Lease receivables under IFRS 16
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15 (referred to as contractual revenue receivables' in these financial statements)

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract assets; and
- All lease receivables resulting from transactions within the scope of IFRS 16.

The Company recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent Year, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider.

-All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.



Significant accounting policies to the financial statements for the year ended December 31, 2025

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's 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 companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.



Significant accounting policies to the financial statements for the year ended December 31, 2025

b) 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, or payables, as appropriate.

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

The Company's financial liabilities include trade and other payables.

Subsequent measurement

- Financial liabilities at fair value through profit or loss.
- Financial liabilities at fair value through profit or loss 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.
- Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Derecognition

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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2.17 Offsetting of financial instruments

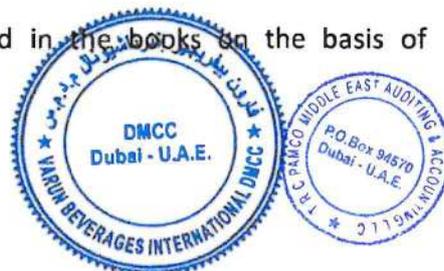
Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.18 Share capital

Proceeds from issuance of ordinary shares are recognized as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.19 Value Added Tax

Value Added Tax (VAT) asset/ liability is recognized in the books on the basis of regulations defined by Tax Authorities.



VARUN BEVERAGES INTERNATIONAL DMCC

Significant accounting policies to the financial statements for the year ended December 31, 2025

Expenses and assets are recognized net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the financial statements.

2.20 UAE Corporation Tax law and application of IAS 12 Income Taxes

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1st June 2023.

The company will be subject to a corporate tax rate ranging from 0% to 9% on taxable income above a threshold of AED 375,000 for periods beginning on or after 1 June 2023. Decision No. 116 of 2022 specifies the threshold of income (as AED 375,000) over which a corporate tax of 9% would apply and accordingly, the CT Law is now considered to be substantively enacted.

For the Company, current taxes is accounted to the financial statements for the year beginning January 01, 2025 as per the guideline issued by UAE Federal Tax Authority (FTA). In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the financial year ended December 31, 2025.

The taxable income of the Company for UAE CT purposes is subject to the rate of 9% corporate tax. It is not currently foreseen that the Group's UAE operations will be subject to the application of the Global Minimum Tax rate of 15% in FY2025. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by the countries where the Group operates and the enactment of Pillar Two rules by the UAE MoF.



VARUN BEVERAGES INTERNATIONAL DMCC

Significant accounting policies to the financial statements for the year ended December 31, 2025

The company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under UAE Corporate Tax Laws. Since the law requires such information and documentation to be contemporaneous in nature, the company is in the process of updating the documentation of transactions with the related parties/ enterprises during the financial year 2025 and expects such records to be in existence latest by the due date as per the law. The management is of the opinion that its transactions with the related parties are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

2.21 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognized because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognized on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.



VARUN BEVERAGES INTERNATIONAL DMCC

Notes to the financial statements for the year ended December 31, 2025

3. PROPERTY, PLANT AND EQUIPMENT (NET)

(Figures in AED)

Particulars	Aircraft	Buildings	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Total
Gross block							
As on January 01, 2024	80,611,375	8,589,362	1,980,828	4,906,000	166,279	10,810	96,264,654
Additions during the year	78,655,407	1,814,491	168,284	376,902	-	-	81,015,084
As on December 31, 2024	159,266,782	10,403,853	2,149,112	5,282,902	166,279	10,810	177,279,737
Additions	1,821,560	10,198,605	-	2,773,110	220,569	26,576	15,040,419
Deletions	-	-	(1,886,947)	(992,000)	-	-	(2,878,947)
As on December 31, 2025	161,088,342	20,602,458	262,166	7,064,012	386,847	37,385	189,441,210
Accumulated Depreciation							
As on January 01, 2024	2,318,957	241,232	116,288	827,595	38,015	3,142	3,545,229
Depreciation charge for the year	14,888,011	313,761	413,086	1,041,340	33,256	2,162	16,691,615
As on December 31, 2024	17,206,969	554,993	529,374	1,868,934	71,271	5,304	20,236,844
Depreciation charge for the year	15,983,072	475,036	334,700	1,223,681	50,495	3,961	18,070,945
Deletions	-	-	(754,779)	(539,213)	-	-	(1,293,992)
As on December 31, 2025	33,190,040	1,030,030	109,295	2,553,402	121,766	9,264	37,013,798



Net Value

As on December 31, 2025	127,898,301	19,572,428	152,871	4,510,610	265,081	28,121	152,427,412
As on December 31, 2024	142,059,813	9,848,860	1,619,738	3,413,968	95,007	5,506	157,042,893



VARUN BEVERAGES INTERNATIONAL DMCC

Notes to the financial statements for the year ended December 31, 2025

4. INTANGIBLE ASSETS*(Figures in AED)*

Particulars	Softwares	Total
Gross block		
As on January 01, 2025	-	-
Additions	13,865	13,865
Deletions	-	-
As on December 31, 2025	13,865	13,865
Accumulated amortization		
As on January 01, 2025	-	-
Depreciation charge for the year	2,507	2,507
Deletions	-	-
As on December 31, 2025	2,507	2,507
Net Value		
As on December 31, 2025	11,358	11,358
As on December 31, 2024	-	-



VARUN BEVERAGES INTERNATIONAL DMCC

Notes to the financial statements for the year ended December 31, 2025

	(Figures in AED)	
	As on Dec 31, 2025	As on Dec 31, 2024
5. INVESTMENT IN SHARES		
M/s. Varun Beverages RDC SAS, Congo*	37	37
M/s. VBL Mozambique SA, Mozambique**	808	808
	<u>845</u>	<u>845</u>
<p>* Company incorporated in Congo on January 24, 2023. Investment is made in 0.10% share capital of the Company represented by 1 Share of USD 10 each share converted at fixed exchange rate of AED 3.67 per USD.</p> <p>** Company incorporated in Mozambique on January 31, 2024. Investment is made in 1% share capital of the Company represented by 100 Shares of MZN 100 each share converted at exchange rate of MZN 12.38 per AED.</p>		
6. CAPITAL ADVANCES AND DEPOSITS		
Advances*	5,458,182	-
Deposits**	4,000	4,000
	<u>5,462,182</u>	<u>4,000</u>
<p>*The advance represents 5% of the total contractual purchase price of six commercial units located in the United Arab Emirates (UAE). The amount has been paid in accordance with the terms of the respective sale and purchase agreements and will be adjusted against the total consideration payable upon completion and transfer of ownership.</p> <p>** Long term deposits represents DEWA and rent deposits. As per Management opinion, these are non current assets in nature.</p>		
7. DEFERRED TAX ASSETS		
Opening Balance	-	-
Deferred tax recognition for the year	927,921	-
Closing Balance	<u>927,921</u>	<u>-</u>
8. INVENTORY		
Goods in transit	21,951,199	26,714,990
	<u>21,951,199</u>	<u>26,714,990</u>
<p>As valued, confirmed and certified by the management.</p>		
9. TRADE AND OTHER RECEIVABLES		
Trade receivables	56,632,118	117,569,442
Other receivables	20,594,127	12,618,351
Less: Provision for expected credit loss (ECL)	-	-
	<u>77,226,245</u>	<u>130,187,793</u>



VARUN BEVERAGES INTERNATIONAL DMCC

Notes to the financial statements for the year ended December 31, 2025

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the date of adoption of the accounts. Management has taken the current market conditions and payment received subsequent to the reporting date when assessing the credit quality of trade receivables and accordingly provision for doubtful debts is considered.

(Figures in AED)

	As on Dec 31, 2025	As on Dec 31, 2024
Not due	1,288,348	4,714,403
Due to for less than 30 days	10,388,842	13,084,141
Due for more than 30 days and less than 60 days	13,137,872	8,936,817
Due for more than 60 days and less than 90 days	5,091,127	3,106,871
Due for more than 90 days and less than 120 days	2,944,998	9,405,737
Due for more than 120 days	44,375,059	90,939,825
	77,226,245	130,187,793
<i>Breakup for trade and other receivables as on year end:</i>		
Receivable from related parties	55,063,911	116,493,147
Receivable from others	22,162,334	13,694,646
	77,226,245	130,187,793

10. ADVANCES AND PREPAYMENTS

Prepayments	327,518	144,220
Staff advances	610,066	140,501
Supplier advances*	8,716,776	16,976,135
	9,654,360	17,260,856

*It represents advance payment made to supplier for the future purchases, which are interest free and will be adjusted for the purchases subsequently after end of year.

11. FIXED DEPOSIT

Fixed deposit*	1,100,000	1,100,000
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*The Company is having fixed deposit amounting to AED 1,100,000/- with Emirates NBD Bank as on December 31, 2025 whose tenure is one year autorenewal.

12. FOREIGN TAX CREDIT

Foreign tax credit*	-	1,354,811
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* Foreign tax credits represents with holding tax of foreign jurisdictions, for the services provided during the year.



VARUN BEVERAGES INTERNATIONAL DMCC

Notes to the financial statements for the year ended December 31, 2025

(Figures in AED)

	As on Dec 31, 2025	As on Dec 31, 2024
13. CASH AND CASH EQUIVALENTS		
Cash in hand	98,301	29,441
Cash at bank	16,985,163	4,399,564
Fund in transit*	1,404,437	606,991
	18,487,901	5,035,996

*Fund in transit represent the fund remitted before the year end and credited subsequently in the bank account of the company.

14. UNSECURED LOAN

M/s. Varun Beverages Limited, India	73,082,750	164,895,251
	73,082,750	164,895,251

During the year, the Company converted a portion of its existing loan amounting to USD 25 million into equity in accordance with the Board Resolution dated August 19, 2025. The conversion has been recognised as a non-cash financing transaction.

The remaining outstanding loan balance continues to bear interest at LIBOR plus 4% per annum up to 30 June 2023. Pursuant to an amendment to the loan agreement, interest is charged at 3-month SOFR plus 2% per annum thereafter. The loan is repayable five years from the respective date of drawdown.

15. SHORT TERM BORROWINGS

Bank overdraft	-	3,995,531
Working capital facility	44,324,408	51,488,199
	44,324,408	55,483,730

The Company has designated facility (DF) of overall limit up to USD 25 million in respect of Import letter of credit - unsecured for purchase of raw material from Standard Chartered Bank, Dubai, UAE with a sub-limit designated facility which comprise Overdraft of USD 5.0 million as stated in Note No. 28 to the financial statement.

The Company has working capital facility of overall limit up to USD 25 million in respect of working capital demand loan from ICICI Bank Ltd (DIFC Branch), Dubai, UAE with a sub-limit designated facility which comprise letter of credit for purchase of raw materials, consumable stores etc. of USD 25 million as stated in Note No. 29 to the financial statement.

16. TRADE AND OTHER PAYABLES

Trade payables	15,822,728	40,173,398
Other payables	6,135,279	5,372,745
	21,958,007	45,546,143



VARUN BEVERAGES INTERNATIONAL DMCC

Notes to the financial statements for the year ended December 31, 2025

	(Figures in AED)	
	As on Dec 31, 2025	As on Dec 31, 2024
<i>Breakup for trade & other payable as on year end:</i>		
Payable to related parties	125,177	3,616,800
Payable to others	21,832,830	41,929,343
	21,958,007	45,546,143
17. ACCRUALS		
Interest payable for unsecured loan	18,555,719	16,450,290
Corporate guarantee commission payables	312,904	299,342
Customer advances	12,009,063	15,084,231
Customer deposits	43,861	-
	30,921,548	31,833,863
18. CORPORATE TAX PROVISION		
	-	1,354,811
Opening tax provision	1,354,811	-
Current tax expense	29,208	1,354,811
Foreign tax credit utilization	(243,449)	-
Payment made during the year	(1,140,570)	-
Corporate tax provision	-	1,354,811
(Figures in AED)		
	Year ended Dec 31, 2025	Year ended Dec 31, 2024
19. REVENUE FROM OPERATIONS		
Sale of products	233,480,092	271,501,534
Aircraft charges income*	7,826,098	11,805,619
Management fee income**	62,840,576	66,082,337
	304,146,766	349,389,490

The company generated the revenue from sales of goods recognized at point in time and from management fee from and related parties and aircraft income recognized at over the period of time. The disaggregated revenue from contracts with customers by timing of revenue recognition, geographical segments and parties wise are presented below.

*All revenue earned from aircraft charges income which provided to holding company.

**Include the revenue earned from management consultancies which provided to group entities outside U.A.E.

Timing of revenue recognition:

- At a point in time
- Over time



233,480,092	271,501,534
70,666,673	77,887,956
304,146,766	349,389,490



VARUN BEVERAGES INTERNATIONAL DMCC

Notes to the financial statements for the year ended December 31, 2025

	<i>(Figures in AED)</i>	
	Year ended Dec 31, 2025	Year ended Dec 31, 2024
Primary geographical segments:		
- Within UAE	-	-
- Outside UAE	304,146,766	349,389,490
	304,146,766	349,389,490
Party wise breakup:		
- Revenue generated from related parties	264,688,890	282,636,330
- Revenue generated from third parties	39,457,876	66,753,160
	304,146,766	349,389,490
20. OPERATING COST		
Cost of goods sold	197,327,545	231,530,315
	197,327,545	231,530,315
21. ADMINISTRATIVE AND GENERAL EXPENSES		
Aircraft & Vehicle maintenance and running expenses	39,442,600	34,190,344
Consultancy Charges	15,452,976	11,796,092
Employee cost	7,793,285	4,283,113
Travelling and conveyance	5,481,930	5,348,708
Marketing and business promotional expense	1,966,788	1,067,798
Rates and taxes	-	1,279,690
Legal and professional expenses	1,581,359	614,819
Bank charges	792,273	853,738
Repair and maintenance	642,225	1,698,038
General office and other miscellaneous expenses	350,377	245,089
Utility expense	333,874	223,682
License and registration cost	92,660	76,070
Insurance	88,327	40,050
Rent	60,396	-
	74,079,070	61,717,230



VARUN BEVERAGES INTERNATIONAL DMCC

Notes to the financial statements for the year ended December 31, 2025

(Figures in AED)

	Year ended Dec 31, 2025	Year ended Dec 31, 2024
22. FINANCE COST		
Interest on unsecured loan	9,631,136	11,252,586
Corporate bank guarantee*	1,231,437	921,217
Interest on working capital facility	3,161,184	2,795,681
	<u>14,023,757</u>	<u>14,969,485</u>

* Holding company is charging @ 1% p.a as commission of the maximum amount utilized on any given date in the year, for extending the Corporate Guarantee in favour of Standard Chartered Bank, Dubai Branch and ICICI Bank, DIFC Branch, Dubai up to a maximum limit of USD 52.5 Million to avail Credit facility from Bank for business purpose.

23. OTHER INCOME

Rental income*	73,102	-
Interest on fixed deposit	30,446	38,611
	<u>103,547</u>	<u>38,611</u>

* Rental income represents income generated from the Company's commercial units that are rented out to third parties during the year in accordance with the respective tenancy contract agreements.

24. LOSS ON SALE OF ASSETS

Loss on sale of assets	5,168	-
	<u>5,168</u>	<u>-</u>

25. TAX EXPENSE

Current corporate tax:

Current corporate tax expense	-	1,354,811
Tax provision related to prior year	29,208	-
Foreign tax credit/WHT expenses*	2,446,844	-
Foreign tax credit/WHT expenses related to prior year	1,111,362	-

Deferred tax:

Deferred tax income	(927,921)	-
	<u>2,659,492</u>	<u>1,354,811</u>

* Foreign tax credit/WHT expenses represents the with holding tax of foreign jurisdictions for the service income generated outside UAE.



VARUN BEVERAGES INTERNATIONAL DMCC

Notes to the financial statements for the year ended December 31, 2025

26. FINANCIAL INSTRUMENTS

The management believes that the fair value of the financial assets and liabilities are not significantly different from their carrying amounts at balance sheet date.

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed. The primary risks to which the business is exposed, comprise credit risks, liquidity risks and market risks.

a. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company does not have any significant currency risk as the Company's transactions are mainly in United States Dollar (USD) and United Arab Emirates Dirhams (AED).

b. Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the end of the reporting year. The Company has no significant concentration of credit risk. Cash balance is held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

The Company's bank accounts are placed with high credit quality financial institutions. The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Credit risk is limited to the carrying value of financial assets in the balance sheet.

The maximum exposure to credit risk at the end of the reporting period was:

	<i>(Figures in AED)</i>	
	As on Dec. 31, 2025	As on Dec. 31, 2024
Trade and other receivables	77,226,245	130,187,793
Advances	9,326,842	17,116,636
Fixed deposits	1,100,000	1,100,000
Foreign tax credit	-	1,354,811
Cash and cash equivalents	18,487,901	5,035,996
	106,140,989	154,795,236

c. Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to change in market interest rates. The Company is exposed to fluctuations on market interest rate as borrowing from related parties bearing interest @ 2% p.a. plus 3 month SOFR.



VARUN BEVERAGES INTERNATIONAL DMCC

Notes to the financial statements for the year ended December 31, 2025

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 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.

(Figures in AED)

	Profit/(loss) for the year		Equity	
	+1%	-1%	+1%	-1%
December 31, 2025	(15,693,869)	(14,232,214)	115,555,762	117,017,417

d. Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from inability to sell a financial asset quickly at close to its fair value.

(Figures in AED)

	Carrying value	0 to 1 year	1 to 5 years	More than 5 years
As on December 31, 2025				
Unsecured loan	73,082,750	-	73,082,750	-
Short term borrowings	44,324,408	44,324,408	-	-
Trade and other payables	21,958,007	21,958,007	-	-
Accruals	30,921,548	30,921,548	-	-
	170,286,712	97,203,962	73,082,750	-
As on December 31, 2024				
Unsecured loan	164,895,251	-	164,895,251	-
Short term borrowings	55,483,730	55,483,730	-	-
Trade and other payables	45,546,143	45,546,143	-	-
Accruals	31,833,863	31,833,863	-	-
Corporate tax provision	1,354,811	1,354,811	-	-
	299,113,799	134,218,547	164,895,251	-

e. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged during the year.

27. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There are no significant events occurring after the balance sheet date, which require disclosure in the financial statements.



VARUN BEVERAGES INTERNATIONAL DMCC

Notes to the financial statements for the year ended December 31, 2025

28. The Company has designated facility (DF) of overall limit up to USD 25 million in respect of Import letter of credit - unsecured for purchase of raw material from Standard Chartered Bank, Dubai, UAE. The company have sub-limit designated facilities which comprising Overdraft of USD 5 million, Import loan up to USD 16 million, Import letter of credit- unsecured up to USD 8 million, Import letter of credit- secured up to USD 33 million and Loan against trust receipt (LATR) up to USD 16 million. The sum of the utilised portions of all Designated Sub-limits shall not exceed the relevant Designated Facility limit of USD 25 million.

The facilities are secured by:

- a. A Registrable charge over secured assets of the borrower;
 - b. Corporate Guarantee of the Varun Beverages Limited, India (Holding Company) up to 100% of the facility amount;
29. The Company has working capital facility of overall limit up to USD 25 million in respect of working capital demand loan from ICICI Bank Ltd (DIFC Branch), Dubai, UAE with a sub-limit designated facility which comprise letter of credit for purchase of raw materials, consumable stores etc. of USD 25 million. The sum of the utilised portions of Sub-limits shall not exceed the relevant working capital Facility limit of USD 25 million.

The facilities are secured by:

- a. Facility was granted without a security;
- b. Corporate Guarantee of the Varun Beverages Limited, India (Holding Company) up to 100% of the facility amount;

30. CONTINGENT LIABILITIES

As represented by the management, except for the ongoing commitments in the normal course of business against which no loss is expected, there are no other known contingent liabilities existing at the reporting date other than disclosed in the financials.

31. RELATED PARTY TRANSACTIONS

The Company in the normal course of business enters into transactions with other business enterprises that fall within the definition of Related Party contained in the International Accounting Standard. Related parties comprises companies and entities under common ownership and/ or common management and control and key management personnel. The Company's management decides on the term and conditions of such related party transactions as well as on other services and charges.



VARUN BEVERAGES INTERNATIONAL DMCC

Notes to the financial statements for the year ended December 31, 2025

Following are the related parties and the nature of relationship:

Name of the related party	Relationship
M/s. Varun Beverages Limited, India	Holding company
M/s. Varun Beverages (Zimbabwe) Pvt. Ltd	Fellow subsidiaries
M/s. Wellness Holdings Limited	Key Management Personnel has significance influence
M/s. Lunarmech Technologies Private Limited	Fellow subsidiaries
M/s. Varun Beverages Morocco SA.	
M/s. Varun Beverages (Zambia) Ltd	
M/s. Varun Beverages Lanka Pvt. Ltd.	
M/s. Varun Beverages RDC SAS	
M/s. Varun Beverages (Nepal) Private Limited	
Mr. Ravi Kant Jaipuria	Key Management Personnel
Mr. Satyanarayan Sharma	
Mr. Yogendra Pal Gulati	
Ms. Gloria Prasad	

Transactions with related parties during the year are as below:

(Figures in AED)

Name of the related party	Nature of the transaction	Year ended Dec 31, 2025	Year ended Dec 31, 2024
M/s. Varun Beverages Limited, India	Net Loan taken	-	76,020,891
	Loan conversion into equity	(91,822,500)	-
	Interest exp.	9,631,136	11,252,586
	Aircraft income	7,826,098	11,805,619
M/s. Varun Beverages Limited, India	Management fee income	3,450,000	-
	Corporate guarantee comm.expense	1,231,437	921,217
	Support Service	50,250	24,429
M/s. Varun Beverages (Zimbabwe) Pvt. Ltd	Sales	64,115,018	174,643,074
	Management fee income	24,129,029	24,366,351



VARUN BEVERAGES INTERNATIONAL DMCC
Notes to the financial statements for the year ended December 31, 2025
(Figures in AED)

Name of the related party	Nature of the transaction	Year ended Dec 31, 2025	Year ended Dec 31, 2024
Varun Beverages (Nepal) Private Limited	Management fee income	11,390,299	11,060,486
M/s. Lunarmech Technologies Private	Purchase	6,831,344	12,703,508
M/s. Varun Beverages (Zambia) Ltd	Sales	13,518,713	3,812,233
M/s. Varun Beverages Morocco SA.	Sales	-	14,934,276
M/s. Varun Beverages Lanka Pvt. Ltd.	Sales	6,182,606	1,870,176
M/s. Varun Beverages RDC SAS	Sales	134,037,270	40,144,115
Mr. Ravi Kant Jaipuria	Director Remuneration	12,000,000	9,000,000
Mr. Satyanarayan Sharma		1,549,795	1,281,703
Mr. Yogendra Pal Gulati		180,000	168,000
Ms. Gloria Prasad		121,200	86,400
Mr. Satyanarayan Sharma	Travel expense	39,489	-

Balances of due from/(due to) related parties as at year end is as below:

(Figures in AED)

Name of the related party	Nature of balance	As on Dec 31, 2025	As on Dec 31, 2024
M/s. Varun Beverages Limited, India	Unsecured loan	(73,082,750)	(164,895,251)
	Interest payables	(18,555,719)	(16,450,290)
	Trade receivables	614,409	8,764,201
	Corporate Guarantee commission payable	(312,904)	(299,342)
	Other payable	(10,268)	(6,387)
M/s. Varun Beverages (Zimbabwe) Pvt. Ltd	Customer advances	(11,862,860)	-
Varun Beverages (Nepal) Private Limited	Trade receivables	-	96,353,476
M/s. Varun Beverages RDC SAS		984,862	1,283,899
M/s. Varun Beverages (Zambia) Ltd		48,532,034	3,797,449
M/s. Varun Beverages Morocco SA.		4,932,606	3,804,464
M/s. Lunarmech Technologies Private Limited	Trade payables	(114,909)	43,610,413
Mr. Yogendra Pal Gulati	Advances	-	32,000



Notes to the financial statements for the year ended December 31, 2025

32. SEGMENT REPORTING

There are no separate business line to be reported as per the management and hence, there are no reportable business segment.

33. KEY SOURCES OF ESTIMATION UNCERTAINTY

a. Useful lives of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

b. Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The 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.

c. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

34. GENERAL

34.1 Figures in the financial statements are rounded off to the nearest United Arab Emirates Dirhams (AED).

34.2 Previous year figures are regrouped and (or) reclassified, wherever necessary for better presentation of financial statements.



VARUN BEVERAGES INTERNATIONAL DMCC

Notes to the financial statements for the year ended December 31, 2025

34.3 In the opinion of the management, all the assets as shown in the financial statements are existing and realizable at the amount shown against them, and there are no liabilities against the concern, contingent or otherwise, not included in the above financial statements.

For Varun Beverages International DMCC



Mr. Satyanarayan Sharma
Director
Dubai
March 05, 2026





VARUN BEVERAGES RDC SAS

Auditor report on financial statements
for the year ended 31 December 2025

12 March 2026

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with the French version.

To shareholders of
VARUN BEVERAGES RDC SAS
1, Avenue Ngongo Lutete
Concession RAFI
Kinshasa/Gombe
Democratic Republic of Congo

**AUDITOR REPORT
FINANCIAL STATEMENTS
FOR TH YEAR ENDED 31 DECEMBER 2025**

In compliance with the assignment entrusted to us by you, we hereby report to you, for the year ended 31 December 2025, on:

- The audit of the accompanying financial statements of the company VARUN BEVERAGES RDC SAS.;
- The specific verifications and information required by law.

The annual financial statements of VARUN BEVERAGES RDC SAS are characterized by the following figures expressed in Congolese Franc (CDF):

	<u>31/12/2025</u>	<u>31/12/2024</u>
Total balance sheet	460 594 209 669	380 284 271 401
Equity	231 622 958 693	8 648 657 485
Profit of the year	12 974 301 208	2 171 115 802
Total revenue	156 228 539 372	113 364 024 810
Total expenses	143 254 238 164	111 192 909 008
Total inventories	52 770 125 058	51 671 836 346
Payroll	14 596 648 783	6 567 930 747

I. AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of VARUN BEVERAGES RDC SAS, which comprise the balance sheet as at 31 December 2025, and the profit and loss, the cash flows for the year then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the balance sheet of VARUN BEVERAGES RDC SAS as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with the OHADA Uniform Act related to the accounting and financial information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are described in more detail in the section "Statutory Auditor's responsibilities" of this report.

We are independent of the Company in accordance with the Code of Professional Conduct for Accountants of the International Accounting Standards Board (the IESBA Code) established by Regulation N°01/2017/CM/OHADA on the Harmonization of the Practices of Accounting and Auditing Professionals. the member countries of the OHADA and those who oversee the statutory audit and we have fulfilled the other ethical responsibilities incumbent upon us according to these rules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management and those charges with governance for the financial statements

The annual financial statements have been prepared and adopted by the Board of Directors.

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with OHADA Uniform Act related to accounting right and financial information and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative to do so.

The Board of directors is responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance that the annual financial statements taken as a whole are free of material misstatement, whether due to fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, which does not, however, guarantee that an audit performed in accordance with ISA standards will always detect any material misstatement. Anomalies may arise from fraud or error and are considered material when it is reasonable to expect that, whether taken individually or in combination, they may influence the economic decisions that users of the annual financial statements take into account. Based on these:

As part of our procedures, we successively comply with:

- The requirements of the International Standards on Auditing (ISA) in accordance of Rule n° 01/2017/CM/OHADA related to harmonization of accounting and auditing professional practices and;
- The specific obligations laid down by the OHADA Uniform Act concerning the rights of commercial companies and the GIE.

In more details:

We are independent of the company in accordance with the Code of Professional Conduct for Accountants of the International Accounting Standards Board (the IESBA Code) established by Regulation N°01/2017/CM/OHADA on the Harmonization of the Practices of Accounting and Auditing Professionals in the member countries of the OHADA and those who oversee the statutory audit and we have fulfilled the other ethical responsibilities incumbent upon us according to these rules.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Are critical, which involves being attentive to the evidence that contradicts other evidence collected, the information that calls into question the reliability of documents and responses to inquired to be used as evidence, situations that may reveal possible fraud, circumstances that suggest the need to implement audit procedure in addition to that is required by the ISA Standards.
- Exercise professional judgment in the conduct of the audit in particular for decisions on the significance and risk of audit, the nature, timing and scope of the audit procedures to be implemented to meet the diligence required by the ISA Standards and to collect evidence, the determination of whether sufficient and appropriate evidence has been collected, and whether additional work is required to achieve the objectives of the ISA Standards and, consequently, the general objectives of the auditor, the evaluation of management's judgments on the monitoring of the applicable accounting framework, the basis of the findings drawn from the evidence collected, e.g. the assessment of the reasonableness of the assessments made by the management during the preparation of the financial statements.
- Prepare throughout the audit documentation that provide a sufficient and appropriate record of the work, basis of our audit report and evidence that the audit was planned and carried out in accordance with ISA Standards and in compliance with applicable legislation and regulation requirements.
- Identify and assess the risks of material misstatement of the 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 detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control.
- Collect, where appropriate, sufficient and appropriate evidence regarding compliance with the provisions of the legislation and regulation that are admitted to have a direct impact on the determination of the relevant figures recorded and the information provided in the financial statements, implement specific audit procedures to identify non-compliance with other legislation and regulation that may have a significant impact on the financial statements, and provide an appropriate response to proven or suspected non-compliance with the legislation and regulation provisions identified during the audit.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the company's internal control. If any, communicate them to the appropriate level of management, if applicable to Board of Directors.
- Assess the impact on the audit of the anomalies identified and the impact on the financial statements of the uncorrected anomalies, if any. We communicate them to the appropriate level of management, unless prohibited by law and regulation.
- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- 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.
- Identify relationship and transactions with related parties, whether or not the applicable accounting framework establishes rules, in order to be able to identify fraud risk factors, if any, arising from relationships and transactions with related parties, which are relevant for the identification and assessment of the risk of significant anomalies due to fraud, and conclude, on the basis of the evidence obtained, whether the financial statements are impacted by these relationships and transactions are prepared sincerely or are not misleading. In addition, where the applicable accounting framework includes rules concerning relationship and transactions with related parties have been correctly identified and recorded in the financial statements and whether relevant information concerning them has been provided to them.
- Collect sufficient and appropriate evidence that events occurring between the date of the financial statements and the date of our audit report, requiring an adjustment on financial statements or information to be provided therein, have been the subject of appropriate treatment in the financial statements in accordance with the applicable accounting framework.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Ensure, throughout the audit, that equality between shareholders is respected, in particular that all shares of same category benefit from the same rights.
- Must report to the next shareholders meeting, the irregularities and inaccuracies found during the audit. In addition, we must report to the Public Prosecutor's Office the criminal acts of which we have been made aware during the audit, without being liable for this disclosure.
- Have obligation to respect the professional secrecy for the facts, acts and statements of which we have become aware.

II. SPECIFIC VERIFICATIONS AND INFORMATION

The Board of directors is responsible for the other information. The other information comprises information contained in the Board of directors' annual report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not extend to other information and we do not express any form of assurance whatsoever on this information.

As part of our audit mandate, it is our responsibility to carry out the audit and other specific information provided for by law and, in so doing, to verify the accuracy and consistency with the annual financial statements of the information given in the Board of directors' report and in the documents communicated to shareholders on the financial position and the annual financial statements and to verify in all material respects compliance with certain legal and regulatory requirements. If in light of the work we have done, we conclude that there is a significant anomaly in the other specific information and verification, we are required to report this fact.

In addition, according to the law, we would like to inform that the management report has not been communicated to us, as required in article 140 of the OHADA Uniform Act concerning the rights of commercial companies and the GIE, we were not able to verify this document in order to ensure its sincerity and its concordance with the annual financial statements (Article 713 of the OHADA Uniform Act).

IN SERVICE PARTNERS SARL



Cyprien BONGULUMATA LOKELE
Partner
Chartered accountant ONEC ABLE C516 00050
Auditor agreed by the Central Bank of Congo

12 March 2026

Entity name: VARUN BEVERAGES RDC SAS
 Tax identification number: A2181055C

Exercise closed on: 31-Dec-25
 Duration (in months): 12

Entity name: VARUN BEVERAGES RDC SAS
 Tax identification number: A2181055C

Financial year ended: December 31, 2025
 Duration (in months): 12

FINANCIAL STATEMENT AS OF DECEMBER 31, 2025 COMPARED TO DECEMBER 31, 2024

FINANCIAL STATEMENT AS OF DECEMBER 31, 2025 COMPARED TO DECEMBER 31, 2024

Ref.	ASSETS	Note	12/31/2025			12/31/2024	Ref.	LIABILITY	Note	Exercise	Exercise
			Raw	Amort/Prov	Net	Net				31/12/25	31/12/24
AD	INTANGIBLE ASSETS										
AE	Development and prospecting costs	3	-	-	-	0	CA	Capital	13	210,020,000,000	20,000,000
AF	Patents, licenses, software and similar rights		62,904,134	-	62,904,134	-	CB	Uncalled capital contributors (-)	13	-	-
AG	Commercial funds and lease rights		-	-	-	-	CD	Share capital premiums	14	-	-
AH	Other intangible assets		-	-	-	-	CE	Revaluation gaps	3rd	7,872,761	7,872,761
AI	Tangible fixed assets						CF	Unavailable reserves	14	-	-
AJ	Lands		10,018,964,205	28,309,119	9,990,655,086	-	CG	Free reserves	14	-	-
	(1) of which net investment:	3					CH	Retained earnings	14	2,046,814,216	(124,301,586)
AK	Buildings		150,653,536,008	6,847,022,904	143,806,513,104	117,782,742,506	CJ	Net income for the year		12,974,301,208	2,171,115,802
	(1) of which net investment:						CL	Investment subsidies	15	-	-
AL	Fixtures, Fittings and installations		36,775,175	10,174,659	26,600,516	380,696,042	CM	Regulated provisions	15	6,573,970,508	6,573,970,508
AM	Equipment, furniture and biological assets		208,800,307,249	11,455,707,752	197,344,599,497	85,488,734,157	CP	TOTAL EQUITY AND SIMILAR RESOURCES (I)		231,622,958,693	8,648,657,485
AN	Transport equipment		23,886,989,769	4,388,704,287	19,498,285,482	8,574,048,796	DA	Loans and financial liabilities	16	88,712,866,710	213,824,286,938
AP	Advances and down payments made on fixed assets	3	-	-	-	-	DB	Acquisition lease debts	16	-	-
AQ	FINANCIAL FIXED ASSETS	4					DC	Provisions for risks and charges	16	-	-
AR	Equity securities		-	-	-	-	DF	TOTAL FINANCIAL DEBTS AND SIMILAR RESOURCES (II)		88,712,866,710	213,824,286,938
AS	Other financial assets		894,409,063	-	894,409,063	1,110,826,099	DG	TOTAL STABLE RESOURCES (I + II)		320,335,825,403	222,472,944,423
AZ	TOTAL FIXED ASSETS (I)		394,353,885,603	22,729,918,721	371,623,966,882	213,337,047,600	DH	Non-operating current liabilities	5	-	-
BA	NON-OPERATING CURRENT ASSETS	5	-	-	-	-	DI	Customers, advances received	7	3,142,149,365	5,851,987,024
BB	STOCKS AND OUTSTANDING LOANS	6	52,770,125,058	-	52,770,125,058	51,671,836,346	DJ	Operating suppliers	17	67,817,507,126	102,430,176,287
BG	RECEIVABLES AND SIMILAR ITEMS						DK	Tax and social security debts	18	5,073,455,856	4,116,841,612
BH	Suppliers, advance payments	17	10,075,553,611	-	10,075,553,611	105,744,677,917	DM	Other debts	19	705,779,387	267,346,560
BI	Customers	7	11,439,296,735	-	11,439,296,735	3,228,987,928	DN	Provisions for short-term risks	19	0	1,274,658,791
BJ	Other receivables	8	3,235,889,121	-	3,235,889,121	1,525,847,761	DP	TOTAL CURRENT LIABILITIES (III)		76,738,891,734	113,941,010,274
BK	TOTAL CIRCULATING ASSETS (II)		77,520,864,525	-	77,520,864,525	162,171,349,952	DQ	Banks, discount and treasury credit	20	20,634,445,652	38,796,907,990
BQ	Investment securities	9	-	-	-	-	DR	Banks, financial institutions and cash loans	20	5,164,198,031	2,928,114,424
BR	Receivables	10	-	-	-	-	DT	TOTAL CASH - LIABILITIES (IV)		25,798,643,683	41,725,022,414
BS	Banks, postal checks, cash and similar services	11	531,730,697	-	531,730,697	1,355,920,768	OF	Conversion differences-Liabilities (V)	12	37,720,848,849	2,145,294,290
BT	TOTAL CASH - ASSETS (III)		531,730,697	-	531,730,697	1,355,920,768	DZ	GENERAL TOTAL (I + II + III + IV + V)		460,594,209,669	380,284,271,401
BU	Conversion Differences - Asset (IV)	12	10,917,647,565	-	10,917,647,565	3,419,953,081					
	(probable exchange rate loss)										
BZ	GENERAL TOTAL (I + II + III + IV)		483,324,128,390	22,729,918,721	460,594,209,669	380,284,271,401					



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Entity name: VARUN BEVERAGES RDC SAS
 Tax identification number: A2181055C

Financial year ended: December 31, 2025
 Duration (in months): 12

INCOME STATEMENT AS OF DECEMBER 31, 2025 COMPARED TO THE 2024 FINANCIAL YEAR

Ref.	DESCRIPTION		Note	Exercise 31/12/25	Exercise 31/12/24
TA	Sale of goods	A	+ 21	115,189,754,121	91,244,365,175
RA	Purchases of goods		- 22	0	(1,397,870,653)
RB	Change in merchandise inventory		-/+ 6	-	-
XA	COMMERCIAL MARGIN			115,189,754,121	89,846,494,522
TB	Sale of manufactured products	B	+ 21	-	-
TC	Works, services sold	C	+ 21	-	-
TD	Accessory products	D	+ 21	-	-
XB	TURNOVER (A+B+C+D)			115,189,754,121	91,244,365,175
YOU	Stored production (or destocking)		-/+ 6	(453,421,401)	5,307,687,712
TF	Fixed asset production		+ 21	-	-
TG	Operating subsidies		+ 21	-	-
TH	Other products		+ 21	-	-
TI	Transfers of operating expenses		+ 12	-	-
RC	Purchases of raw materials and related supplies		- 22	(5,577,269,065)	(6,046,593,785)
RD	Change in stocks of raw materials and related supplies		-/+ 6	(39,954,782,925)	(60,409,325,427)
D	Other purchases		- 22	(2,590,315,509)	(1,676,023,755)
RF	Change in stock of other supplies		-/+ 6	(374,114,574)	(237,327,203)
RG	Transportation		- 23	(1,429,753,808)	(877,279,447)
HR	External services		- 24	(12,313,488,130)	(6,677,569,786)
RI	Taxes and duties		- 25	(824,094,016)	-
RJ	Other charges		- 26	0	(1,274,658,791)
XC	ADDED VALUE (XB+RA+RB)+ (sum TE to RJ)			51,672,514,692	17,955,404,040
RK	Staff costs		- 27	(16,582,824,992)	(7,812,465,763)
XD	GROSS OPERATING SURPLUS (XC+RK)			35,089,689,700	10,142,938,277
TJ	Reversals of depreciation, provisions and impairments		+ 28	1,274,658,791	-
RL	Depreciation allowances, provisions and amortizations		- 3c&28	(18,379,764,682)	(4,438,829,230)
XE	OPERATING RESULTS (XD+TJ+RL)			17,984,583,809	5,704,109,047
TK	Financial and similar income		+ 29	39,764,126,460	16,809,077,787
TL	Reversals of provisions and financial impairments		+ 28	0	2,894,136
TM	Transfers of financial charges		+ 12	-	-
RM	Financial expenses and related charges		- 29	(44,774,409,061)	(20,344,965,168)
RN	Provisions and financial impairments		- 3c&28	-	-
XF	FINANCIAL RESULT (sum TK to RN)			(5,010,282,601)	(3,532,993,245)
XG	RESULTS OF ORDINARY ACTIVITIES (XE+XF)			12,974,301,208	2,171,115,802
TN	Proceeds from the disposal of fixed assets		+ 3D	-	-
TO	Other non-operating products		+ 30	-	-
RO	Book values of fixed assets disposals		- 3D	-	-
RP	Other non-operating charges		- 30	-	-
XH	RESULT EXCLUDING ORDINARY ACTIVITIES (sum of TN to RP)			-	-
RQ	Worker participation		- 30	-	-
RS	Income taxes		- 37	-	-
XH	NET RESULT (XG+XH+RQ+RS)			12,974,301,208	2,171,115,802



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Entity name: VARUN BEVERAGES RDC SAS

Financial year ended: December 31, 2025

Tax identification number: A2181055C

Duration (in months): 12

CASH FLOW STATEMENT

Ref.	DESCRIPTION	Note	Exercise 31/12/25	Exercise 31/12/24
ZA	Net cash position as of January 1st (Cash assets N-1 - Cash liabilities N-1)	A	(40,369,101,646)	(3,631,081,023)
	Cash flow from operating activities			
FA	Overall self-financing capacity		30,079,407,099	6,609,945,032
FB	- Non-operating current asset		-	-
FC	- Change in inventory		(1,098,288,712)	(51,648,871,440)
FD	- Change in receivables		78,251,079,655	(76,966,991,202)
FE	- Change in current liabilities		(4,336,401,640)	117,993,994,880
	Change in operating working capital (FB+FC+FD+FE): 72,816,389,303			
ZB	Cash flow from operating activities (sum FA to FE)	B	102,895,796,402	(4,011,922,730)
	Cash flow from investing activities			
FF	- Disbursements related to the acquisition of intangible assets		(62,904,134)	0
FG	- Disbursements related to the acquisition of tangible fixed assets		(150,222,947,341)	(185,818,918,526)
FH	- Disbursements related to the acquisition of financial assets		0	(872,314,971)
FI	+ Receipts related to the disposal of intangible and tangible assets		-	-
FJ	+ Receipts related to the sale of financial assets		216,417,036	-
ZC	Cash flow from investing activities (Sum FF to FJ)	C	(150,069,434,439)	(186,691,233,497)
	Cash flow from equity financing			
FK	+ Capital increases through new contributions		210,000,000,000	-
FL	+ Investment grants received		-	-
FM	- Capital withdrawals		-	-
FN	- Dividends paid		-	-
ZD	Cash flow from equity (Sum FK to FN)	D	210,000,000,000	-
	Cash flow from foreign capital financing			
FO	+ Loans		88,712,866,710	153,965,135,604
FP	+ Other financial debts		-	-
FQ	Repayments of loans and other financial liabilities		(236,437,040,013)	-
ZD	Cash flow from foreign capital (Sum FO to FQ)	E	-147,724,173,303	153,965,135,604
ZD	Cash flow from financing activities (D+E)	F	62,275,826,697	153,965,135,604
ZD	CHANGE IN NET CASH CASH FOR THE PERIOD (B+C+F)	G	15,102,188,660	(36,738,020,623)
ZD	Net cash position as of December 31 (G+A)	H	(25,266,912,986)	(40,369,101,646)



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SUMMARY SHEET OF APPENDICES PRESENTED (1) 4

Entity name: **VARUN BEVERAGES RDC SAS**
 Common acronym: **VBL RDC**
 Address: **RAFI Concession Kinshasa/Gombe**

BP:

Tax identification number: Financial year ended: **31-12-2025** Duration (in months): **12**

NOTES	TITLES	HAS	N / A
NOTE 1	DEBTS SECURED BY REAL SECURITY	X	
NOTE 2	MANDATORY INFORMATION	X	
NOTE 3A	GROSS FIXED POSITION	X	
NOTE 3B	PROPERTIES TAKEN UNDER LEASE OR PURCHASE		X
NOTE 3C	FIXED ASSETS: DEPRECIATION	X	
NOTE 3D	FIXED ASSETS: CAPITAL GAINS AND LOSSES ON DISPOSAL		X
NOTE 3E	INFORMATION ON RE-EVALUATIONS CARRIED OUT BY THE ENTITY	X	X
NOTE 4	FINANCIAL FIXED ASSETS	X	
NOTE 5	NON-OPERATING CURRENT ASSET		X
NOTE 6	INVENTORIES AND OUTSTANDINGS	X	
NOTE 7	CUSTOMERS PRODUCTS TO RECEIVE	X	
NOTE 8	OTHER RECEIVABLES	X	
NOTE 8A	FIXED COSTS SPREADING TABLE		X
NOTE 9	INVESTMENT SECURITIES		X
NOTE 10	RECEIVABLES		X
NOTE 11	AVAILABILITY	X	
NOTE 12	CONVERSION DIFFERENCES	X	
NOTE 13	CAPITAL: NOMINAL VALUES OF SHARES OR UNITS	X	
NOTE 14	BONUSES AND RESERVES	X	
NOTE 15A	TOTAL SUBSIDIES AND REGULATED PROVISIONS	X	
NOTE 15B	OTHER EQUITY	X	
NOTE 16A	FINANCIAL DEBTS AND SIMILAR RESOURCES	X	
NOTE 16B	RETIREMENT COMMITMENTS AND SIMILAR BENEFITS (ACTUARIAL METHOD)		X
NOTE 16B a	RETIREMENT COMMITMENTS AND SIMILAR BENEFITS (ACTUARIAL METHOD)		X
NOTE 16C	ASSETS AND POTENTIAL LIABILITIES		X
NOTE 17	OPERATING SUPPLIERS	X	
NOTE 18	TAX AND SOCIAL SECURITY DEBTS	X	
NOTE 19	OTHER LIABILITIES AND PROVISIONS FOR SHORT-TERM RISKS	X	
NOTE 20	BANKS, DISCOUNT CREDIT AND TREASURY	X	
NOTE 21	SALES AND OTHER PRODUCTS	X	
NOTE 22	PURCHASES	X	
NOTE 23	TRANSPORTATION	X	
NOTE 24	EXTERNAL SERVICES	X	
NOTE 25	TAXES AND DUTIES		X
NOTE 26	OTHER CHARGES	X	
NOTE 27A	PERSONNEL EXPENSES	X	
NOTE 27B	STAFF, PAYROLL AND EXTERNAL PERSONNEL	X	
NOTE 28	PROVISIONS AND DEPRECIATIONS RECORDED IN THE BALANCE SHEET	X	
NOTE 29	FINANCIAL EXPENSES AND INCOME	X	
NOTE 30	OTHER CHARGES AND PRODUCTS HAO	X	
NOTE 31	DISTRIBUTION OF PROFITS AND OTHER CHARACTERISTICS OF THE LAST FIVE FINANCIAL YEARS	X	
NOTE 32	PRODUCTION OF THE EXERCISE	X	
NOTE 33	PURCHASES INTENDED FOR PRODUCTION	X	
NOTE 34	SUMMARY SHEET OF KEY FINANCIAL INDICATORS	X	
NOTE 35	LIST OF SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION TO BE PROVIDED	X	
NOTE 36	CODES TABLES	X	

(1) Undocumented notes should
 A: Applicable A/N: No
 For example, for an entity that



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entities

column N/A)

NOTE 1: DEBTS SECURED BY COLLATERAL

Entity name: VARUN BEVERAGES RDC SAS

Financial year ended: December 31, 2025

Tax identification number: A2181055C

Duration (in months): 12

DESCRIPTION	Note	Gross amount	REAL SURE		
			Mortgages	Pledges	Pledges/other
Financial debts and similar resources:					
Convertible bonds		-		-	-
Other bond issues		-			
Loans and debts of credit institutions		-			
Other financial debts		88,712,866,710			
SUBTOTAL (1)		88,712,866,710	-	-	-
Lease-purchase debts:					
Real estate lease debts		-			
Equipment lease debts		-			
Debts on lease-purchase agreements		-			
Debts due to lease-purchase agreements		-			
SUBTOTAL (2)		-	-	-	-
Current liabilities:					
Suppliers and related accounts		67,817,507,126			
Customers		3,142,149,365			
Staff		516,989,616			
Social security and social organizations		89,169,109			
Government		4,467,297,131			
International organizations		-			
Partners and group		89,081,485			
Various creditors		616,697,902			
SUBTOTAL (3)		76,738,891,734	-	-	-
TOTAL (1) + (2) + (3)		165,451,758,444	-	-	-
FINANCIAL COMMITMENTS					
				Commitments given	Commitments received
Commitments made to related entities					
Reimbursement premiums not yet due					
Endorsements, bonds, guarantees					
Mortgages, pledges, other					
Expected but not yet due effects					
Assigned trade and professional receivables					
Conditional debt waiver					
TOTAL		-	-	-	0

Comment:




NOTE 2: MANDATORY INFORMATION

Entity name: VARUN BEVERAGES RDC SAS
Tax identification number: A2181055C

Financial year ended: December 31, 2025
Duration (in months): 12

A - DECLARATION OF CONFORMITY TO SYSCOHADA

The financial statements have been prepared in accordance with the OHADA accounting system and the Uniform Act relating to Accounting Law and Financial Information, in particular with respect to: - the going concern assumption; - the principle of consistency of methods; - the principle of accrual accounting.

B - ACCOUNTING RULES AND METHODS

"The main accounting policies applied are set out below: are as follows:

1. Foreign currency transactions: Transactions in foreign currencies other than the US dollar are recorded at the exchange rate in effect on the transaction date. Exchange gains and losses arising from the settlement of these transactions or from the balance of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Conversely, the conversion of the balance of these assets and liabilities at the closing date generates a foreign exchange gain or loss. The foreign exchange gain is recorded in the income statement as an expense.

2. Tangible fixed assets

a) Tangible fixed assets are initially recorded at their historical acquisition cost. Each year, in accordance with Ordinance-Law No. 89/017 of February 18, 1989, as amended and supplemented on an interim basis by Ministerial Decree No. 017/CAB/MIN/FIN/98 of April 13, 1998, the fixed assets are revalued by applying the revaluation coefficients published annually by the Ministry of Finance. The increases in book value resulting from these revaluations are credited to the "Revaluation Difference" account within the equity section.

b) Depreciation of tangible fixed assets is calculated on the revalued amounts using a straight-line method based on the estimated useful life of the assets.

3. Revenue Revenue is recognized in accounting when the sale of products is recorded.

C - DEROGATION FROM ACCOUNTING POSTULATES AND CONVENTIONS

Compliance with all accounting principles and conventions without any exceptions.

D - ADDITIONAL INFORMATION RELATING TO THE BALANCE SHEET, INCOME STATEMENT AND CASH FLOW STATEMENT

No additional information relating to the financial statements.



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NOTE 3A: GROSS FIXED ASSETS

Entity name: VARUN BEVERAGES RDC SAS
 Tax identification number: A2181055C

Financial year ended: December 31, 2025
 Duration (in months): 12

SITUATIONS AND MOVEMENTS	A		B			C		D = A + BC
	Gross amount at the beginning of the fiscal year	Acquisitions, contributions, creations	Post-to-post transfers	Following a reassessment carried out during the exercise	Sales, Divisions, Out of Service	Job-to-job transfers	Gross amount at the end of the financial year	
INTANGIBLE ASSETS	-	62,904,134	-	-	-	-	62,904,134	
Development and prospecting costs	-	-	-	-	-	-	-	
Patents, licenses, software and similar rights	-	62,904,134	-	-	-	-	62,904,134	
Goodwill and lease rights	-	-	-	-	-	-	-	
Other intangible assets	-	-	-	-	-	-	-	
Tangible fixed assets	216,854,270,264	150,222,947,341	32,122,516,308	-	5,801,161,507	-	393,398,572,406	
Lands	-	10,018,964,205	-	-	-	-	10,018,964,205	
Buildings	119,302,972,803	34,222,916,551	-	-	2,872,353,346	-	150,653,536,008	
Fixtures and fittings	383,828,095	-	-	-	347,052,920	-	36,775,175	
Equipments	87,897,861,991	91,363,684,191	32,122,516,308	-	2,581,755,241	-	208,802,307,249	
Transport equipment	9,269,607,375	14,617,382,394	-	-	-	-	23,886,989,769	
ADVANCES AND DOWN PAYMENTS PAID ON FIXED ASSETS	-	-	-	-	-	-	-	
Intangible assets	-	-	-	-	-	-	-	
Tangible fixed assets	-	-	-	-	-	-	-	
FINANCIAL FIXED ASSETS	1,110,826,099	-	-	-	216,417,036	0	894,409,063	
Equity securities	-	-	-	-	-	-	-	
Other financial assets	1,110,826,099	-	-	-	216,417,036	-	894,409,063	
TOTAL GENERAL	217,965,096,363	150,285,851,475	32,122,516,308	-	6,017,578,543	-	394,355,885,603	

Comment:



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Entity name: VARUN BEVERAGES RDC SAS
Common acronym: VBL RDC
Address: RAFI Concession Kinshasa/Gombe

BP:

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

**NOTE 3C
FIXED ASSETS (DEPRECIATION)**

SITUATIONS AND MOVEMENTS HEADINGS	D = A + B + C - D				
	CUMULATIVE DEPRECIATION AT THE OPENING OF THE FISCAL YEAR	INCREASES: ALLOCATIONS FOR THE FINANCIAL YEAR	SUPPLEMENTARY DEPRECIATION	DECREASES: Depreciation related to items removed from the asset register	CUMULATIVE DEPRECIATION AT THE CLOSING OF THE FINANCIAL YEAR
Development and prospecting costs	-				-
Patents, licenses, software, and similar rights	-	28,309,119	-		28,309,119
Goodwill and leasehold rights	-				-
Other intangible assets	-				-
SUBTOTAL: TANGIBLE FIXED ASSETS	-	28,309,119		-	28,309,119
Land outside investment properties	-	-	0		-0
Buildings outside of investment properties	1,520,230,297	6,846,440,487	-	1,519,647,880	6,847,022,904
Fittings, fixtures and installations	3,132,053	10,172,989	-	3,130,383	10,174,659
Equipment, furniture and biological assets	2,438,315,887	7,805,166,843	1,212,225,022	-	11,455,707,752
Transport equipment	666,370,526	3,689,675,244	32,658,517	-	4,388,704,287
SUBTOTAL: TANGIBLE FIXED ASSETS	4,628,048,763	18,351,455,563	1,244,883,539	1,522,778,263	22,701,609,602
TOTAL GENERAL	4,628,048,763	18,379,764,682	1,244,883,539	1,522,778,263	22,729,918,721
	Total allocations for the fiscal	18,379,764,682			
		-			

Comments



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Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

**NOTE 4
 FINANCIAL FIXED ASSETS**

DESCRIPTION	Fiscal year 2025	Fiscal year 2024	Percentage change	Receivables with a maturity of one year or less	Receivables with a maturity of more than one year and a maximum	Debts due more than two years
Equity securities	-	-				
Loans and other receivables	-	-				
Loans to staff	-	-				
Claims against the Government	-	-				
Fixed Assets	-	-				
Deposits and guarantees	894,409,063	1,110,826,099	-19%			
Accrued interest	-	-				
TOTAL GROSS	894,409,063	1,110,826,099	-19%	-	-	-
Depreciation of equity securities	-	-				
Depreciation of other fixed assets	-	-				
TOTAL NET DEPRECIATION	894,409,063	1,110,826,099	-19%	-	-	-

List of subsidiaries and investments:

Company name	Acquisition value	% Detained	Amount of subsidiary equity	Subsidiary's last financial year results

Comments:

Deposits and guarantees include the various rental guarantees paid by VARUN RDC for apartments occupied by expatriate staff and administrative buildings.



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Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

**NOTE 7
 CUSTOMERS**

DESCRIPTION	Fiscal year 2025	Fiscal year 2024	Percentage change	Receivables with a maturity of one year or less	Receivables with a maturity of more than one year and a maximum maturity of two	Debts due more than two years
Customers (excluding Group retention of title)	11,439,296,735	3,228,987,928	100%			
Accounts receivable (excluding Group retention of title)	-	-	0%			
Customers, checks, bills of exchange and other unpaid items	-	-	0%			
Accounts receivable and notes with retention of title	-	-	0%			
Accounts Receivable Group	-	-	0%			
Receivables from the sale of fixed assets	-	-	0%			
Customers with discounted and not yet due bills of exchange	-	-	0%			
Disputed or doubtful debts	-	-	0%			
Customers to receive products	-	-	100%			
TOTAL GROSS CUSTOMERS	11,439,296,735	3,228,987,928	100%	-	-	-
Accounts receivable write-downs	-	-	0%			
TOTAL NET DEPRECIATION	11,439,296,735	3,228,987,928	100%	-	-	-
Customers, advances received excluding the group	3,142,149,365	5,851,987,024	100%			
Clients, advances received group	-	-	0%			
Other creditor clients	-	-	0%			
TOTAL CREDIT CUSTOMERS	3,142,149,365	5,851,987,024	100%	-	-	-

Comments:



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Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

**NOTE 8
 OTHER DEBTS**

DESCRIPTION	Fiscal year 2025	Fiscal year 2024	Percentage change	Receivables with a maturity of one year or less	Receivables with a maturity of more than one year and a maximum maturity of two	Debts due more than two years
Staff	-	-	-			
Social organizations	-	-				
Government and Public Authorities	1,668,140,133	451,952,532	269%			
International organizations	-	-				
Contributors, partners and group	-	-	100%			
Transitional account special adjustment related to the revision of SYSCOHADA	-	-				
Other miscellaneous debtors	1,567,748,988	1,073,895,229	46%			
Permanent, unblocked accounts of establishments and branches	-	-				
Interaccounts for expenses and revenues	-	-				
Joint venture intercompany accounts	-	-				
TOTAL GROSS OTHER RECEIVABLES	3,235,889,121	1,525,847,761	112%	-	-	-
Impairment of other receivables	-	-				
TOTAL NET DEPRECIATION	3,235,889,121	1,525,847,761	112%	-	-	-
Comments:						



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Entity name: VARUN BEVERAGES RDC SAS
Common acronym: VBL RDC
Address: RAFI Concession Kinshasa/Gombe

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

**NOTE 11
AVAILABILITY**

DESCRIPTION	Fiscal year 2025	Fiscal year 2024	Percentage change
Local banks	451,310,949	1,297,280,757	-65%
Other regional banks	-	-	0%
Banks, term deposits	-	-	0%
Other Banks	-	-	0%
Banks accrued interest	-	-	0%
Postal checks	-	-	0%
Other financial institutions	-	-	0%
Financial institutions accrued interest	-	-	0%
Treasury instruments	-	-	0%
Cash register	80,419,748	58,640,011	37%
Electronic mobile cash register	-	-	0%
Advance payment systems and letters of credit	-	-	0%
TOTAL GROSS RECEIVABLES	531,730,697	1,355,920,768	-28%
Depreciation	-	-	
TOTAL NET DEPRECIATION	531,730,697	1,355,920,768	-28%

Comments:



Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

Tax identification number: A2181055C

**NOTE 12
 CURRENCY TRANSLATION ADJUSTMENTS**

<i>Translation adjustments – Assets: Breakdown by receivables and payables</i>	Currencies	Amount in foreign currency	UML Course Year of Acquisition	UML Course 31/12	Absolute value change
Staff	USD			1,999.9746	-
Loans	USD				-
Suppliers	USD				-
Others	USD				-
					0
<i>Translation adjustments – Liabilities: Breakdown by receivables and payables</i>					
Loans	USD				-
Deposits and guarantees	USD				-
Staff	USD				-
Investment suppliers	USD				-
Ordinary Suppliers	USD				-
Others	USD				-
					0
Comments:					

TRANSFER OF LIABILITIES

Labels	Fiscal year 2024	2023 Fiscal Year	Percentage change
Transfers of operating expenses: <i>detail the nature of the transferred charges</i>			
Financial burden transfers: <i>detail the nature of the transferred charges</i>			
Comments:			



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Entity name: VARUN BEVERAGES RDC SAS
Common acronym: VBL RDC
Address: RAFI Concession Kinshasa/Gombe

BP:

Tax identification number: A2181055C

NOTE 14
BONUSES AND RESERVES

DESCRIPTION	Fiscal year 2025	Fiscal year 2024	Absolute value change
Additional paid-in capital	-	-	-
Share premium	-	-	-
Merger bonus	-	-	-
Conversion premium	-	-	-
Other premiums	-	-	-
TOTAL PREMIUMS	-	-	-
Legal reserves	-	-	-
Statutory reserves	-	-	-
Net long-term capital gains reserves	-	-	-
Reserves for the free allocation of shares to salaried employees and managers	-	-	-
Other regulated reserves	6,573,970,508	-	6,573,970,508
TOTAL UNAVAILABLE RESERVES	6,573,970,508	-	6,573,970,508
Free reserves	-	-	-
Postponed again	2,046,814,216	124,301,586	1,922,512,630

Comments:

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Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

BP:

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

NOTE 15A
TOTAL SUBSIDIES AND REGULATED PROVISIONS

DESCRIPTION	NOTE	Fiscal year 2025	Fiscal year 2024	Percentage change	Tax regime	Deadlines
States		-	-			
Regions		-	-			
Departments		-	-			
Municipalities and decentralized public authorities		-	-			
Public or mixed entities		-	-			
Private entities and organizations		-	-			
International organizations		-	-			
Others		-	-			
TOTAL SUBSIDIES		-	-			
Excess tax depreciation		-	-			
Capital gains from sale to be reinvested		-	-			
Special revaluation provision		6,573,970,508	6,573,970,508			
Regulated provisions relating to fixed assets		-	-			
Regulated provisions relating to stocks		-	-			
Provisions for investment		-	-			
Other provisions and regulated funds		-	-			
TOTAL REGULATED PROVISIONS		6,573,970,508	6,573,970,508			
TOTAL SUBSIDIES AND REGULATED PROVISIONS		6,573,970,508	6,573,970,508			
Comments:						



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Entity name: VARUN BEVERAGES RDC SAS
Common acronym: VBL RDC
Address: RAFI Concession Kinshasa/Gombe

BP:

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

NOTE 16A
FINANCIAL DEBTS AND SIMILAR RESOURCES

DESCRIPTION	Fiscal year 2025	Fiscal year 2024	Percentage change	Debts due within one year at most	Debts with a maturity of more than one year and a maximum maturity	Debts due in more than two years
Bond issues	-	-				
Loans and debts from credit institutions	-	-				
Advances received from the State	-	-				
Advances received and current accounts frozen	-	-				
Deposits and guarantees received	1,446,770,191	2,071,211,528				
Accrued interest	9,200,621,180	3,939,208,920				
Advances subject to special conditions	-	-				
Other loans and debts	78,065,475,339	207,813,866,490				
Debts related to equity investments	-	-				
Permanent accounts of establishments and branches blocked	-	-				
TOTAL LOANS AND FINANCIAL DEBT	88,712,866,710	213,824,286,938	-59%	-	-	-
Real estate leasing	-	-				
Equipment leasing	-	-				
Rental for sale	-	-				
Accrued interest	-	-				
Other lease acquisition debts	-	-				
TOTAL ACQUISITION LEASE DEBT	-	-	0%	-	-	-
Provisions for litigation	-	-	0%			
Provisions for guarantees given to customers	-	-				
Provisions for losses on contracts to be completed in the future	-	-				
Provisions for exchange rate losses	-	-				
Provisions for taxes	-	-				
Provisions for pensions and similar obligations	-	-				
Pension plan assets	-	-				
Provisions for restructuring	-	-				
Provisions for fines and penalties	-	-	0%			
Self-insurance provisions	-	-				
Provisions for dismantling and restoration	-	-				
Provisions for deduction rights	-	-				
Other provisions	-	0	0%			
TOTAL PROVISIONS FOR RISKS AND CHARGES	0	0	0%	-	-	-

Comments:

Other loans and debts include the amount of debt contracted with Varun Beverages Ltd.



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Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

BP:

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

**NOTE 17
 OPERATING SUPPLIERS**

DESCRIPTION	Fiscal year 2025	Fiscal year 2024	Percentage change	Debts due within one year at most	Debts with a maturity of more than one year and a maximum maturity of two years	Debts due in more than two years
Suppliers with outstanding debts (excluding group)	4,049,751,826	35,147,694,344	100%			
Suppliers of bills payable (excluding group)	17,014,670,111	8,830,574,458				
Suppliers, debts and notes payable group	19,964,807,430	52,119,169,269	100%			
Suppliers with invoices not yet received (excluding group)	26,788,277,759	6,332,738,216	100%			
Suppliers - invoices not yet received - group	-	-				
TOTAL SUPPLIERS	67,817,507,126	102,430,176,287	100%	-	-	-
Suppliers, advances and down payments (excluding group)	10,075,553,611	105,744,677,917	100%			
Suppliers, advances and down payments group	-	-				
Other debtor suppliers	-	-				
TOTAL SUPPLIERS DEBIT	10,075,553,611	105,744,677,917	100%	-	-	-
Comments:						



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Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

BP:

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

NOTE 18
TAX AND SOCIAL SECURITY DEBTS

DESCRIPTION	Fiscal year 2025	Fiscal year 2024	Percentage change	Debts due within one year at most	Debts with a maturity of more than one year and a maximum maturity of two years	Debts due in more than two years
Staff advances and down payments	-	111,909,699				
Staff remuneration due	516,989,616	358,387,973	100%			
Other staff	-	-				
Social security fund	76,881,227	-	0%			
Pension fund	-	-				
Other social organizations	12,287,882	-	0%			
TOTAL SOCIAL DEBT	606,158,725	470,297,672	0%	-	-	-
State, taxes on profits	-	-				
State, taxes and duties (IRL)	328,331,873	730,705,798	100%			
State, VAT	-	-				
State, taxes withholding taxes (IPR)	4,138,965,258	2,755,740,511	100%			
Other State debts (Legal fees)	-	160,097,631	100%			
TOTAL TAX DEBTS	4,467,297,131	3,646,543,940	100%	-	-	-
TOTAL SOCIAL SECURITY AND TAX DEBTS	5,073,455,856	4,116,841,612	100%	-	-	-

Comments:



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Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

BP:

Tax identification number: A2181055C

**NOTE 19
 OTHER DEBTS AND PROVISIONS FOR SHORT-TERM RISKS**

DESCRIPTION	Fiscal year 2025	Fiscal year 2024	Percentage change	Debts due within one year at most	Debts with a maturity of more than one year and a maximum maturity of two years	Debts due in more than two years
International organizations	-	-				
Capital transaction providers	-	-				
Partners, current account	-	-				
Shareholders' dividends payable	-	-				
Group, current accounts	-	-				
Other associated debts	-	-				
TOTAL SHAREHOLDERS' DEBTS	-	-	100%	-	-	-
Various creditors	126,292,136	12,065,148	0%			
Bondholders	-	-				
Directors' compensation	-	-				
Factor's account	-	-				
Payments outstanding on unpaid investment securities	579,487,251	130,528,528				
Transitional account special adjustment related to the revision of SYSCOHADA	-	-				
Other miscellaneous creditors	-	124,752,884	-100%			
TOTAL MISCELLANEOUS CREDITORS	705,779,387	267,346,560	164%	-	-	-
Permanent, unblocked accounts of establishments and branches	-	-				
Income and expenses liaison accounts	-	-				
Joint venture intercompany accounts	-	-				
TOTAL LIAISON ACCOUNTS	-	-	0%	-	-	-
TOTAL OTHER DEBTS	705,779,387	267,346,560	164%	-	-	-
Provisions for short-term risks (see note 28)	-	1,274,658,791	100%			
Comments:						
Provisions for short-term risks include the positive difference between the active translation difference and the passive translation difference that is provisioned.						



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Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

**NOTE 20
 BANKS, DISCOUNT AND TREASURY CREDIT**

DESCRIPTION	Fiscal year 2025	Fiscal year 2024	Percentage change
Campaign credit discounts	-	-	
Ordinary credit discounts	-	-	
TOTAL BANKS, DISCOUNT AND TREASURY LOANS	-	-	-
Local banks	5,706,783,620	-	-
Other regional banks	-	-	
Other banks	-	-	
Banks accrued interest	-	-	
Cash credit	20,091,860,063	41,725,022,414	
TOTAL BANKS, CASH LOANS	25,798,643,683	41,725,022,414	-38%
TOTAL GENERAL	25,798,643,683	41,725,022,414	-38%
Comments:			

Note: Banks and accrued interest are included in this section if the main linked account has a credit balance.




Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

**NOTE 21
 SALES AND OTHER PRODUCTS**

DESCRIPTION	Fiscal year 2025	Fiscal year 2024	Percentage change
Sales in the region	133,871,573,550	104,893,172,589	
Sales outside the region	-	-	
Group Sales	-	-	
Online sales	-	-	
Discounts, rebates, and allowances granted (not itemized)	(18,681,819,429)	(13,648,807,414)	
TOTAL MERCHANDISE SALES	115,189,754,121	91,244,365,175	100%
Sales in the region	-	-	
Sales outside the region	-	-	
Group Sales	-	-	
Online sales	-	-	
Discounts, rebates, and allowances granted (not itemized)	-	-	
TOTAL SALES OF MANUFACTURED PRODUCTS	-	-	100%
Sales in the region	-	-	
Sales outside the region	-	-	
Group Sales	-	-	
Online sales	-	-	
Discounts, rebates, and allowances granted (not itemized)	-	-	
TOTAL SALES OF WORKS AND SERVICES SOLD	-	-	100%
Accessory products	-	-	
TOTAL REVENUE	115,189,754,121	91,244,365,175	100%
Fixed asset production	-	-	
Operating subsidies	-	-	0%
Other products	-	-	100%
TOTAL OTHER PRODUCTS	-	-	100%
TOTAL GENERAL	115,189,754,121	91,244,365,175	100%
Comments:			



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Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

**NOTE 22
 PURCHASES**

DESCRIPTION	Fiscal year 2025	Fiscal year 2024	Percentage change
Purchases in the region	-	-	
Purchases outside the region	-	-	
Group purchasing	-	1,397,870,653	
Discounts, rebates, and allowances received (not itemized)	-	-	
TOTAL MERCHANDISE PURCHASES	-	1,397,870,653	0%
Purchases in the region	1,163,072,978	1,332,636,656	
Purchases outside the region	-	-	
Group purchasing	4,414,196,087	4,713,957,129	
Discounts, rebates, and allowances received (not itemized)	-	-	
TOTAL PURCHASES OF RAW MATERIALS AND RELATED SUPPLIES	5,577,269,065	6,046,593,785	100%
Consumable materials	-	-	
Fuel	-	-	
Maintenance products	-	-	
Workshop, factory and store supplies	-	-	
Water	481,275,092	256,075,569	
Electricity	2,109,040,417	1,419,948,186	100%
Other energy sources (Fuel and lubricant)	-	-	
Maintenance supplies	-	-	
Office supplies	-	-	100%
Small equipment and tools	-	-	
Purchases of studies, services, works, materials and equipment	-	-	
Packaging purchases	-	-	
Fees on purchases	-	-	
Discounts, rebates, allowances and refunds	-	-	
TOTAL OTHER PURCHASES	2,590,315,509	1,676,023,755	100%

Comments:



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Entity name: VARUN BEVERAGES RDC SAS
Common acronym: VBL RDC
Address: RAFI Concession Kinshasa/Gombe

BP:

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

NOTE 23 TRANSPORTATION

Labels	Fiscal year 2025	Fiscal year 2024	Percentage change
Transport on sales	-	-	
Transportation on behalf of third parties	-	-	
Staff transport	142,567,416	202,265,774	100%
Mail transport	-	-	
Other transport	1,287,186,392	675,013,673	100%
TOTAL	1,429,753,808	877,279,447	100%
Comments:			



Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

**NOTE 24
 EXTERNAL SERVICES**

DESCRIPTION	Fiscal year 2025	Fiscal year 2024	Percentage change
General subcontracting	-	-	
Rent and rental charges	4,396,601,271	3,529,509,285	100%
Acquisition lease royalties	-	-	
Maintenance, repairs and upkeep	594,109,265	437,010,146	100%
Insurance premiums	2,089,852,484	410,020,670	100%
Studies, research and documentation	-	-	
Advertising, publications, public relations	2,955,798,500	624,289,865	100%
Telecommunications costs	537,934,505	330,253,113	100%
Bank fees	526,897,287	910,392,913	100%
Remuneration of intermediaries and consultants	1,130,968,875	372,538,877	100%
Staff training costs	-	-	100%
Royalties for patents, licenses, software, concessions and similar rights	-	-	
Membership fees	-	-	
Other external charges	81,325,943	63,554,917	
TOTAL	12,313,488,130	6,677,569,786	100%

Comments:

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Entity name: VARUN BEVERAGES RDC SAS
Common acronym: VBL RDC
Address: RAFI Concession Kinshasa/Gombe

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

NOTE 26
OTHER EXPENSES

DESCRIPTION	Fiscal year 2025	Fiscal year 2024	Percentage change
Losses on customer receivables	-	-	
Losses on other debtors	-	-	
Share of profit on joint operations	-	-	
Book value of current disposals of fixed assets	-	-	
Directors' allowances and other remuneration	-	-	
Donations and sponsorship	-	-	
Other miscellaneous charges	-	-	
Exchange rate losses on trade receivables and payables	-	-	
Tax penalties and fines	-	-	
Charges for provisions and provisions for short-term operating risks (see note 28)	-	1,274,658,791	100%
TOTAL	-	1,274,658,791	100%
Comments:			



Entity name: VARUN BEVERAGES RDC SAS
Common acronym: VBL RDC
Address: RAFI Concession Kinshasa/Gombe

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

NOTE 27A
PERSONNEL EXPENSES

Labels	Fiscal year 2025	Fiscal year 2024	Percentage change
Direct employee compensation	14,596,648,783	6,567,930,745	100%
Lump-sum allowances paid to staff	1,723,852,056	1,177,473,665	100%
Social security charges	-	-	
Remuneration and social security contributions of the sole proprietor	-	-	
Remuneration transferred from external staff	-	-	100%
Other payroll charges	262,324,153	67,061,353	100%
TOTAL	16,582,824,992	7,812,465,763	100%

Comments:

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Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

BP:

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

NOTE 27B
STAFF, PAYROLL AND EXTERNAL PERSONNEL

STRENGTH AND MASS SALARY	STAFF							WAGE BILL								
	NATIONALS		OTHER STATES FROM THE REGION		OUTSIDE THE REGION		TOTAL	NATIONALS		OTHER STATES OF OHADA		OUTSIDE OHADA		TOTAL		
	M	F	M	F	M	F		M	F	M	F	M	F			
QUALIFICATIONS																
a. Own staff																
YA 1. SENIOR EXECUTIVES						43	43							196,543,284	196,543,284	
YB 2. TECHNICIANS SUPERIOR AND MIDDLE MANAGERS						28	28							189,617,369	189,617,369	
YC 3. TECHNICIANS, AGENTS OF MASTERY AND SKILLED WORKERS							0								0	
YD 4. EMPLOYEES, LABORERS WORKERS AND APPRENTICES						4	4							14,615,316	14,615,316	
YE TOTAL (1)	0	0	0	0		75	0	75	0	0	0	0		0	400,775,970	400,775,970
YF PERMANENT	0							0								0
YG SEASONAL WORKERS	0	0	0	0		75	0	75	0	0	0	0		0	400,775,970	400,775,970
								0								
b. External staff																
YH 1. SENIOR EXECUTIVES								0								
YI 2. TECHNICIANS SUPERIOR AND MIDDLE MANAGERS								0		0						
YJ 3. TECHNICIANS, AGENTS OF MASTERY AND SKILLED WORKERS								0								
YK 4. EMPLOYEES, LABORERS WORKERS AND APPRENTICES								0	5,971,609,351							
YL TOTAL (2)	0	0	0	0	0	0	0	0	5,971,609,351					0		
YM PERMANENT								0								
YN SEASONAL WORKERS	0	0	0	0	0	0	0	0	5,971,609,351					0		
YO TOTAL (1) + (2)	0	0	0	0		75	0	75								

M: Male
 F: Feminine

Comment



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Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

BP:

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

NOTE 28
 PROVISIONS AND DEPRECIATIONS RECORDED IN THE BALANCE SHEET

SITUATIONS AND MOVEMENTS IN NATURE	HAS	B			C			D = A + B - C
	PROVISIONS AT THE OPENING OF THE FINANCIAL YEAR	INCREASES: ALLOCATIONS			DECREASES: INCREASES			PROVISIONS AT THE CLOSING OF THE FINANCIAL YEAR
		OPERATING	FINANCIES	OUTSIDE OF ORDINARY ACTIVITIES	OPERATING	FINANCIES	OUTSIDE OF ORDINARY ACTIVITIES	
1. Regulated provisions	6,573,970,508		0				0	6,573,970,508
2. Financial provisions for risks and charges,	-	-	-		-	-		-
3. Depreciation of fixed assets	-	-	-		-	-		-
TOTAL: ALLOWANCES	6,573,970,508							6,573,970,508
4. Inventory Depreciation	-	-			-			-
5. Impairment of non-operating current assets	-							-
6. Depreciation of accounts payable	-							-
7. Depreciation of customer accounts	-	-			-			-
8. Depreciation of other receivables	-							-
9. Depreciation of investment securities	-		-			-		-
10. Depreciation of receivables	-							-
11. Depreciation of cash and cash equivalents	-		-			-		-
12. Depreciation and provisions for short-term operating risks	1,274,658,791	-			-	1,274,658,791		-
13. Depreciation and provisions for short-term financial risks	-		-			-		-
TOTAL: EXPENSES FOR DEPRECIATION AND SHORT-TERM PROVISIONS	1,274,658,791							-
TOTAL PROVISIONS AND DEPRECIATION	7,848,629,299							6,573,970,508
Comments:								



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Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

BP:

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

NOTE 29
FINANCIAL EXPENSES AND INCOME

DESCRIPTION	Fiscal year 2025	Fiscal year 2024	Percentage change
Loan interest	-	-	100%
Interest on lease payments	-	-	
Discounts received	-115,794,465	-	100%
Other interests	13,141,263,440	4,582,492,094	
Discount on bills of exchange	-	-	
Exchange rate losses	31,748,940,086	15,762,473,074	
Losses on disposals of investment securities	-	-	
Losses arising from the free allowances of shares to salaried staff and executives	-	-	
Losses on financial risks	-	-	
Charges for depreciation and short-term provisions of a financial nature (see note 28)	-	-	
SUBTOTAL: FINANCIAL EXPENSES	44,774,409,061	20,344,965,168	100%
Loan interest and miscellaneous receivables	1,906,841,209	548,344,760	
Investment income	-	-	
Discounts obtained	-	-	
Investment income	-	-	
Foreign exchange gains	37,857,285,251	16,260,733,027	
Gains on the sale of investment securities	-	-	
Gains on financial risks	-	-	
Reversals of charges for depreciation and short-term provisions of a financial nature (see note 28)	-	-	
SUBTOTAL: FINANCIAL INCOME	39,764,126,460	16,809,077,787	
TOTAL	-5,010,282,601	-3,535,887,381	100%
Comments:			
Loan interest includes interest charged on the Varun Beverages Ltd loan and on bank loans.			



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Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

BP:

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

**NOTE 30
 OTHER CHARGES AND PRODUCTS HAO**

DESCRIPTION	Fiscal year 2025	Fiscal year 2024	Percentage change
Recognized non-operating expenses (1) to be detailed	-	-	
(1).....			
(1).....			
Restructuring costs	-	-	
Losses on non-operating receivables	-	-	
Gifts and donations given	-	-	
Debt waivers granted	-	-	
Charges related to liquidation operations	-	-	
Provisions for non-operating	-	-	
Non-ordinary activities allocations	-	-	
Worker participation	-	-	
Balancing subsidies	-	-	
SUBTOTAL: OTHER NON-OPERATING EXPENSES	-	-	
HAO products observed (1) to be detailed	-	-	
(1).....			
(1).....			
Products related to restructuring operations	-	-	
HAO allowances and subsidies	-	-	
Donations and gifts received	-	-	
Debt waivers obtained	-	-	
Products related to liquidation operations	-	-	
Non-ordinary operation transfers expense	-	-	
Reversals of charges for short-term depreciation and non-ordinary operation provisions	-	-	
Reversals outside ordinary activities	-	2,894,136	-100%
Worker participation	-	-	
SUBTOTAL: OTHER NON-OPERATING INCOME	-	2,894,136	-100%
TOTAL	-	2,894,136	-100%
Comments:			



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Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

BP:

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

NOTE 31
 DISTRIBUTION OF PROFITS AND OTHER CHARACTERISTICS OF THE LAST FIVE FINANCIAL YEARS

REPORTED EXERCISES (1)	2025	2024	2023	2022	2021
CAPITAL STRUCTURE AT THE CLOSING OF THE FINANCIAL YEAR (2)					
Share capital	210,020,000,000	20,000,000	0		
Ordinary Shares					
Non-voting preferred dividend shares (PDS)					
New shares to be issued					
by bond conversion					
by exercising subscription rights					
OPERATIONS AND RESULTS OF EXERCISE (3)					
Revenue excluding taxes	115,189,754,121	91,244,365,175			
Result from ordinary activities (RAO) excluding allowances and reversals (operations and financial)	30,079,407,099	6,607,050,896			
Employee profit-sharing	-	-			
Income tax	-	-			
Net result (4)	12,974,301,208	2,171,115,802			
DISTRIBUTED RESULTS AND DIVIDEND					
Distributed result (5)					
Dividend allocated per share					
PERSONNEL AND SALARY POLICY					
Average number of workers during the financial year (6)					
Average number of external staff					
Total payroll distributed during the fiscal year (7)	16,320,500,839	7,745,404,410			
Social benefits paid during the financial year (8) (Social security, social welfare programs)	262,324,153	67,061,353			
External staff billed to the company (9)	-	-			

- (1) Including the year for which the financial statements are submitted to the General Meeting for approval.
- (2) Indication of uncalled capital in the event of partial payment of capital.
- (3) The items under this heading are those shown in the income statement.
- (4) Negative income should be shown in brackets.
- (5) Fiscal year N corresponds to the proposed dividend for the last fiscal year.
- (6) Own staff.
- (7) Total of accounts 661, 662, 663.
- (8) Total of accounts 664, 668.
- (9) Account 667.



Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

BP:

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

NOTE 32
PRODUCTION OF THE EXERCISE

PRODUCT NAME	SELECTED UNIT OF QUANTITY	PRODUCTION SOLD IN THE COUNTRY		PRODUCTION SOLD IN OTHER OHADA COUNTRIES		PRODUCTION SOLD OUTSIDE OHADA		FIXED PRODUCTION		STOCK OPENING OF THE EXECUTIVE YEAR		STOCK CLOSING FINANCIAL YEAR	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Pepsi		5,182,826	28,000,965,901									187,727	993,844,075
Mirinda		3,329,604	18,010,617,886									188,905	1,020,002,677
7UP		14,781	63,172,812									4,681	20,065,865
Sting		1,500,175	7,343,780,150									24,582	129,356,410
Mountain Dew		-	-									10	44,489
Aquafina		4,529,336	9,237,643,337									110,796	239,522,180
Soda		21,652	38,410,648									4,246	7,532,404
NO VENTILATION													
TOTAL			62,694,590,733										2,410,368,101



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Entity name: VARUN BEVERAGES RDC SAS
 Common acronym: VBL RDC
 Address: RAFI Concession Kinshasa/Gombe

BP:

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

NOTE 33
PURCHASES INTENDED FOR PRODUCTION

DESIGNATION OF MATERIALS AND PRODUCTS	SELECTED UNIT OF QUANTITY	PURCHASES MADE DURING THE FINANCIAL YEAR						STOCK CHANGE (in value)
		STATE PRODUCTS		IMPORTED PRODUCTS				
		Quantity	Value	BUY AS IS		PURCHASED OUT OF STATE		
Quantity	Value			Quantity	Value			
Preform	Nombre					43,069,440	7,934,557,858	
Concentrate	UNIT					19,956	15,540,735,786	
Sugar	KG					6,175	18,960,258,134	
Closure	Nombre					54,810,000	1,625,017,964	
Shrink Film	KG					360,121	2,271,651,548	
Label	KG					176,485	2,513,506,648	
Stretch Film	KG					23,442	131,235,779	
Glue	KG					414	12,001,112	
Resin	KG					879,500	3,911,254,708	
HDPE	KG					110,000	632,866,554	
NON-VENTILATED								
TOTAL							53,533,086,088	



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Entity name: VARUN BEVERAGES RDC SAS
Common acronym: VBL RDC
Address: RAFI Concession Kinshasa/Gombe

BP:

Tax identification number: A2181055C

Financial year ended: 31-12-25 Duration (in months): 12

NOTE 34
SUMMARY SHEET OF KEY FINANCIAL INDICATORS

Labels	Fiscal year 2025	Fiscal year 2024	Percentage change
ACTIVITY ANALYSIS			
INTERMEDIATE MANAGEMENT BALANCES			
REVENUE	115,189,754,121	91,244,365,175	100%
GROSS MARGIN	115,189,754,121	89,846,494,522	
ADDED VALUE	51,672,514,692	17,955,404,040	100%
Gross Operating Surplus (GOS)	35,089,689,700	10,142,938,277	100%
OPERATING RESULTS	17,984,583,809	5,704,109,047	100%
FINANCIAL RESULT	-5,010,282,601	-3,532,993,245	100%
RESULTS OF ORDINARY ACTIVITIES	12,974,301,208	2,171,115,802	100%
RESULTS FROM EXCEPTIONAL ACTIVITIES	-	-	
NET RESULT	12,974,301,208	2,171,115,802	100%
DETERMINATION OF SELF-FINANCING CAPACITY			
EBITDA	35,089,689,700	10,142,938,277	
+ Book values of current disposals of fixed assets (account 654)	-	-	
- Proceeds from current disposals of fixed assets (account 754)	-	-	
= OPERATING SELF-FINANCING CAPACITY	35,089,689,700	10,142,938,277	100%
+ Financial income	1,906,841,209	548,344,760	
+ Exchange rate gains	37,857,285,251	16,260,733,027	
+ Transfers of financial charges	-	-	
+ Income from non-operating activities	-	-	
+ Expenses from non-operating activities	-	-	
- Financial expenses	13,025,468,975	4,582,492,094	
- Exchange rate losses	31,748,940,086	15,762,473,074	
- Participation	-	-	
- Income taxes	-	-	
= OVERALL SELF-FINANCING CAPACITY (OSFC)	(5,010,282,601)	(3,535,887,381)	100%
- Dividend distributions made during the financial year	0	0	
= SELF-FINANCING	(5,010,282,601)	(3,535,887,381)	100%
PROFITABILITY ANALYSIS			
Economic profitability = Operating profit (a) / Equity + financial debt	6%		
Financial profitability = Net income / Shareholders' equity	6%		
ANALYSIS OF THE FINANCIAL STRUCTURE			
Equity and similar resources	231,622,958,693	8,648,657,485	100%
+ Financial debts* and other similar resources (b)	88,712,866,710	213,824,286,938	-59%
= Stable resources	320,335,825,403	222,472,944,423	100%
- Fixed assets (b)	371,623,966,882	213,337,047,600	100%
= WORKING CAPITAL (1)	-51,288,141,479	9,135,896,823	100%
Current operating assets (b)	88,438,512,090	165,591,303,033	100%
Current operating liabilities (b)	114,459,740,583	116,086,304,564	100%
= OPERATING FINANCING NEED (2)	-26,021,228,493	49,504,998,469	100%
Current assets (non-operating activities) (b)	-	-	
- current liabilities from non-operating activities (b)	-	-	
= NON-ORDINARY ACTIVITIES FINANCING REQUIREMENT (3)	-	-	
TOTAL FINANCING REQUIREMENTS (4) = (2) + (3)	-26,021,228,493	49,504,998,469	100%
NET CASH CASH (5) = (1) - (4)	-25,266,912,986	-40,369,101,646	100%
CONTROL: NET CASH FLOW = (CASH - ASSETS) - (CASH - LIABILITIES)	-25,266,912,986	-40,369,101,646	100%
ANALYSIS OF CASH FLOW CHANGES			
Cash flow from operating activities	102,895,796,402	-4,011,922,730	100%
- Cash flow from investment activities	-150,069,434,439	-186,691,233,497	100%
+ Cash flow from financing activities	62,275,826,697	153,965,135,604	100%
= CHANGE IN NET CASH FOR THE PERIOD	15,102,188,660	-36,738,020,623	-130%
ANALYSIS OF THE CHANGE IN NET FINANCIAL DEBT			
Gross financial debt (Financial debt* + Cash-liabilities)	114,511,510,393	255,549,309,352	100%
- Cash - Assets	531,730,697	1,355,920,768	100%
= NET FINANCIAL DEBT	113,979,779,696	254,193,388,584	100%
(a) Operating profit after theoretical profit tax (b) Exchange differences must be eliminated in order to reduce the relevant receivables and payables to their original value Financial debt * = loans and various financial debts + lease and acquisition debt Comments:			



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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF VARUN BEVERAGES (NEPAL) PVT. LTD.**

Opinion

We have audited the accompanying Financial Statements of Varun Beverages (Nepal) Pvt. Ltd. which comprises the Statement of Financial Position as at Ashad 32, 2082, Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity & Statement of Cash Flows for the year ended Ashad 32, 2082, and Notes to Financial Statement including Summary of Significant Accounting Policies.

In our opinion & to the best of our information & according to the explanations given to us, the aforesaid Financial Statements give a true and fair view in conformity with Nepal Financial Reporting Standard [NFRS], of the state of affairs of Varun Beverages (Nepal) Pvt. Ltd. as at Ashad 32, 2082, and its profit or loss, other comprehensive income, cash flows & the changes in equity for the year ended on that date.

Basis of Opinion

We conducted our audit of the financial statements in accordance with the Nepal Standard on Auditing (NSAs) & applicable law. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Nepal (ICAN), and we have fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis of our audit opinion on financial statements.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Managements Responsibility for the Financial Statements

Management is responsible for preparation and fair presentation of the Financial Statements in accordance with the Nepal Financial Reporting Standard [NFRS] and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing its ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's Financial Reporting process.



Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 NSAs 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 decision of users taken on the basis of these Financial Statements.

As part of an audit in accordance with NSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

i) Identify and assess the risk of material misstatement of the 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, misrepresentation, or the override of internal controls.

ii) Obtain an understanding of Internal Control relevant to audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's Internal Control.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

iv) 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 its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the 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 Audit Report. However, Future events or conditions may cause the Company to cease to continue as a going concern.

v) 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.

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.

We also communicate with those charged with governance 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.

Report on the Other Legal & Regulatory Requirements

(i) We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

(ii) Company has kept proper books of accounts as required by law, so far as it appears from the examination of those books of accounts.



(iii) Statement of Financial Position, Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity & Statement of Cash Flows have been prepared in accordance with the requirements of the relevant provisions of law and are in agreement with the books of account of the Company.

(iv) During our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or any member of there or any representative or any office holder or any employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company, and

(v) We have not come across any fraudulent activities in the books of accounts.



CA. S. K. Jhunjhunwala
Managing Partner
SUBHASH & Co.
Chartered Accountants

Place: Kathmandu

Date: 2025-09-14

UDIN: 251010CA00062v6NCD

Varun Beverages (Nepal) Pvt. Ltd.
Statement of Financial Position
As At 16th July, 2025 (Ashad 32, 2082)

[Fig. In NPR]

Particulars	Notes	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Assets			
Non Current Assets			
Property, Plant & Equipment	3(a), 3(b), 3(c)	4,427,748,716	4,382,777,542
Capital Work In Progress		-	39,297,814
Right of Use Asset		142,817,998	147,858,633
Other Non-Current Assets	5	699,600,629	679,340,629
Total Non Current Assets		5,270,167,344	5,249,274,618
Current Assets			
Inventories	6	1,415,910,128	1,649,792,064
Financial Assets			
Trade Receivables	7	427,231,509	471,313,313
Cash & Cash Equivalent	8	50,781,528	29,689,211
Bank Balance other than Cash & Cash Equivalent	9	2,188,601,570	2,312,907,741
Others	10	146,407,313	149,160,134
Other Current Assets	11	42,651,349	86,904,960
Income Tax Assets (Net)	19	78,539,326	7,188,733
Total Current Assets		4,350,122,721	4,706,956,156
Total Assets		9,620,290,065	9,956,230,774
Equity & Liabilities			
Equity			
Equity Share Capital	12 (a)	2,001,500,000	2,001,500,000
Other Equity	12 (b)	3,186,607,106	2,296,609,068
Total Equity		5,188,107,106	4,298,109,068
Non Current Liabilities			
Financial Liabilities			
Lease Liabilities	13	148,762,939	145,553,273
Deferred Tax Liability	4	232,411,459	206,788,305
Provisions	14	2,409,847,210	3,219,281,120
Total Non Current Liabilities		2,791,021,608	3,571,622,698
Current Liabilities			
Financial Liabilities			
Trade Payables	15	395,247,382	355,907,050
Short Term Borrowings	16	182,657,100	845,570,663
Lease Liabilities	13	11,315,282	13,011,853
Other Financial Liabilities	17	583,929,641	479,469,351
Other Current Liabilities	18	392,485,075	334,784,605
Provisions	14	75,526,871	57,755,486
Total Current Liabilities		1,641,161,351	2,086,499,008
Total Liabilities		4,432,182,959	5,658,121,706
Total Equity and Liabilities		9,620,290,065	9,956,230,774

Summary of Significant Accounting Policies

2

The Accompanying Notes are an Integral Part of Financial Statements

Kathmandu

Date: 14th September 2025


 Anand Thakur
 Finance Manager


 Sanjay Anand
 Director



As Per Our Attached Report of Even Date

For: SUBHASH & CO.
Chartered Accountants


 CA. S. K. Jhunjunwala
 Partner



Varun Beverages (Nepal) Pvt. Ltd.
Statement of Profit or Loss & Other Comprehensive Income
For Period 16th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

[Fig. In NPR]

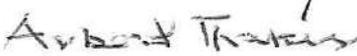
Particulars	Notes	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Income:			
Revenue From Operations	20	8,547,428,048	7,746,560,040
Other Income	21	957,601,938	322,621,719
Total Income		9,505,029,986	8,069,181,759
Expenses:			
Raw Materials Consumption	22	3,694,817,397	3,211,016,759
Changes in Inventories of Finished Goods & Work-In-Progress	23	(28,892,032)	105,365,021
Employee Benefit Expenses	24	811,163,626	711,187,322
Depreciation & Amortization Expenses		404,985,306	360,808,836
Other Expenses	25	1,817,808,481	1,748,359,061
Finance Cost	26	73,831,387	86,415,941
Total Expenses		6,773,714,164	6,223,152,940
Net Profit/(Loss) Before Tax		2,731,315,822	1,846,028,819
Tax Expense			
Current Tax	27	214,494,630	238,539,334
Deferred Tax		(25,623,154)	(37,083,049)
Net Profit/(Loss) For The Year		2,491,198,038	1,570,406,436
Other Comprehensive Income			
Actuarial Gain/ Loss on Defined Benefit Pension Schemes		-	-
Tax Relating to Components of Other Comprehensive Income		-	-
Total Other Comprehensive Income (OCI)		-	-
Total Comprehensive Income (TCI)		2,491,198,038	1,570,406,436
Basic Earnings Per Share (NPR)		1,244.67	784.61
Diluted Earnings Per Share (NPR)		1,244.67	784.61

Summary of Significant Accounting Policies

The Accompanying Notes are an Integral Part of Financial Statements

Kathmandu

Date: 14th September 2025


 Anand Thapa
 Finance Manager


 Jyoti Adar
 Director


 K. M. U.
 Director



As Per Our Attached Report of Even Date

For: SUBHASH & CO.

Chartered Accountants


 CA. S. K. Jhunjhunwala
 Partner



Varun Beverages (Nepal) Pvt. Ltd.
Statement of Cash Flow
For Period 16th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

[Fig. In NPR]

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Cash Flow From Operating Activities:		
Profit/(Loss) For the Year	2,491,198,038	1,570,406,436
Adjustment of Non Cash Charges		
Depreciation on Property, Plant & Equipment	399,944,671	354,945,188
Depreciation on ROU Assets	5,040,635	5,863,648
(Profit)/Loss on Sale of Property, Plant & Equipment	(22,923,637)	(109,158,013)
Interest Income	(118,810,055)	(196,673,161)
Interest Cost	19,741,635	39,911,892
Deferred Tax	25,623,154	37,083,049
Current Tax	214,494,630	238,539,334
Cash Flow Before Working Capital Change	3,014,309,071	1,940,918,373
Changes In Working Capital		
Decrease/(Increase) In Inventory	233,881,936	(392,598,692)
Decrease/(Increase) In Trade Receivables	44,081,804	62,298,409
Decrease/(Increase) In Other Financial Assets	(4,784,970)	63,852,899
Decrease/(Increase) In Other Assets	23,993,611	(49,262,798)
Increase/(Decrease) In Sundry Creditors	39,340,332	(404,644,121)
Increase/(Decrease) In Financial Liabilities	104,460,290	(98,928,732)
Increase/(Decrease) In Other Liabilities	58,317,296	(69,002,693)
Increase/(Decrease) In Provisions	(791,662,525)	(8,443,967)
	(292,372,225)	(896,729,695)
Cash Generated From Operations	2,721,936,846	1,044,188,678
Income Tax Paid	(285,845,223)	(239,895,954)
Net Cash Flow From Operating Activities [1]	2,436,091,623	804,292,724
Cash Flow From Investing Activities		
Acquisitions of Property, Plant & Equipments	(414,127,192)	(277,795,219)
Proceeds From Sale of Property, Plant & Equipments	31,432,798	141,466,907
Investments in Deposit Accounts	(2,188,601,570)	(2,312,907,741)
Maturity of Deposit Account	2,312,907,741	1,693,283,604
Interest Income	126,347,846	193,653,380
Total Cash Flow From Investing Activities [2]	(132,040,378)	(562,299,070)
Cash Flow From Financing Activities		
Proceeds From Borrowings	182,657,100	845,570,663
Repayment of Borrowings	(845,570,663)	(388,927,124)
Repayment of Lease Liabilities net of Finance Cost	1,513,094	(22,013)
Interest Cost	(20,358,461)	(39,263,888)
Cash Dividend Paid	(1,601,200,000)	(652,666,500)
Total Cash Flow From Financing Activities [3]	(2,282,958,930)	(235,308,862)
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	21,092,315	6,684,793
Cash & Cash Equivalents At Beginning of The Year/Period	29,689,213	23,004,420
Cash & Cash Equivalents At End of The Year/Period	50,781,528	29,689,213
Components of Cash & Cash Equivalents		
Cash In Hand	-	-
Balance With Banks	50,781,528	29,689,211

Notes:

Cash Flow Statement has been prepared using Indirect Method in Accordance with NAS 7 [Statement of Cash Flows]

The Accompanying Notes are an Integral Part of Financial Statements

Kathmandu
Date: 14th September 2025

As Per Our Attached Report of Even Date
For: **SUBHASH & CO.**
Chartered Accountants

Arjun Thapa
Finance Manager

Arjun Thapa
Director



S. K. Jhunjhunwala
CA. S. K. Jhunjhunwala
Partner



Varun Beverages (Nepal) Pvt. Ltd.
Statement of Changes In Equity
For Period 16th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

Fig. in NPR

Particulars	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total
Balance as on 2080-04-01	1,450,370,000	683,229,356	-	1,246,769,776	3,380,369,132
Addition In Capital	551,130,000	-		1,570,406,436	1,570,406,436
Profit/(Loss) For the Year				-	-
Other Comprehensive Income for the Year				(1,203,796,500)	(1,203,796,500)
Dividend Paid				1,613,379,712	4,298,109,068
Balance as on 2081-03-31	2,001,500,000	683,229,356	-	1,613,379,712	4,298,109,068
Balance as on 2081-04-01	2,001,500,000	683,229,356	-	(1,601,200,000)	(1,601,200,000)
Dividend Paid				2,491,198,038	2,491,198,038
Profit/(Loss) For the Year				-	-
Other Comprehensive Income for the Year				-	-
Balance as on 2082-03-32	2,001,500,000	683,229,356	-	2,503,377,750	5,188,107,106

Kathmandu
Date: 14th September 2025


 Anil Thakur
 Finance Manager


 Juiji
 Director



As Per Our Attached Report of Even Date
For: SUBHASH & CO.
Chartered Accountants


 CA. S. K. Jhunjhunwala
 Partner



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16 th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

Significant Information, Accounting Policies & Notes to the Accounts

1 General Information

M/S Varun Beverages Nepal Pvt. Ltd., is a company incorporated under the Companies Act, 2063 of Nepal. Its principal place of business is located at Sinamangal - 32, Kathmandu, Nepal. It operates a business to manufacture & bottle Carbonated Soft Drinks, Water & Juices.

In order to meet the increasing market demand of its Carbonated Soft Drinks, Water & Juices, the entity has expanded its existing capacity with installation of a new bottling plant in Ramgram Municipality, Ward No. 10, Nawaparasi under Industry Registration No. 4070 Dated 2074|08|11 (2017|11|27) so issued by the Department of Industry in capacity of Branch Unit I.

The Branch Unit I has begun its trial production from 25|April|2018 & started its commercial production & dispatch from 02|May|2018 which marks the beginning of its operation at the said Unit - I.

The Branch Unit II has started its commercial production from 1|April|2024 & dispatch from 21|May|2024 which marks the beginning of its operation at the said Unit - II.

2 Significant accounting policies

2.1 Basis of Preparation

(a) Statement of Compliance

The Financial Statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Nepal Accounting Standards Board (NASB), as per the provisions of The Institute of Chartered Accountants of Nepal Act, 1997. These confirm, in material respect, to IFRS as issued by the International Accounting Standards Board. The Financial Statements have been prepared on a going concern basis. The term NFRS, includes all the standards and the related interpretations which are consistently used.

(b) Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for following Assets & Liabilities which have been measured at Fair Value amount:

- i. Certain Financial Assets & Liabilities
- ii. Defined Employee Benefits

Historical cost is generally Fair Value of the consideration given in exchange for goods & services.

Fair value 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the Fair Value of an Asset or a Liability, the Company takes into account the characteristics of the Asset or Liability if market participants would take those characteristics into account when pricing the Asset or Liability at the measurement date. Fair Value for measurement and/ or disclosure purposes in these Financial Statements is determined on such a basis, except for, measurements that have some similarities to Fair Value but are not Fair Value, such as Net Realizable Value in NAS 2 "Inventories" or Value in use in NAS 36 "Impairment of Assets".



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16 th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

Significant Information, Accounting Policies & Notes to the Accounts

In addition, for Financial Reporting purposes, Fair Value measurements are categorized into Level 1, or 2, or 3 based on the degree to which the inputs to the Fair Value measurements are observable & the significance of the inputs to the Fair Value measurement in its entirety, which are described as follows:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical Assets or Liabilities that the entity can access at the measurement date;
- Level 2 - Inputs are inputs, other than quoted prices included within Level 1, that are observable for the Asset or Liability, either directly or indirectly; and
- Level 3 - Inputs are unobservable inputs for the Asset or Liability.

(c) Presentations:

The figures for previous years are rearranged and reclassified wherever necessary for the purpose of facilitating comparison to the extent permitted by the NFRS. Appropriate disclosures are made wherever necessary. The entity presents assets and liabilities in Statement of Financial Position based on Current/ Non- Current classification. The entity classifies an asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- 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.

The entity classifies a liability as Current when it is:

- Expected to be settled in normal operating cycle;
- Held Primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

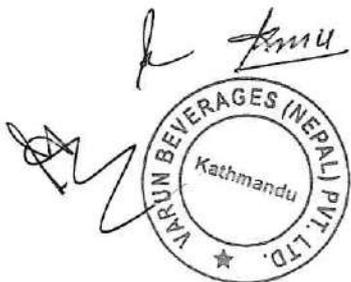
The Company classifies all other liabilities as Non- Current.

Deferred Tax Assets and Liabilities are classified as Non- Current.

(d) Use of Estimates

The preparation of these Financial Statements in conformity with NFRS requires management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the reported balances of Assets & Liabilities, disclosures relating to Contingent Liabilities as at the date of the Financial Statements and the reported amounts of Income & Expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the Notes to the financial statements. Changes in accounting estimates result from discovery of new information or new developments and accordingly are not correction of errors.



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16 th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

Significant Information, Accounting Policies & Notes to the Accounts

(e) Going Concern

The Financial Statements are prepared on a going concern basis. The Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources while assessing the going concern basis. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it.

(f) Functional and Presentation Currency

The Financial Statements are presented in Nepalese Rupee (NPR) which is also the company's Functional currency. There was no change in Presentation and Functional Currency during the reporting period.

(g) Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Company in preparing and presenting financial statements. The Company is permitted to change an accounting policy only if the change is required by a standard or interpretation; or results in the Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flows.

2.2 Revenue Recognition

Revenue is recognized upon transfer of control of promised goods or services to customers at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (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.

Revenue from the sale of manufactured 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.



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16 th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

Significant Information, Accounting Policies & Notes to the Accounts

2.3 Inventories (As taken, Valued & Certified by the management as per Income Tax Act, 2058):

Inventories are valued as:

a) Raw materials, Factory Fuel, stores and spares:

At Weighted Average Cost. 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.

b) Work-in-progress:

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

c) 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.

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

2.4 Property, Plant & Equipment & Depreciation

i) Measurement at Recognition:

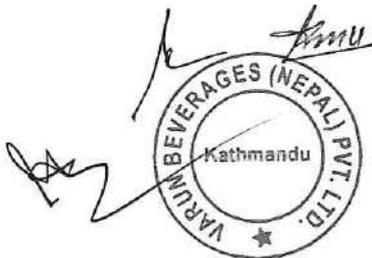
Property, Plant & Equipment are stated at cost inclusive of all expenses incurred in commissioning/putting them into use, less accumulated depreciation (Other than Freehold Land) and accumulated impairment losses, if any.

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

- a) it is probable that future economic benefits associated with the item will flow to the entity; and
- b) the cost of the item can be measured reliably.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increased the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit or Loss for the period during which such expenses are incurred. Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as a part of indirect construction cost to the extent the expenditure is related to construction or is incidental thereto.

Other indirect costs incurred during the construction periods which are not related to construction activity nor are incidental thereto are charged to the Statement of Profit or Loss.



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16 th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

Significant Information, Accounting Policies & Notes to the Accounts

ii) Depreciation

Depreciation on Property, Plant & Equipment other than Freehold Land i.e. the Company's Freehold Building, Plant & Machinery, Vehicles & Other Assets is provided on "Straight Line Method" based on Useful Life estimated by technical expert of the management. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are

Useful Life of Property, Plant & Equipment based on Straight Line Method is categorised as stated below:

List of Asset Categories	Useful Life (In Years)
Buildings	28.44
Plant & Machinery	20
Furniture Fixtures	10
Commercial Vehicles	8.39
Admin Vehicles	7
Office Equipment	4
Computers	4
Visi/Ice Box/PMX Machine	8
Containers [Glass Bottle Shells]	6

The Assets Useful Life and Residual Values are reviewed at the Reporting date and the effect of any changes in estimates are accounted for on a prospective basis.

iii) Derecognition of Assets

An item of Property, Plant and Equipment is derecognized upon disposal or when no Future Economic Benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in Statment of Profit or Loss.

iv) Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the Asset's carrying amount exceeds its recoverable amount. Assets that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

2.5 Borrowing Cost

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



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

Significant Information, Accounting Policies & Notes to the Accounts

2.6 Leases

The Company as a lessee

The Company enters into an arrangement for lease of buildings and equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with NFRS 16 – Leases, at inception of the contract, the Company assesses whether a contract is, or contains a lease.

A lease is defined as ‘a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration’.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- a) The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- b) The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- c) The Company assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfills the requirements of NAS 40 - Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use asset are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- a) Fixed payments, including in-substance fixed payments;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) Amounts expected to be payable under a residual value guarantee; and
- d) The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.



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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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item in the standalone financial statements of the Company.

The Company has elected not to apply the requirements of NFRS 16 - 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 entity has adopted NFRS 16 "Leases" from 17 July 2022, which has resulted in changes in the accounting policies and adjustments to the amounts recognized in the financial statements. This standard eliminates the distinction between Operating and Finance Lease and requires lessee to recognize all leases above 12 months in Statement of Financial Position. The entity has applied NFRS 16 using the Modified Retrospective approach and therefore the comparative information has not been restated. The main changes arising on the adoption of NFRS were as follows:

- i) Interest bearing lease Liability and Non- Current assets increased on implementation of the standard as obligations to make future payments under leases previously classified as operating leases were recognized on the Balance Sheet, along with the related 'Right Of Use' (ROU) asset. Rental payments associated with these leases are recognized in the Income statement on a straight-line basis over the life of the lease as depreciation and finance costs.
- ii) Expenditure on operations has decreased and finance costs have increased, as operating lease costs have been replaced by depreciation and lease interest expense.
- iii) The adoption of NFRS 16 required the Company to make a number of judgements, estimates and assumptions. These included:

* The approach to be adopted on transition - The Company used the modified retrospective transition approach. Lease liabilities were determined based on the value of the remaining lease payments, discounted by the appropriate incremental borrowing rates at the date of initial application (July 17, 2022). ROU assets were measured based on the related lease liability as at the date of transition, adjusted for prepaid or accrued lease payments. As the company applied modified retrospective transition approach as per para C5(b) read together with para C8(b)(ii) of NFRS 16, there was no impact on equity as at July 17 2022. NFRS 16 does not allow comparative information to be restated if the modified retrospective transition approach is used.

* The estimated lease term - The term of each lease was based on the original lease term unless management was 'reasonably certain' to exercise options to extend the lease.

* The discount rate used to determine the lease liability - The rate used on transition to discount future lease payments was the Company's incremental borrowing rates.

iv) The Company elected the following practical expedients:

* has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

* has not to apply the new lessee accounting model to leases for which the lease term ends within 12 months after the date of initial application. Instead, it has accounted for those leases as short-term leases. The explanation of the difference between operating lease commitments disclosed as at 16th July 2022 when applying IAS17 to the lease liabilities recognized as at 17th July 2022 is presented in the table below:

During the previous year, the Company reassessed and modified its lease arrangement for leased land on 1 November 2023. No further modification has been made during the current year.



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Movement of Right of Use Assets- leased Land is summarized as:

<u>Net Carrying Amount</u>	<u>16-Jul-25</u>	<u>15-Jul-24</u>
Opening Balance	147,858,633	142,683,779
Additions for the year	-	11,038,502
Depreciation	5,040,635	5,863,648
Closing Balance	142,817,998	147,858,633

Movement of Lease Liabilities for leased Land is summarized as:

<u>Lease Liabilities (Current and Non-Current)</u>	<u>15-Jul-24</u>	<u>16-Jul-23</u>
Opening Balance	158,565,126	147,548,637
Additions for the year	-	11,038,502
Finance Charge	18,313,094	16,777,987
Lease Rental Payments	16,800,000	16,800,000
Closing Balance	160,078,221	158,565,126

2.7 Employee Benefits

Contribution to Retirement and other funds

Retirement benefit in the form of Social Security Fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the Social Security Fund. The Company recognises contribution payable to the Social Security Fund scheme as an expense, when an employee renders the related service.

Compensated Absences

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit which are computed based on the actuarial valuation using the projected unit credit method at the period end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the balance is presented as a non-current liability. Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. All other employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

2.8 Income Taxes

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

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 2058 and rules thereunder. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are



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Deferred Tax

Deferred Tax is recognized on Temporary differences between the carrying amounts of Assets & Liabilities. Deferred Income Tax is recognized using the Statement of Financial Position and its Tax Base. Deferred Income Tax Assets & Liabilities are recognized for deductible and taxable temporary differences arising between the tax base of Assets & Liabilities and their carrying amount in Financial Statements, except when the Deferred Income Tax arises from the initial recognition of goodwill, an Asset or Liability in a transaction that is not a business combination and affects neither accounting nor taxable Profits or Loss at the time of the transaction.

Deferred Income Tax Assets are recognized 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 utilized.

Deferred Tax Liabilities are generally recognized for all taxable Temporary differences.

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 profits will be available to allow all or part of the Deferred Income Tax Asset to be utilized.

2.9 Operating Segment

Operating Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) as defined by NFRS 8, "Operating Segment".

Company's Income & Expenses including interest are considered as part of un-allocable Income & Expenses which are not identifiable to any business segment. Company's Asset & Liabilities are considered as part of un-allocable Assets & Liabilities which are not identifiable to any business.

2.10 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

I. Financial Assets

Initial Recognition & 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) Financial Assets at Amortized Cost (AC)

A Financial Asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

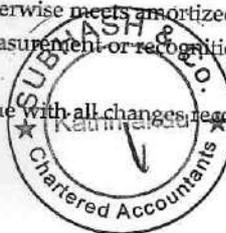
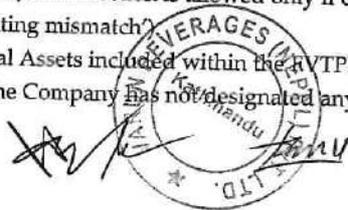
The Company has not designated any debt instrument in this category.

c) Financial Assets at Fair Value through Profit or Loss (FVTPL)

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

In addition, the Company may elect to designate a Financial Assets 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').

Financial Assets included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss. The Company has not designated any Financial Assets in this category.



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De-Recognition

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

Impairment of Financial Assets

In accordance with NFRS 9 "Financial Instrument", the Company uses 'Expected Credit Loss' (ECL) Model, for evaluating impairment of Financial Assets other than those measured at Fair Value through Profit or Loss (FVTPL).

Expected Credit Losses are measured through a loss allowance at an amount equal to:

The 12-months Expected Credit Losses (Expected Credit Losses that result from those default events on the Financial Instrument that are possible within 12 months after the reporting date); or

Full Lifetime Expected Credit Losses (Expected Credit Losses that result from all possible default events over the life of the Financial Instrument)

For Trade Receivables, the Company applies "Simplified Approach" which requires Expected Lifetime Losses to be recognized from initial recognition of the receivables. The Company uses historical default rates to determine Impairment Loss on the portfolio of Trade Receivables. At every reporting date, these historical default rates are reviewed and changes in the forward looking estimates are analyzed.

For other assets, the Company uses 12 months Expected Credit Losses to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk Full Lifetime ECL is used.



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II. Financial Liabilities

Initial Recognition & Measurement

Financial Liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Liabilities at initial recognition.

All Financial Liabilities are recognized initially at Fair Value, plus, in the case of Financial Liabilities not at fair value through profit or loss, transaction costs that are attributable to the issue of the Financial Liability.

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.

Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at Statement of Profit or Loss.

b) Financial liabilities at amortised cost:

After initial recognition, financial liabilities designated at amortised costs are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

iii) De-Recognition

A Financial Liability is de-recognized 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Profit or 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.

2.11 Cash & Cash Equivalent

For the purpose of presentation in the Statement of Cash Flows, Cash & Cash Equivalents includes Cash In Hand, Bank Balances, Positive Balance of Cash Credit Account and Cheques in hand.

2.12 Share Capital

Financial Instruments issued by the Company are classified as Equity only to the extent that they do not meet the definition of a Financial Liability or Financial Asset. The Company's Equity Shares are classified as Equity Instruments including Bonus Shares.

2.13 Dividend distribution to equity holders

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Companies Act 2063, a distribution is authorised when it is approved by the shareholders in General Meeting. A corresponding amount is recognised directly in equity.



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Significant Information, Accounting Policies & Notes to the Accounts

2.14 Provisions, Contingent Liabilities & Contingent Assets

I. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. 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.

Provisions for Contingent Liability are recognized in the books as a matter of abundant precaution and conservative approach based on management's best estimate. However, Management believes that chances of these matters going against the company are remote and there will not be any probable cash outflow.

II. Contingent Liabilities

Contingent liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

III. Contingent Assets

Contingent assets where it is probable that future economic benefits will flow to the Company are not recognized but disclosed in the Financial Statements.

2.15 Cash Flow Statement

Cash Flows are reported using the indirect method, whereby Net Profit After Tax is adjusted for the effects of transactions of a non-cash nature and any deferrals of accruals of past or future cash receipts or payments.

2.16 Earnings Per Share

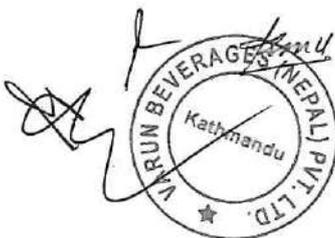
Earning per share is calculated by dividing the profit attributable to owners of the company by the Weighted Average Number of equity shares outstanding during the Financial Year. The weighted average number of equity shares outstanding during the year is adjusted for events, other than conversion of 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.

2.17 Functional Currency & Foreign Currency Transactions

The Financial Statements of the Company are presented in Nepalese Rupees, which is the Company's Functional Currency. In preparing the Financial Statements of the Company, transactions in currencies other than the Company's Functional Currency i.e. Foreign Currencies are recognized at the rates of exchange prevailing at the dates of the transactions.



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2.18 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

I. Judgements

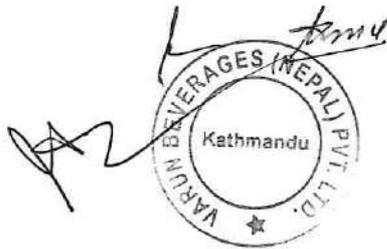
In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

a) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor 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.



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II. Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of tangible assets

The Company reviews its estimate of the useful lives of tangible assets at each reporting date, based on the expected utility of the assets.

b) Defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c) Inventories

The Company estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

2.19 Basis of Apportionment of Common Expenses

As mentioned on note no: 30, for calculating separate tax holiday eligibility, the Direct expenses pertaining to the unit have been booked in the respective unit and the common expenses have been allocated in the ratio of sales of the corresponding units.

In Unit- I after the establishment of new bottling line ref. note- 1 and note- 30, the Direct Raw material expenses pertaining to the new line have been booked in the same Line, the Production expenses other than Raw Material expenses have been apportioned in the ratio of Production and residual common expenses have been proportionately allocated in the ratio of Sales between the existing Unit- I and Unit- II



Varnu Beverages (Nepal) Pvt. Ltd.

Plant Location: Kathmandu, Nepal (Main Unit)

3(a) Property, Plant & Equipment

For Period 16 th July, 2024 - 16th July, 2025

Particulars	Gross Block		Additions During the Year	Sales/Reversal During the Year	Gross Block		Accumulated Depreciation 2024-07-16	Depreciation During the Year	Sales/Reversal During the Year	Accumulated Depreciation 2025-07-16	Net Block	
	As At 2024-07-16	2024-07-16			As At 2025-07-16	2025-07-16					As At 15-07-24	As At 2025-07-16
Land - Freehold	6,799,433	-	-	-	6,799,433	-	-	-	-	-	6,799,433	6,799,433
Buildings	219,338,523	-	-	-	219,338,523	114,365,104	6,260,966	-	-	120,626,070	104,973,419	98,712,454
Plant & Machinery	672,300,961	18,849,224	5,864,138	-	691,150,185	383,742,361	26,353,914	-	-	410,096,275	288,558,600	281,053,910
Furniture & Fixtures	2,747,525	5,864,138	29,547,495	1,714,625	6,897,038	2,122,220	162,324	1,599,581	-	684,963	625,305	6,212,075
Vehicles	175,785,846	29,547,495	3,695,399	81,418,205	123,915,136	149,313,450	7,566,940	77,347,295	1,482,152	79,533,095	26,472,397	44,382,041
Office Equipment	7,253,790	2,711,000	3,695,399	1,562,075	9,387,114	6,568,450	328,600	1,482,152	-	5,414,898	685,340	3,972,216
Computers	8,038,748	2,711,000	2,711,000	-	10,749,748	4,148,506	1,598,649	-	-	5,747,155	3,890,242	5,002,593
Visi/Ice Box/PMX Machine	501,246,270	41,585,944	41,585,944	-	542,832,214	280,777,177	36,444,066	-	-	317,221,242	220,469,093	225,610,971
Container	207,097,243	16,144,462	16,144,462	25,367,255	197,874,450	122,549,672	25,103,098	23,364,959	-	124,287,811	84,547,571	73,586,639
Total	1,800,608,340	118,397,662	118,397,662	110,062,160	1,808,943,842	1,063,586,939	103,818,557	103,793,986	1,063,611,510	737,021,400	745,332,332	



Varun Beverages (Nepal) Pvt. Ltd.

Plant Location: Parasi, Nepal (Parasi - I)

3(b) Property, Plant & Equipment

For Period 16 th July, 2024 - 16th July, 2025

Particulars	Gross Block		Additions During the Year	Sales/Reversal		Gross Block		Accumulated Depreciation		Depreciation During the Year	Sales/Reversal		Accumulated Depreciation		Net Block	
	As At 2024-07-16	2024-07-16		As At 2025-07-16	2025-07-16	2024-07-16	2024-07-16	2025-07-16	2025-07-16		As At 15-07-24	As At 2025-07-16				
Land - Freehold	127,478,243	-	-	-	-	-	-	-	-	-	-	-	-	-	127,478,243	-
Buildings	891,992,428	788,609	892,781,037	-	178,070,533	29,880,891	207,951,424	713,921,895	713,921,895	684,829,613	-	713,921,895	684,829,613			
Plant & Machinery	1,574,672,858	209,562,802	1,784,235,660	-	422,887,166	76,996,580	499,883,746	1,151,785,692	1,151,785,692	1,284,351,914	-	1,151,785,692	1,284,351,914			
Furniture & Fixtures	8,961,593	71,239	9,032,832	-	4,536,190	853,814	5,390,004	4,425,404	4,425,404	3,642,828	-	4,425,404	3,642,828			
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-			
Office Equipment	8,861,748	170,845	9,032,593	-	7,725,703	225,090	7,950,793	1,136,045	1,136,045	1,081,800	-	1,136,045	1,081,800			
Computers	3,787,470	1,404,500	5,138,873	-	2,715,888	467,879	3,133,325	1,071,582	1,071,582	2,005,548	-	1,071,582	2,005,548			
Visi/Ice Box/PMX Machine	774,098,557	68,516,985	842,615,542	-	294,082,175	93,214,866	387,297,041	480,016,382	480,016,382	455,318,502	-	480,016,382	455,318,502			
Container	400,086,963	46,005,072	418,132,646	-	213,406,694	50,961,236	238,646,872	186,680,269	186,680,269	179,485,774	-	186,680,269	179,485,774			
Total	3,789,939,861	326,520,053	4,088,447,426	28,012,487	1,123,424,349	252,600,357	1,350,253,205	2,666,515,512	2,666,515,512	2,738,194,221	-	2,666,515,512	2,738,194,221			



Varrun Beverages (Nepal) Pvt. Ltd.
 Plant Location: Parasi, Nepal (Parasi - II)

3(b) Property, Plant & Equipment

For Period 16 th July, 2024 - 16th July, 2025

Particulars	Gross Block As At 2024-07-16	Additions During the Year	Sales/Reversal During the Year	Gross Block As At 2025-07-16	Accumulated Depreciation 2024-07-16	Depreciation During the Year	Sales/Reversal During the Year	Accumulated Depreciation 2025-07-16	Net Block As At 15-07-24	Net Block As At 2025-07-16
Land - Freehold	-	-	-	-	-	-	-	-	-	-
Buildings	260,477,236	-	-	260,477,236	1,477,817	8,723,045	-	10,200,862	258,999,418	250,276,374
Plant & Machinery	726,098,935	8,507,292	-	734,606,227	5,857,722	34,802,713	-	40,660,435	720,241,214	693,945,792
Furniture & Fixtures	-	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-
Computers	-	-	-	-	-	-	-	-	-	-
Visi/ Ice Box/ PMX Machine	-	-	-	-	-	-	-	-	-	-
Container	-	-	-	-	-	-	-	-	-	-
Total	986,576,171	8,507,292	-	995,083,463	7,335,539	43,525,757	-	50,861,297	979,240,632	944,222,166



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16 th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

4 **Deferred Tax Assets**

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Deferred Tax Asset/(Liability) - Main Unit		
Property, Plant & Equipment	(36,135,283)	(32,029,965)
Leave Encashment Payable	6,347,728	5,435,770
Provision - CSR	5,494,312	3,296,327
Deferred Tax Asset/(Liability) - Parasi I		
Property, Plant & Equipment	(188,520,764)	(183,445,708)
Right of Use Asset	(28,563,600)	(29,571,727)
Lease Liabilities	32,015,644	31,713,025
Provision - CSR	7,553,607	7,123,304
Deferred Tax Asset/(Liability) - Parasi II		
Property, Plant & Equipment	(31,512,811)	(9,372,467)
Provision - CSR	909,708	63,136
Total	(232,411,459)	(206,788,305)

Particulars	DTA/(L) - Main Unit	DTA/(L) - Unit I	DTA/(L) - Unit II	Total
15th July, 2024 (Ashad 31, 2081)	(23,297,868)	(174,181,106)	(9,309,331)	(206,788,305)
Charged/(Credited) to Statement of Profit & Loss	(995,375)	(3,334,007)	(21,293,772)	(25,623,154)
Charged/(Credited) to Other Comprehensive Income				
16th July, 2025 (Ashad 32, 2082)	(24,293,243)	(177,515,113)	(30,603,103)	(232,411,459)

5 **Other Non Current Assets**

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Capital Advances	-	-
Advances other than Capital Advances		
Deposit Against Appeal	699,600,629	679,340,629
Total	699,600,629	679,340,629



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16 th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

6 Inventories

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Finished Goods	215,140,418	186,248,386
Semi Finished Goods	-	-
Raw Materials	937,582,993	1,271,598,595
Stores/Spares & Fuels	263,186,716	191,945,083
Total	1,415,910,128	1,649,792,064

7 Trade Receivables

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Secured, Considered Good	399,373,762	459,841,124
Unsecured, Considered Good	27,857,747	11,472,189
Total	427,231,509	471,313,313

Secured Trade Receivables are backed by Bank Guarantee as provided by Customers.

8 Cash & Cash Equivalent

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Cash In Hand	-	-
Balance With Banks - CA & OD +ve Balance		
Everest Bank Limited	7,116,169	1,286,767
Machhapuchchhre Bank Limited	734,769	95,289
Nepal Bank Limited	20,207	61,076
Nepal SBI Bank Limited	272,764	136,783
Nepal Investment Mega Bank Limited	31,908,624	10,275,597
NIC Asia Bank Limited	86,052	14,125,038
NMB Bank Limited	552,870	1,149,582
Rastriya Banihya Bank Limited	75,292	1,560,574
Prabhu Bank Limited	19,631	2,204
Siddhartha Bank Limited	11,906	31,495
Global IME Bank Limited	614,386	288,501
Nabil Bank Limited	9,368,856	-
Cheque/Drafts in Hand	-	676,305
Total	50,781,528	29,689,211

9 Bank Balance Other than Cash & Cash Equivalent

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Fixed Deposits with Original Maturity of More than 3 months	2,188,601,570	2,312,907,741
Total	2,188,601,570	2,312,907,741



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

10 Other Financial Assets

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Current		
Accrued Interest	5,092,807	12,630,598
Staff Advance	4,436,158	3,200,168
Insurance Claim Receivable	3,571,259	824,474
Security Deposits	131,100,000	131,100,000
Deposit Against Letter of Credit	2,207,088	1,404,894
Total	146,407,313	149,160,134

11 Other Current Assets

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Prepaid Expenses (Incl. Insurance)	29,232,209	25,763,281
Advance To Suppliers	7,509,165	57,057,037
Security Deposits - Govt & Others	5,909,975	4,084,642
Total	42,651,348.58	86,904,960.00

12

(a) Equity Share Capital

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Authorised Capital:		
3,380,451 Ordinary Shares of Rs. 1,000 Each.	3,380,451,000	3,380,451,000
Issued Capital:		
3,000,000 Ordinary Shares of Rs. 1,000 Each	3,000,000,000	3,000,000,000
Paid Up Capital:		
1,442,370 Ordinary Shares of Rs. 1,000 Each	1,442,370,000	1,442,370,000
559,130 Bonus Shares of Rs. 1,000 Each.	559,130,000	559,130,000
Total	2,001,500,000	2,001,500,000

(b) Other Equity

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Share Premium		
Balance at the Beginning of the Year	683,229,356	683,229,356
Addition During the Year	-	-
Balance at the End of the Year	683,229,356	683,229,356
Retained Earnings		
Balance at the Beginning of the Year	1,613,379,712	1,246,769,776
(+) Profit For the Year	2,491,198,038	1,570,406,436
(+) Other Comprehensive Income	-	-
Available For Distribution	4,104,577,750	2,817,176,212
(-) Dividend Paid	(1,601,200,000)	(652,666,500)
(-) Bonus Shares	-	(551,130,000)
Balance at the End of the Year	2,503,377,750	1,613,379,712



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Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16 th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

13 Lease Liabilities

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Non Current		
Lease Liabilities	148,762,939	145,553,273
	148,762,939	145,553,273
Current		
Lease Liabilities	11,315,282	13,011,853
	11,315,282	13,011,853

14 Provisions

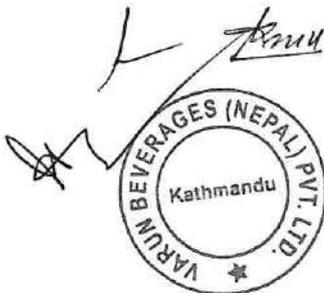
Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Non - Current		
Provision For Contingent Liabilities	2,383,847,304	3,197,443,923
Provision For Leave Encashment	25,999,906	21,837,197
Non Current Provisions	2,409,847,210	3,219,281,120
Current		
Provision For Corporate Social Responsibility	69,788,136	52,413,834
Provision For Leave Encashment	5,738,735	5,341,652
Current Provisions	75,526,871	57,755,486

(a) Disclosure under NAS 37 "Provisions, Contingent Liabilities and Contingent Assets"

Description	15th July, 2024 (Ashad 31, 2081)	Additions During the Year	Utilised/Reversed During the Year	16th July, 2025 (Ashad 32, 2082)
Provision For Contingent Liabilities				
For The Year Ended 16th July, 2025 (Ashad 32, 2082)	3,197,443,923	520,310	814,116,928	2,383,847,304
For The Year Ended 15th July, 2024 (Ashad 31, 2081)	3,216,680,513	-	19,236,590	3,197,443,923
Provision For Corporate Social Responsibility				
For The Year Ended 16th July, 2025 (Ashad 32, 2082)	52,413,834	27,669,623	10,295,322	69,788,136
For The Year Ended 15th July, 2024 (Ashad 31, 2081)	43,621,539	18,646,756	9,854,462	52,413,834

15 Trade Payable

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Trade Payable From Related Parties	130,948,531	133,834,727
Trade Payable From Others	264,298,851	222,072,323
Total	395,247,382	355,907,050



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16 th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

16 Short Term Borrowings

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Secured		
Everest Bank Limited		
- Short Term Loan	-	360,000,000
- Cash Credit	5,559,824	91,468,436
Nepal Investment Bank Limited		
- Cash Credit	58,000,000	-
Nabil Bank Limited		
- Cash Credit	77,323,407	848,941
Standard Chartered Bank		
- Short Term Loan	-	330,000,000
- Cash Credit	41,773,869	63,253,286
Total	182,657,100	845,570,663

17 Other Current Financial Liabilities

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Dealers Deposit - Bottles & Containers	269,990,633	277,574,533
Employee Related Payable		
Bonus Payable	276,696,247	186,467,557
Other Employee Related Payable	37,242,761	15,427,261
Total	583,929,641	479,469,351

18 Other Current Liabilities

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Expenses Payable	7,363,865	54,205,883
Advance From Customers	3,262,782	2,925,564
Interest Payable	84,063	700,889
Statutory Dues	381,774,364	276,952,269
Other Liabilities	-	-
Total	392,485,075	334,784,605

19 Income Tax (Assets)/Liabilities (Net)

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Income Tax Liabilities	214,494,630	238,539,334
Income Tax Assets	(293,033,956)	(245,728,067)
Total	(78,539,326)	(7,188,733)



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16 th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

20 Revenue From Operations

Fig.in NPR

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Gross Sale of Goods	11,666,149,866	10,547,630,870
(-) Excise duty	(3,135,734,859)	(2,817,956,185)
Net Sale of Goods	8,530,415,007	7,729,674,685
Scrap Sales	17,013,040	16,885,355
Total	8,547,428,048	7,746,560,040

21 Other Income

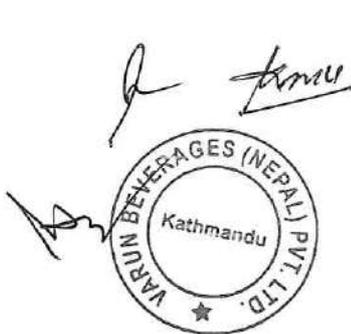
Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Interest Income - Bank	104,261,873	177,663,661
Interest Income - Others	14,548,182	19,009,500
Others	838,791,883	125,948,558
Total	957,601,938	322,621,719

22 Raw Material Consumption

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Raw Material Consumption	3,694,817,397	3,211,016,759
Total	3,694,817,397	3,211,016,759

23 Changes in Inventories of Finished Goods & Work-In-Progress

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Opening Stock - Finished Goods	186,248,386	291,613,407
Closing Stock - Finished Goods	215,140,418	186,248,386
Closing Stock - Semi Finished Goods	-	-
Total	28,892,032	(105,365,021)



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16 th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

24 Employee Benefit Expenses

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Salaries & Wages	455,713,313	451,222,418
Bonus	276,696,247	186,467,557
Staff Welfare	32,932,178	31,599,493
Post Employment Benefit Costs	35,476,163	32,673,897
Other Long Term Benefits	10,345,724	9,223,957
Total	811,163,626	711,187,322

25 Other Expenses

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Electricity/Power & Fuel	170,370,231	185,755,984
Travelling & Conveyance Expenses	43,893,517	41,539,339
Repair & Maintenance - Block A	14,600,204	3,344,797
Repair & Maintenance - Block D	104,251,370	93,602,127
Rates & Taxes	13,268,983	11,656,822
Vehicle Running & Fuel	12,387,453	13,769,666
Computer Expenses	11,128,072	4,934,320
Insurance Premium	19,560,780	20,256,791
Housekeeping Expenses	18,322,673	18,022,592
Printing & Stationary	2,557,553	3,013,859
Postage & Courier	482,628	502,111
Telephone & Communication	3,869,941	4,222,651
Subscription & Periodical	263,350	117,150
Conference & Meetings	323,771	184,876
Audit Fees	750,000	750,000
Tax Audit Fees	50,000	50,000
Security Service Charges	14,998,707	13,824,189
Rent Expenses	7,613,495	6,518,117
Loading & Unloading Charges	28,121,284	31,421,592
Legal Expenses & Consultancy Fee	13,925,916	15,877,113
Management Fee	426,430,907	386,486,470
Quality Damage	76,945,043	114,978,169
Advertisement & Promotion Expenses	129,338,933	130,164,224
Selling & Distribution Expenses	65,971,596	60,821,266
Freight & Delivery Expenses	605,505,879	561,985,733
General Expenses	4,686,263	5,912,347
Provision For Corporate Social Responsibility	27,669,625	18,646,756
Provision For Contingent Liability	520,310	-
Total	1,817,808,481	1,748,359,061



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16 th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

26 Finance Cost

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Interest Paid	19,741,635	39,911,892
Bank Charges	35,776,658	29,726,062
Finance Cost NFRS	18,313,094	16,777,987
Total	73,831,387	86,415,941

27 Income Tax Expense

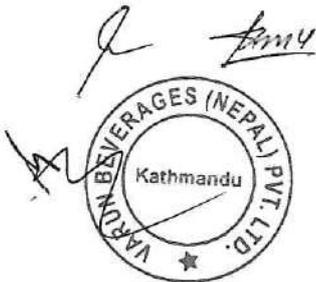
This Note Provides an reconciliation between Taxable Profit & Accounting Profit.

(a) Income Tax Expense

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Current Tax on Profit For The Year	214,494,630	238,539,334
Deferred Tax For The Year	(25,623,154)	37,083,049
Income Tax Expense	188,871,476	275,622,383

(b) Reconciliation of Taxable Profit & the Accounting Profit

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Accounting Profit Before Tax	2,731,315,822	1,846,028,819
NFRS Impact		
i) Amortisation of Transaction Fee for Loan Processing		
ii) Actuarial Valuation of Leave Encashment	1,423,291	330,202
iii) Finance Cost Lease	18,313,094	16,777,987
iv) Depreciation of ROU Assets	5,040,635	5,863,648
v) Rent Expenses Lease	(16,800,000)	(16,800,000)
Adjustments As Per Income Tax Act, 2058	(967,673,832)	(176,829,415)
Exempt Taxable Income for Unit II (100% Tax Holiday)	(354,451,499)	13,240,679
Total Profit As Per Income Tax	1,417,167,511	1,688,611,919



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

28 Employee Retirement Benefits

Post Employment Benefit - Defined Contribution Plans

For the year ended 16th July, 2025 (32nd Ashad, 2082) the company has recognised an amount of NPR.35,476,163 against contribution to Social Security Fund as an expenses under the defined contribution plans in the Statement of Profit & Loss.

29 Other Long Term Benefits- Compensated Absences

The Company recognises the compensated absences expenses in the Statement of Profit and Loss based on actuarial valuation.

The following tables summaries the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet:

Particulars	16th July, 2024 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Changes in present value are as follows:		
Balance at the beginning of the year	27,178,849	25,178,521
Current service cost	6,033,467	6,956,284
Interest Cost	2,451,339	2,138,648
Benefits Settled	(5,782,932)	(7,223,628)
Actuarial Loss/ (Gain)	1,860,918	129,024
Balance at the end of the year	31,741,641	27,178,849
Bifurcation of Present Value of Obligation		
Current Liability (Short term)	5,738,735	5,341,652
Non-Current Liability (Long term)	25,999,906	21,837,197
Present Value of Obligation as at the end	31,738,641	27,178,849
Expenses Recognized in Income Statement		
Current Service Cost	6,033,467	6,956,284
Past Service Cost		
Net Interest Expenses	2,451,339	2,138,648
Actuarial Loss/ (Gain)	1,860,918	129,024
Net Cost recognized on Income Statement	10,345,724	9,223,956

Assumptions Used

Mortality	100% of IALM 2012-14	100% of IALM 2012-14
Discount Rate	9.00%	9.00%
Withdrawal Rate	11.00%	11.00%
Salary Increase	11.00%	11.00%
Rate of Leave availment	3.50%	3.50%
Retirement age (Years)	60 Years	58 Years

30 Tax Holiday

In the year 2018, the company set up a new Plant at Ramgram Municipality, Ward No. 10, Nawalparasi and has claimed Tax holiday for this new facility pursuant to Section 11(3)(Ga) of the Income Tax Act, 2058 which makes it eligible for Tax Holiday of 8 years in which the Branch Units shall have 100% tax rebate in its income for the 1st 5 Years and 50% tax rebate in its income for the next 3 Years. The entitlement of Tax Holiday for this plant is upto 30th April 2026.

In the year 2024, the company expanded its capacity by setting a new Bottling line at existing Nawalparasi Plant and the commercial production from this new line begin from 1st April 2024. The company fulfilled the conditions laid down in Section 11(3)(Ga) of the Income Tax Act, 2058 to claim the Tax holiday for period of 8 years. Accordingly the entitlement of 100% Tax Holiday for this Line is upto 31 March 2029 and thereafter 50% Tax Holiday till 30 March 2032.

The company has claimed the Tax holiday for existing Plant and new line as per table below:

Branches	Duration	Tax Holiday
Branch Unit - I	16th July 2024 to 16th July 2025	50%
Branch Unit - II	16th July 2024 to 16th July 2025	100%



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

31 Legal Matters & Contingent Liabilities

Based on the Board Minute Dated: 2022-10-14, as a matter of abundant precaution & conservative approach the company has entirely accounted for the Contingent Liability along with applicable Interest, which as on Ashad 32, 2082 was of NPR.2,383,847,304 , which as on Ashad 31, 2081 was of NPR 3,197,443,923 against various cases related to VAT, INCOME TAX, EXCISE pending at different legal forums.

During the year the company has reversed a provision for contingent liabilities to extent of Rs.81,41,16,928 made during Previous years owing to settlement & additional provision made for VAT FY:2079/80 amounting to NPR 5,20,310.

As on year end of 2022/23 the company have various cases pending at different legal fronts. Details of the same is stated below

<u>Relevant Tax Law</u>	<u>Years</u>	<u>Pending Before</u>	<u>Total Demand</u>
Income Tax	FY: 2070/71 to FY: 2075/76 (Upto Magh, 2075)	Supreme Court	424,757,621
Income Tax	FY: 2068/69, FY: 2070/71 to FY: 2078/79	Supreme Court	1,194,725,194
Income Tax	FY: 2079/80	Revenue Tribunal	80,296,538
VAT Act	FY: 2070/71 to FY: 2075/76 (Upto Magh, 2075)	Supreme Court	253,406,939
VAT Act	FY: 2068/69, FY: 2070/71 to FY: 2077/78	Supreme Court	990,809,083
VAT Act	FY: 2079/80	Revenue Tribunal	607,248
Excise Act	FY: 2074/75	Supreme Court	63,848,158

Claims against the Company Not Acknowledged as Debts

<u>Particulars</u>	<u>16th July, 2025</u> <u>(Ashad 32, 2082)</u>	<u>15th July, 2024</u> <u>(Ashad 31, 2081)</u>
Claims against the Company not acknowledged as debts:		
For Income Tax/VAT/Excise	1,836,093,947	752,331,393

* Note: Management believes that chances of these matters going against the company are remote and there will not be any probable cash outflow.

32 Corporate Social Responsibility

Provision for Corporate Social Responsibility, as required under the provision of Industrial Enterprise Act, 2076 Sec: 54 has been created and utilized accordingly.



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

33 Earnings Per Share

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Profit For the Year	2,491,198,038	1,570,406,43
Weighted Average Number of Equity Shares Outstanding During the Year	2,001,500	2,001,50
Number of Equity Shares Outstanding During the Year	2,001,500	2,001,50
Nominal Value of Equity Shares	1,000	1,00
Earnings Per Share(Basic)	1,244.67	784.6
Earnings Per Share(Diluted)	1,244.67	784.6

34 Dividend

Company decided to distribute dividend amounting Rs. 1,601,200,000 from its reserves according to 39th AGM held on 2024-10-04 in form of Cash Dividend which has been distributed accordingly.

Dividend on equity shares declared and paid during the year	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Cash Dividend of NPR 450 per Equity shares on existing 1,450,370 equity shares	-	652,666,500
Bonus Shares at 379.99 no. of share per 1,000 shares (t/o to 10) on existing 1,450,370 equity shares with Par value of NPR 1,000	-	551,130,000
Cash Dividend of NPR 800 per Equity shares on existing 2,001,500 equity shares	1,601,200,000	-

35 Fair Value Measurements

(i) Financial Instruments by Category & Hierarchy

This section explains the judgements and estimates made in determining the Fair Values of the Financial Instruments that are measured at Amortised Cost and at which Fair Values are disclosed in the Financial Statements. The Company doesn't have any Financial Instruments which are to be measured at Fair Value through Profit & Loss or Fair Value through Other Comprehensive Income.

To provide an indication about the reliability of the inputs used in determining Fair Value, the Company has classified its financial instruments into Three Levels prescribed as per applicable NFRS. However, all the Financial Instruments held by the Company fall under Level 3 Category.

Level 1: Level 1 Hierarchy includes Financial Instruments measured using Quoted Prices.

Level 2: Fair Value of Financial Instruments that are not traded in an active market is determined using valuation techniques which maximises the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to determine Fair Value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There is no transfer of Financial Instruments between different levels as mentioned above during the year.

36 Financial Risk Management

The Company's activities expose it to Credit Risk, Liquidity Risk & Market Risk.

i) Credit Risk

The Company is exposed to credit risk for various Financial Instruments, For Example Customer Receivables, Loans or Advances given. The Company continuously monitors Receivables and defaults with customers & other counterparties. Appropriate Security Deposits along with Bank Guarantee are kept against the supplies to customers.

Credit Risk with respect to Trade Receivable is managed by the Company through setting up Credit Limits for customers & also periodically reviewing the Credit worthiness of major customers.



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

Expected Credit Loss For Trade Receivables under Simplified Approach:

Particulars	Sch	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Gross Carrying Amount	Sch 7	427,231,509	471,313,313
Expected Credit Losses	Sch 7	-	-
Carrying Amount of Trade Receivables		427,231,509	471,313,313

The credit risk for cash & cash equivalents and bank deposits including accrued interest is considered negligible, since the counterparties are Nepal Rastra Bank approved Financial Institutions.

ii) Liquidity Risk

Prudent Liquidity Management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of internal and external financing to meet obligations when due. The Company monitors its risk to a shortage of funds on a regular basis through cash forecast for scheduled debts servicing payments and considering maturity profiles of Financial Assets & Other Financial Liabilities.

a) Financing Arrangements:

The Company had availed Financing Arrangements as categorised below. Closing balances of the same stands as follows:

Particulars	Sch	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Short Term Borrowings	Sch 16	182,657,100	845,570,663
Long Term Borrowings	Sch 13	-	-
Total Borrowings		182,657,100	845,570,663

b) Maturity of Financial Liabilities:

The table below summarises the Company's Financial Liabilities into Relevant Maturity Groupings based on their Contractual Maturities for all Financial Liabilities.

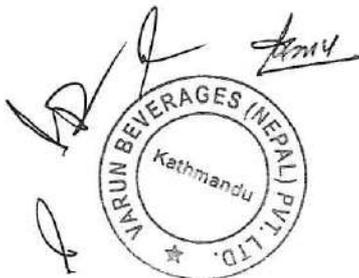
Particulars	Sch	16th July, 2025 (Ashad 32, 2082)		15th July, 2024 (Ashad 31, 2081)	
		< 1 Year	> 1 Year	< 1 Year	< 1 Year
Trade Payables	Sch 15	395,247,382	-	355,907,050	-
Borrowings	Sch 16	182,657,100	-	845,570,663	-
Other Financial Liabilities	Sch 17	583,929,641	-	479,469,351	-
Total Financial Liabilities		1,161,834,123	-	1,680,947,064	-

iii) Market Risk

a1) Foreign Currency Risk Exposure

The Company imports are predominantly denominated in INR. As the exchange rate between India & Nepal is fixed, Company doesn't have foreign currency risk for INR transactions. Beside that major imports in foreign currency other than INR includes USD & Euro Transactions.

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Trade Payable		
In USD \$	310,370	53,195
In Euro €	-	(4,247)
Trade Payable		
USD Payable in NPR	42,706,911	7,128,906
Euro Payable in NPR	-	(617,696)



Varun Beverages (Nepal) Pvt. Ltd.
Notes to the Financial Statements
For Period 16th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

a2) Foreign Currency Sensitivity

The Sensitivity of Profit & Loss due to variation in the Exchange Rates arising mainly from Foreign Currency Denominated Financial Instruments:

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
USD Sensitivity		
NPR/USD - Increase By 1%		
NPR/USD - Decrease By 1%	(427,069)	(71,28)
	427,069	71,28
Euro Sensitivity		
NPR/Euro - Decrease By 1%	-	6,17
NPR/Euro - Decrease By 1%	-	(6,17)

b1) 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 Rates. The Company's policy is to minimise Interest Rate Cash Flow risk exposure on borrowings. Company also have interest rate risk in-terms of opportunity cost on Interest Income.

b2) Interest Rate Sensitivity

Profit or Loss is Sensitive to changes in Interest Rate. A change in Market Interest Level by 100 Basis Points which is reasonably possible based on Management's Assessment would have the following effect on the Profit After Tax.

Particulars	16th July, 2025 (Ashad 32, 2082)	15th July, 2024 (Ashad 31, 2081)
Interest Income		
Interest Rate - Increase By 100 Basis Points*	18,636,131	17,921,841
Interest Rate - Decrease By 100 Basis Points*	(18,636,131)	(17,921,841)
Interest Expenses		
Interest Rate - Increase By 100 Basis Points*	2,632,059	3,024,704
Interest Rate - Decrease By 100 Basis Points*	(2,632,059)	(3,024,704)

* Holding all other Variable Constant

37 Capital Management

For the purpose of the Company's Capital Management, capital includes issued capital and all other equity reserves attributable to the equity holders of the company. The company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to the shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aim to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods.



**THE BEVERAGE COMPANY PROPRIETARY LIMITED
(REGISTRATION NUMBER 2016/155356/07)
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2025**

The Beverage Company Proprietary Limited

(Registration number 2016/155356/07)

Consolidated And Separate Financial Statements for the six month period ended 31 December 2025

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Manufacture and sale of non-alcoholic carbonated beverages
Directors	WR Nidd Executive PW Spies Non-executive S Sharma Non-executive SK Iyer Non-executive K Naidoo Executive SR Mehmood Non-executive
Registered office	20 Anvil Road Isando Gauteng 1600
Business address	20 Anvil Road Isando Gauteng 1600
Postal address	PO Box 102 Glenvista Johannesburg Gauteng 2058
Holding company	Varun Beverages Limited incorporated in India
Bankers	Rand Merchant Bank
Auditors	Nolands JHB Inc. Registered Auditor Practice number: 905110
Secretary	S. David
Level of assurance	These consolidated and separate financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The consolidated and separate financial statements were independently compiled by: L. Moodley CA (SA)
Issued	30 January 2026

The Beverage Company Proprietary Limited

(Registration number 2016/155356/07)

Consolidated And Separate Financial Statements for the six month period ended 31 December 2025

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The Beverage Company Proprietary Limited

(Registration number 2016/155356/07)

Consolidated And Separate Financial Statements for the six month period ended 31 December 2025

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the group as at the end of the six month period and the results of its operations and cash flows for the period then ended, in conformity with IFRS® Accounting Standards as issued by the International Accounting Standards Board and the Companies Act of South Africa. The external auditors are engaged to express an independent opinion on the consolidated and separate financial statements.

The consolidated and separate financial statements are prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board and the Companies Act of South Africa and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the twelve months from the date of this report and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the group's external auditors and their report is presented on pages 4 to 6.

The consolidated and separate financial statements set out on pages 7 to 45, which have been prepared on the going concern basis, were approved by the board of directors on 30 January 2026 and were signed on their behalf by:



Wesley Nidd (Jan 30, 2026 13:59:21 GMT+2)

WR Nidd

Independent Auditor's Report

To the shareholders of The Beverage Company Proprietary Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of The Beverage Company Proprietary Limited and its subsidiaries (the group and company) set out on page 9 to 45, which comprise the consolidated and separate statement of financial position as at 31 December 2025, consolidated and separate statement of comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of The Beverage Company Proprietary Limited and its subsidiaries as at 31 December 2025, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of Financial Statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the consolidated and separate financial statements, which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate 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 and separate 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.

CHIEF EXECUTIVE OFFICER: DARRYL FORDHAM CA (SA) DIRECTORS: RYAN SMITH CA (SA), ANTONIO GIANFANELLI CA (SA), PORTIA NTLATLENG CA (SA), NUSRAT KHAN CA (SA) ASSOCIATE DIRECTOR: REABETSWE MOKHOSI CA (SA) SENIOR ADVISOR: DAVE OSHRY CA(SA) CORPORATE LAW & TAX SPECIALISTS: PROF. WALTER GEACH BA LLB (GPT) MCom FCIS CA (SA), GRAEME SAGGERS MCom (UCT) CA (SA) MTP MERGERS & ACQUISITIONS ADVISOR: DAVID MASTERTON BCompt (Hons) CA (SA) CFE MDP B-88EE.

Chartered Accountants (SA) Registered Auditors. Geneva Group International (GGI), Independent Member Firm. Nolands Jhb Inc Reg No 2005/008947/21. All professional firms practising in the Republic of South Africa under Nolands ("Member firms") are licensed by Nolands Audit SA Proprietary Limited (Registration number: 2020/256102/97) ("Nolands SA") save for member firms practising outside of the Republic of South Africa which member firms are licensed by Nolands International Limited (BRN No: C18141706) (FSC No: C136015185). Each member firm is an independent contractor practising for its own risk and benefit. No member firms are partners, agents, representatives, joint ventures, fiduciaries or the like (collectively "Associates") of each other. Likewise, no member firms and Nolands SA or Nolands International Limited are Associates of each other. If any further information is required, kindly contact us. See <https://nolands.global/south-africa/disclaimers/>.

Independent Auditor's Report

Responsibilities of the directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 International 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 and separate financial statements.

- As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated and separate 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, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report

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

We communicate with the directors 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.

NOLANDS JHB INC.

Nolands Jhb Inc.

Practice number: 905119

Per: Ryan Lee Smith CA(SA), RA

Director

Registered Auditor

Date: Jan 30, 2026
Johannesburg

The Beverage Company Proprietary Limited

(Registration number 2016/155356/07)

Consolidated And Separate Financial Statements for the six month period ended 31 December 2025

Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate financial statements of The Beverage Company Proprietary Limited for the six month period ended 31 December 2025.

1. Nature of business

The Beverage Company Proprietary Limited ("the company") is the holding company of The Beverage Company BIDCO Proprietary Limited ("BIDCO") and Little Green Beverages Proprietary Limited ("LGB"). The Group's major activities comprised the manufacture, marketing, sales and distribution of non-alcoholic soft drinks. BIDCO and LGB are dormant and in the process of voluntary liquidation and will be deregistered in the next twelve months. All subsidiary companies in the BIDCO group have been deregistered.

2. Review of financial results and activities

The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 71 of 2008.

The company changed its financial year end from 30 June to 31 December on 03 July 2025 and as a result the current period represents 6 months of trading and comparative figures represent 12 months of trading.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated and separate financial statements.

3. Share capital

Refer to note 12 of the consolidated and separate financial statements for detail of the movement in authorised and issued share capital.

4. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act 71 of 2008. As this general authority remains valid only until the next AGM, the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, under the control of the directors until the next AGM.

5. Dividends

No dividend was declared or paid by the group during the period (30 June 2025: R Nil).

6. Borrowing powers

In terms of the Memorandum of Incorporation, the borrowing powers of the group are unlimited. However, all borrowings by the group are subject to board approval as required by the board's approval framework.

7. Auditors

Nolands JHB Inc. continued in office as auditors of the company for the six month period ended 31 December 2025 in accordance with section 90(2) of the Companies Act of South Africa (2008).

8. Board of directors

The directors in office at the date of this report are as follows:

Directors	Designation	Changes
WR Nidd	Executive	
PW Spies	Non-executive	Resigned as Executive 30 September 2025
S Sharma	Non-executive	
SK Iyer	Non-executive	
K Naidoo	Executive	
SR Mehmood	Non-executive	

On 30 September 2025 the Chief Executive Officer, PW Spies, resigned as Director. WR Nidd became acting Chief Executive Officer from that date.

9. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the group had an interest and which significantly affected the business of the group.

The Beverage Company Proprietary Limited

(Registration number 2016/155356/07)

Consolidated And Separate Financial Statements for the six month period ended 31 December 2025

Directors' Report

10. Events after the reporting period

On 21 December 2025, the Company entered into a Share Purchase Agreement ("SPA") to acquire 100% of the issued equity of Twizza Proprietary Limited ("Twizza") for a purchase consideration of R2.1 billion. The transaction is subject to the receipt of all applicable statutory and regulatory approvals and the fulfilment of the relevant conditions precedent ("CPs"). As at 31 December 2025, the transaction had not been implemented and control of Twizza had not transferred to the Company. Subject to the receipt of the requisite approvals and satisfaction of the CPs, the transaction is expected to be implemented on or before 30 June 2026.

On 20 January 2026 a new term loan of R1.7 billion was executed with RMB to fund strategic expansion. The short term facility limit was revised to R1 billion.

11. Secretary

S. David is the group company secretary in office.

12. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors are of the view that existing cash resources as well as continued committed funding from the Holding Company, the group will have sufficient resources to settle liabilities in the ordinary course of business as and when they arise.

Based on the above, the directors believe that the group will continue as a going concern in the foreseeable future. The special purpose financial statements have accordingly been prepared on the going concern basis.

13. Date of authorisation for issue of consolidated and separate financial statements

The consolidated and separate financial statements have been authorised for issue by the directors on 30 January 2026. No authority was given to anyone to amend the consolidated and separate financial statements after the date of issue.

14. Interests in subsidiaries

Details of material interests in subsidiary companies are presented in note 7.

15. Holding company

The group's holding company is Varun Beverages Limited which holds 97.92% (30 June 2025: 97.41%) of the group's equity. Varun Beverages Limited is incorporated in India and listed on the Mumbai Stock Exchange.

The Beverage Company Proprietary Limited

(Registration number 2016/155356/07)

Consolidated And Separate Financial Statements for the six month period ended 31 December 2025

Consolidated and Separate Statement of Financial Position as at 31 December 2025

Figures in Rand	Note	Group		Company	
		31 December 2025 R	30 June 2025 R	31 December 2025 R	30 June 2025 R
Assets					
Non-Current Assets					
Property, plant and equipment	3	1 162 528 169	1 009 065 383	1 162 528 169	1 009 065 383
Right-of-use assets	4	464 277 760	528 719 148	464 277 760	528 719 148
Goodwill	5	606 135 487	606 135 487	606 135 487	606 135 487
Intangible assets	6	185 520 152	206 279 906	185 520 152	206 279 906
Loan to shareholder	8	57 499 435	54 551 420	57 499 435	54 551 420
		2 475 961 003	2 404 751 344	2 475 961 003	2 404 751 344
Current Assets					
Inventories	9	607 170 589	493 557 285	607 170 589	493 557 285
Loans to related parties		-	-	2 966 656	2 966 656
Trade and other receivables	10	1 291 675 346	897 292 512	1 291 675 346	897 292 512
Current tax receivable		4 172 969	4 172 969	-	-
Cash and cash equivalents	11	7 544 361	19 204 182	7 544 361	19 204 182
		1 910 563 265	1 414 226 948	1 909 356 952	1 413 020 635
Total Assets		4 386 524 268	3 818 978 292	4 385 317 955	3 817 771 979
Equity and Liabilities					
Equity					
Share capital	12	2 205 705 148	1 749 967 798	2 205 705 148	1 749 967 798
Accumulated loss		(914 628 675)	(951 472 749)	(915 834 990)	(952 679 064)
		1 291 076 473	798 495 049	1 289 870 158	797 288 734
Liabilities					
Non-Current Liabilities					
Loan from shareholder	13	504 262 650	960 000 000	504 262 650	960 000 000
Lease liabilities	4	471 188 893	505 773 222	471 188 893	505 773 222
Deferred tax	14	94 196 586	89 617 593	94 196 586	89 617 593
		1 069 648 129	1 555 390 815	1 069 648 129	1 555 390 815
Current Liabilities					
Trade and other payables	15	784 311 330	695 323 967	784 311 332	695 323 969
Loans from shareholders	13	4 389 848	52 474 315	4 389 848	52 474 315
Lease liabilities	4	67 995 606	82 081 237	67 995 606	82 081 237
Deferred income		-	46 175 000	-	46 175 000
Current tax payable		1 360 159	3 221 569	1 360 159	3 221 569
Bank overdraft	11	1 167 742 723	585 816 340	1 167 742 723	585 816 340
		2 025 799 666	1 465 092 428	2 025 799 668	1 465 092 430
Total Liabilities		3 095 447 795	3 020 483 243	3 095 447 797	3 020 483 245
Total Equity and Liabilities		4 386 524 268	3 818 978 292	4 385 317 955	3 817 771 979

The Beverage Company Proprietary Limited

(Registration number 2016/155356/07)

Consolidated And Separate Financial Statements for the six month period ended 31 December 2025

Consolidated and Separate Statement of Comprehensive Income

Figures in Rand	Note	Group		Company	
		6 months ended 31 December 2025 R	12 months ended 30 June 2025 R	6 months ended 31 December 2025 R	12 months ended 30 June 2025 R
Revenue	16	2 788 051 209	4 818 776 068	2 788 051 209	4 818 776 068
Cost of sales	17	(1 575 817 163)	(2 769 008 063)	(1 575 817 163)	(2 769 008 063)
Gross profit		1 212 234 046	2 049 768 005	1 212 234 046	2 049 768 005
Other operating gains and losses	18	31 201 562	49 182 339	31 201 562	49 182 339
Selling, distribution and marketing expenses		(510 223 020)	(881 812 170)	(510 223 020)	(881 812 170)
Administrative and operating expenses		(579 191 070)	(975 999 484)	(579 191 070)	(975 999 484)
Operating profit	19	154 021 518	241 138 690	154 021 518	241 138 690
Investment revenue		3 443 866	6 769 071	3 443 866	6 769 071
Interest expense	20	(108 672 304)	(272 487 925)	(108 672 304)	(272 487 925)
Profit / (loss) before taxation		48 793 080	(24 580 164)	48 793 080	(24 580 164)
Taxation	21	(11 949 006)	(22 399 465)	(11 949 006)	(22 399 465)
Profit /(loss) for the year		36 844 074	(46 979 629)	36 844 074	(46 979 629)
Other comprehensive income		-	-	-	-
Total comprehensive profit /(loss) for the year		36 844 074	(46 979 629)	36 844 074	(46 979 629)

The Beverage Company Proprietary Limited

(Registration number 2016/155356/07)

Consolidated And Separate Financial Statements for the six month period ended 31 December 2025

Consolidated and Separate Statement of Changes in Equity

Figures in Rand	Share capital R	Accumulated loss R	Total equity R
GROUP			
Balance at 01 July 2024	849 967 798	(904 493 120)	(54 525 322)
Loss for the year	-	(46 979 629)	(46 979 629)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(46 979 629)	(46 979 629)
Shares issued	900 000 000	-	900 000 000
Total contributions by and distributions to owners of group recognised directly in equity	900 000 000	-	900 000 000
Balance at 01 July 2025	1 749 967 798	(951 472 749)	798 495 049
Profit for the six month period	-	36 844 074	36 844 074
Other comprehensive income	-	-	-
Total comprehensive profit for the year	-	36 844 074	36 844 074
Shares issued	455 737 350	-	-
Total contributions by and distributions to owners of company recognised directly in equity	455 737 350	-	455 737 350
Balance at 31 December 2025	2 205 705 148	(914 628 675)	1 291 076 473
Note	12		
COMPANY			
Balance at 01 July 2024	849 967 798	(905 699 435)	(55 731 637)
Loss for the year	-	(46 979 629)	(46 979 629)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(46 979 629)	(46 979 629)
Shares issued	900 000 000	-	900 000 000
Total contributions by and distributions to owners of company recognised directly in equity	900 000 000	-	900 000 000
Balance at 01 July 2025	1 749 967 798	(952 679 064)	797 288 734
Profit for the six month period	-	36 844 074	36 844 074
Other comprehensive income	-	-	-
Total comprehensive profit for the year	-	36 844 074	36 844 074
Shares issued	455 737 350	-	455 737 350
Total contributions by and distributions to owners of company recognised directly in equity	455 737 350	-	455 737 350
Balance at 31 December 2025	2 205 705 148	(915 834 990)	1 289 870 158
Note	12		

The Beverage Company Proprietary Limited

(Registration number 2016/155356/07)

Consolidated And Separate Financial Statements for the six month period ended 31 December 2025

Consolidated and Separate Statement of Cash Flows

Figures in Rand	Note(s)	Group		Company	
		6 months ended 31 December 2025 R	12 months ended 30 June 2025 R	6 months ended 31 December 2025 R	12 months ended 30 June 2025 R
Cash flows from operating activities					
Cash generated from/(used in) operations	22	(163 285 733)	305 809 660	(163 285 733)	305 809 660
Interest received		100 573	97 928	100 573	97 928
Interest paid	20	(118 262 289)	(154 241 321)	(118 262 289)	(154 241 321)
Tax received /(paid)		(9 231 422)	(11 459 904)	(9 231 422)	(11 459 904)
Net cash from operating activities		(290 678 871)	140 206 363	(290 678 871)	140 206 363
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(227 307 073)	(551 495 162)	(227 307 073)	(551 495 162)
Proceeds on disposal of property, plant and equipment	3	44 093	593 490	44 093	593 490
Purchase of intangible assets	6	(562 176)	-	(562 176)	-
Net cash used in investing activities		(227 825 156)	(550 901 672)	(227 825 156)	(550 901 672)
Cash flows from financing activities					
Proceeds on share issue	12	-	900 000 000	-	900 000 000
Repayment of other financial liabilities	23	-	(899 999 999)	-	(899 999 999)
Proceeds from shareholders loan	23	-	310 000 000	-	310 000 000
Cash repayments of lease liability capital	23	(39 461 092)	(71 211 184)	(39 461 092)	(71 211 184)
Cash repayments of lease liability interest		(35 621 105)	(65 772 289)	(35 621 105)	(65 772 289)
Net cash used in financing activities		(75 082 197)	173 016 528	(75 082 197)	173 016 528
Total cash movement for the six month period		(593 586 224)	(237 678 781)	(593 586 224)	(237 678 781)
Cash at the beginning of the six month period		(566 612 158)	(328 933 377)	(566 612 158)	(328 933 377)
Total cash at end of the six month period	11	(1 160 198 382)	(566 612 158)	(1 160 198 382)	(566 612 158)

Varun Beverages South Africa (PTY) Ltd
Balance sheet as on 31 December 2025

Particular	Amount in ZAR	
	As at 31 December 2025	As at 31 December 2024
Assets		
Bank account	694.47	694.47
Advance to vendor	6,242.50	6,242.50
Total Assets	6,936.97	6,936.97
Equity Share capital	10,000.00	10,000.00
Other Equity		
Opening	(3,063.03)	(2,074.03)
Add: Loss	-	(989.00)
Reserve & Surplus	(3,063.03)	(3,063.03)
FCTRA		
Opening		
During the year		
Total Liabilities	6,936.97	6,936.97

For Varun Beverages South Africa (PTY) Ltd

Date: 07 January 2026 | 8:45 AM SAST
Place: Johannesburg

Signed by:

6423453617964AB...
K Naidoo
(Director)

Varun Beverages South Africa (PTY) Ltd

Statement of Profit or loss	Amount in ZAR	
	Year ended 31 Dec 25	Year ended 31 Dec 24
Particular		
Revenue	-	-
Expenses		
Professional Fee	-	-
Bank Charges	-	989.00
	-	989.00
Profit before tax	-	(989.00)
Tax expenses	-	-
Profit After tax	-	(989.00)

For Varun Beverages South Africa (PTY) Ltd

Date: 07 January 2026 | 8:45 AM SAST
Place: Johannesburg

Signed by:



6423453617964AB...

K Naidoo
(Director)

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **VBL MOZAMBIQUE, S.A** (the Company), which comprise the Statement of Financial Position as at 31 December 2025 (which shows a total Assets of 2,187,071 Meticaís and a total negative Equity of 19,273,167 Meticaís, including a negative Net result of 8,082,461 Meticaís), the Income Statement, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **VBL MOZAMBIQUE, S.A** as at 31 December 2025, and its financial performance for the year then ended in accordance with the Chart of Accounts for Small Companies and Others (PGC-PE).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Mozambique, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for:

- Preparation of financial statements that present fairly the financial position and financial performance of the Entity in accordance with the Chart of Accounts for Small Companies and Others (PGC-PE);
- Establishing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- Adoption of accounting policies and criteria that are appropriate in the circumstances;
- Assessment of the Entity's ability to continue as a going concern, disclosing, as applicable, the matters that may cast significant doubt on the continuity of its activities;

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NUEL 100 023 938 | NUIT 400 178 879 | Capital Social 350 000,00 MTn

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- In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so;
- Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

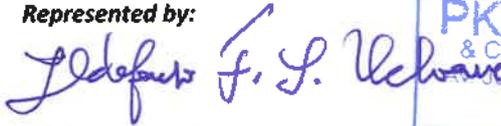
As part of an audit in accordance with ISA, we make professional judgment and maintain professional scepticism during the audit and also:

- identify and assess the material misstatement of the financial statements due to fraud or error, design and perform audit procedures that respond to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement due to fraud is greater than the risk of not detecting material misstatement due to error, since fraud may involve collusion, counterfeiting, intentional omissions, false statements or overlapping of internal control;
- obtain an understanding of the internal control relevant to the audit for the purpose of designing audit procedures that are appropriate in the circumstances but not to express an opinion on the effectiveness of the Entity's internal control;
- evaluate the adequacy of the accounting policies used and the reasonableness of accounting estimates and respective disclosures made by the management body;
- conclude on the appropriation of the use by the management body of the assumption of continuity and, based on the audit evidence obtained, whether there is any material uncertainty related to events or conditions that could raise significant doubts about the Entity's ability to continue its activities. If we conclude that there is material uncertainty, we should draw attention in our report to the related disclosures included in the financial statements or, if these disclosures are not appropriate, modify our opinion. Our findings are based on audit evidence obtained as of the date of our report. However, future events or conditions may cause the Entity to discontinue its activities;
- evaluate the overall presentation, structure and content of financial statements, including disclosures, and whether these financial statements represent the underlying transactions and events in order to achieve an appropriate presentation;
- communicate with those charged with governance, including the scope and timing of the audit, and significant audit findings including any significant weaknesses in internal control identified during the audit.

Maputo, 26 February 2026

PKF Auditores e consultores, Limitada

Represented by:



Ildefonso Flora Sonamize Uchoane
(Auditor nº 110/CA/OCAM)



Financial Statements

FISCAL YEAR 2025

VBL MOZAMBIQUE, SA

Avenue Eduardo Mondlane n° 1485

Maputo | Mozambique

NUEL 105 013 689 | NUIT 401 668 918

Share Capital: 1.000.000 Meticais



PKF
Mozambique

PKF Auditores e Consultores, Limitada

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Statement of financial position as at 31 December 2025 and 2024

ASSETS		Notes	Year ended at 31/12/2025	Year ended at 31/12/2024
Non current assets				
Tangible assets		6	717,327	186,463
			717,327	186,463
Current assets				
Trade debtors		7	-	4,031,906
Other current assets		8	542,710	2,278,039
Cash and cash equivalents		9	927,034	1,966,821
			1,469,744	8,276,765
			2,187,071	8,463,228
Total assets				
EQUITY AND LIABILITIES				
Equity				
Share capital		10	1,000,000	1,000,000
Retained earnings		10	(12,190,706)	-
Net result for the year			(8,082,461)	(12,190,706)
			(19,273,167)	(11,190,706)
Total equity				
Current liabilities				
Suppliers		11	21,285,734	18,308,073
Other current liabilities		12	174,505	1,345,862
			21,460,239	19,653,934
			21,460,239	19,653,934
			2,187,071	8,463,228
Total liabilities				
Total equity and liabilities				

The Accountant



Management



Income statement by nature for the years ended 31 December 2025 and 2024

	Notes	2025	2024
Revenue	13	4,824,224	41,461,674
Cost of inventories sold or consumed	14	(3,005,943)	(31,134,944)
Personnel expenses	15	(1,484,382)	(2,669,494)
Third party services and suppliers	16	(4,089,016)	(15,622,685)
Depreciations	6	(169,136)	(24,713)
Other operational income and expenses	17	(3,743,103)	(4,317,652)
		(7,667,355)	(12,307,814)
Financial income	18	2,503	174,439
Financial expense	18	(417,610)	(57,332)
Net income/loss before taxation		(8,082,461)	(12,190,706)
Income tax	19	-	-
Net result for the year		(8,082,461)	(12,190,706)

The Accountant



Management



Notes to the financial statements

1. Introductory note

VBL Mozambique, SA ("Company") is a private limited company incorporated in Mozambique, in 2023, registered under NUIT: 401 668 918 and Nuel: 105 013 689 and is headquartered in Maputo, Eduardo Mondlane Avenue, n° 1485. The company started operating in 2024.

The purpose of the company includes the distribution, commercialisation, import and export of beverages, soft drinks, juices, milks, dairy products.

The financial statements were approved by the Board of Directors to be issued on 27 February 2026. According to the commercial law, the accounts are subject to approval in the General Meeting of Shareholders.

2. Basis of preparation

The financial statements attached hereto are prepared according to the historical cost basis, in accordance with the Chart of Accounts for Small and Other Companies (PGC – PE), as set out by the Decree-law n. 70/2009, of 22 December.

The financial statements include the balance sheet, the income statement by nature, the statement of changes in equity, and the annex and were prepared in accordance with the assumptions of going concern and accrual basis on which items are recognized as assets, liabilities, equity, income and expenses when they satisfy the definitions and recognition criteria for those elements in the conceptual framework, in accordance with the qualitative characteristics of understand ability, relevance, materiality, reliability, faithful representation, substance over form, neutrality, prudence, completeness and comparability.

The functional currency used of the financial statements is the Metical.

The accounting policies presented in Note 3, were used in the financial statements for the period ended 31 December 2025.

The net result for the year is not comparable to the previous year, as the company only commenced its operations during the current financial year ended 31 December 2025. In the prior year, there was no operational activity, resulting in nil balances in the financial statements.

This situation has a broad impact on the balance sheet and the income statement, making the balances for this year non-comparable to those of the previous period.

Except for the note above, in the preparation of these financial statements, no provisions of the PGC-PE were derogated, and there are no other circumstances affecting the comparability of the various accounting line items.

3. Main accounting policies

Basis of presentation

The financial statements were prepared according with the historical cost convention.

The preparation of financial statements in conformity with PGC – PE requires the Board of Management to make judgments, estimates and assumptions that affect the application of accounting policies and the value of the assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and other factors considered reasonable under the circumstances and form the basis for judgments about the values the of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. The issues involving a higher degree of judgment or complexity, or where assumptions and estimates are considered significant are presented in Note 4 "Main judgements, estimates and accountable assumptions."

Accounting Policies

The principal accounting policies adopted in preparing the financial statements are as follows:

Tangible assets

Tangible assets are booked at acquisition cost less accumulated depreciation and cumulative impairment losses. Acquisition cost includes the invoice price, transport and assembly cost and financial cost incurred during the construction phase.

Tangible assets in progress include tangible assets in the construction phase and are booked at cost less cumulative impairment losses. Tangible assets are depreciated as from the time the capital expenditure projects are mainly completed or the assets are ready for use.

Depreciation of acquisition cost are calculated on a straight-line basis (on a monthly basis), as from the year the assets are available for use in accordance with group management, at the rates considered most appropriate to depreciate the assets during their estimated economic useful life, limited, when applicable, to the concession period.

The economic useful lives used for the asset are as follows:

Furniture and social office equipment

Estimated useful life

[4 to 5 years]

Recurring repair and maintenance cost are expensed in the year when they are incurred. Major overhauls involving the replacement of parts of equipment or of the other tangible assets are booked as tangible assets if the replaced parts are identified and written off, and depreciated over the remaining period of economic useful life of the respective tangible assets.

The gain/loss resulting from the write-off or disposal of tangible assets are determined by the difference between the sale price and the net book value as of the date of the write-off/disposal. The net book value includes accumulated impairment losses. The resulting accounting capital gain/loss booked in the income statements under the caption "Other operating income" or "Other operating costs", respectively.

Impairment of tangible assets

Impairment tests are made as of the financial statements date and whenever a decline in the asset value is identified. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recorded to the income statement caption "Amortization, depreciation and impairment loss on tangible assets".

The recoverable amount is the greater of the net selling price and the value in use. Net selling price is the amount that would be obtained from selling the asset in a transaction between independent knowledgeable parties, less the costs directly attributable to the sale. Value in use corresponds to the present value of the future cash flows generated by the asset during its estimated economic useful life. The recoverable amount is estimated for the asset or cash generating unit to which it belongs.

Impairment losses recognized in prior periods are reversed when they no longer exist or have decreased. Such tests are made whenever there are indications that an impairment recognized in an earlier period has reverted. Reversal of impairment is recognized as a decrease in the income statement caption "Amortization, depreciation and impairment loss of tangible assets". However, impairment losses are only reversed up to the book value that the asset would present (net of amortization or depreciation), if the impairment loss had not been recorded.

Revenue

Revenue is measured at the fair value of the counterpart already received or to be received. The revenue to be recognised is deducted of the estimated amount of returns, discounts and other rebates. The recognised revenue does not include VAT and other paid taxes related to the sale.

Revenue arising from the rendering of services is recognised with reference to the finishing phase of the transaction at the date of reporting, provided that the following conditions are met:

- the amount of revenue may be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably;
- the finishing phase of the transaction at the date of reporting can be measured reliably.

When the services are performed with an undetermined number of actions for a specific period of time, revenue is recognised in a straight-line basis during the specific time period unless there is evidence that another method will represent the finishing phase better. When a specific act is more significant than others, the recognition of the revenue is postponed until the significant act is executed.

Transactions and balances in foreign currencies

Transactions in foreign currencies (currency other than the Company's functional currency) are registered at the exchange rates, at the transactions dates. On the date of each report, the carrying amounts of the monetary items in foreign currency are updated to the exchange rates. The carrying amounts of the non-monetary items registered at their fair value in foreign currency are updated to the exchange rate of the date in which their fair value was determined. The carrying amounts of the non-monetary items registered at historical expenses in foreign currency are not updated.

The exchange rate differences arising from the above-mentioned updates are registered in results in the period in which they are generated.

All assets and liabilities expressed in foreign currency were converted to Meticaís, using the existing exchange rates at balance sheet date:

	<u>2025</u>	<u>2024</u>
1 USD	63,91	64,54
1 ZAR	3,85	3,44

Expenses and income recognition

Expense and income are registered in the period it refers independently of payment or receipt, according with the accrual basis. The differences between amount received and paid and, the corresponding expenses or revenues are registered in the caption Other Assets or Liabilities according with the amounts to receive or pay.

Income tax

Income taxes comprise current taxes and deferred taxes. Income taxes are recognised in results, except when they are related to items that are recognised directly in equity, in such event they are also registered as counterpart of the equities.

Current taxes are those expected to be paid based on the taxable result, determined in accordance with the tax rules in force and using the approved, or substantially approved, tax rate in each jurisdiction.

Financial assets and liabilities

The financial assets and liabilities are recognized in the balance sheet when the Company becomes a part of a corresponding contractual arrangements of the instrument.

The financial assets and liabilities are classified in the following categories: (i) cost or depreciated costs and (ii) the fair value with the recognized alterations in the financial statements.

Customers and other current receivables

The customers e other current receivables liabilities are registered at face value deducted from eventual impairment losses. These receivables are accounted using the effective interest method.

The impairment losses are registered following events that indicate, objectively and quantifiably, that total or part of the balance in debt will not be received. For such, the company takes into account market information that shows:

- The counterparty shows significant financial difficulties;
- Significant delays in payments by the counterparty occur;
- It becoming probable that the debtor will enter winding procedures or other financial reorganisation.

The recognized impairment losses amount to the difference between the carrying amount of the receivable balance and future estimated cash flow actual value, discounted at the initial effective interest rate which, whenever the receipt is expected in less than one year, it is considered null because its effect in the discount is considered immaterial.

Cash and cash equivalents

These amounts comprise cash on hand and demand bank deposits, due within three months or less from the date of acquisition, which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Subsequent events

The events after the balance sheet date that provide additional information on the existing conditions at balance sheet date ("adjusting events") are reflected in the financial statements. The events after the balance sheet date that provides information on conditions occurred after the balance sheet date ("non adjusting events") are disclosed in the financial statements, if they are considered material.

4. Main judgements, estimates and accountable assumptions

The preparation of financial statements in accordance with generally accepted accounting principles requires estimates to be made that affect the recorded amount of assets and liabilities, the disclosure of contingent assets and liabilities at the end of each year and income and costs recognized each year. The actual results could be different depending on the estimates made.

The estimates and assumptions were determined based on best knowledge existing at the date of approval of the financial statements of events and transactions in course, as well as experience on past and/or current events. Although, it may occur situations in subsequent periods that, not being predictable at the date of approval of the financial statements, were not considered as an estimate. The alterations on the estimates that occur after the financial statements date will be corrected in a forward-looking manner.

The main judgments and estimates made in the preparation of financial statements are as follows:

Recoverability of trade receivables and others receivables

Impairment losses relating to debtors and other receivables are based according Management judgment of the probability of recovery of the balances of accounts receivable, aging schedule, debt cancellation and other factors. There are certain facts and circumstances that may change the estimate of impairment losses of receivables balances based on the assumptions considered, including changes in the economic climate, sectoral trends, the deterioration in the credit condition of key customers and major defaults. This evaluation process is subject to numerous estimates and judgments. The changes in these estimates could result in the determination of different levels of impairment and therefore different impacts on results.

Estimated income tax

The company has adopted a conservative policy in preparing its estimate of income tax. The company is confident that in the event of an inspection, any corrections to the carrying amount will be nil or insignificant.

Measurement of tangible fixes assets

The tangible assets are measured at cost value. The Company believes that the estimated useful life of the assets is adequate and that the value at the reporting date does not differ substantially from the amount recorded under this caption.

5. Changes in accounting policies, estimates and errors

There were no voluntary changes in accounting policies, estimates and errors with effect in the current period or any prior period or possible effect on future periods.

6. Tangible assets

At 31 December 2025 and 2024, the movement in fixed assets is as follows:

Gross amount	Opening balance	Additions	Disposals	Closing balance
Office furniture	211,176	-	-	211,176
Transport equipment	-	700,000	-	700,000
	211,176	700,000	-	911,176
Accumulated depreciation and impairments	Opening balance	Additions	Disposals	Closing balance
Office furniture	24,713	24,713	-	49,426
Transport equipment	-	144,423	-	144,423
	24,713	169,136	-	193,849
Net book value 31/12/2025	186,463			717,327

Gross amount	Opening balance	Additions	Disposals	Closing balance
Office furniture	-	245,426	(34,250)	211,176
	-	245,426	(34,250)	211,176
Accumulated depreciation and impairments	Opening balance	Additions	Disposals	Closing balance
Office furniture	-	24,713	-	24,713
	-	24,713	-	24,713
Net book value 31/12/2024	-			186,463

7. Trade debtors

At 31 December 2025 and 2024, the trade debtors are comprised of the following:

	<u>31/12/2025</u>	<u>31/12/2024</u>
Trade debtors national market	-	4,031,906
	<u>-</u>	<u>4,031,906</u>

The detail of trade debtors national market at 31 December 2025 and 2024 is as follows:

	<u>31/12/2025</u>	<u>31/12/2024</u>
Zara Trading,Lda	-	1,753,694
Oceano Mozambique Lda	-	2,278,212
	<u>-</u>	<u>4,031,906</u>

8. Other current assets

At 31 December 2025 and 2024, the other current assets are comprised of the following:

	<u>31/12/2025</u>	<u>31/12/2024</u>
VAT	432,710	469,604
Other debtors	110,000	1,808,435
	<u>542,710</u>	<u>2,278,039</u>

9. Cash and banks

At 31 December 2025 and 2024, the cash and cash equivalents are as follows:

	<u>31/12/2025</u>	<u>31/12/2024</u>
Petty cash	-	27,565
Current deposits	927,034	1,939,256
	<u>927,034</u>	<u>1,966,821</u>

10. Equity

The share capital is 1,000,000 Meticaís (One million Meticaís) and is fully subscribed and paid up.

At balance sheet date the share capital lies decomposed by the following entities:

Decomposition of Share capital:	Share %	31/12/2025	31/12/2024
Varun Beverages Limited	99%	990,000	990,000
Varun Beverages International	1%	10,000	10,000
	<u>100%</u>	<u>1,000,000</u>	<u>1,000,000</u>

The movement of the capital items for the year 2025 and 2024 was as shown below:

	Share Capital	Legal reserves	Retained earnings	Net profit for the year	Total equity
Balances as at 01 January 2024	-	-	-	-	-
Issuance of share capital	1.000.000	-	-	-	-
Net result for the year	-	-	-	(12.190.706)	(12.190.706)
Balances as at 31 December 2024	1.000.000	-	-	(12.190.706)	(11.190.706)
Application of the net result of the prior year	-	-	(12.190.706)	12.190.706	-
Net result for the year	-	-	-	(8.082.461)	(8.082.461)
Balances as at 31 December 2024	1.000.000	-	(12.190.706)	(8.082.461)	(19.273.167)

The previous year net results were transferred to the retained earnings following the shareholders decision.

11. Suppliers

At 31 December 2025 and 2024, the suppliers are comprised of the following:

	31/12/2025	31/12/2024
Suppliers	21,285,734	18,308,073
	21,285,734	18,308,073

The caption is detailed below:

	31/12/2025	31/12/2024
Related Parties		
Varun Beverages - Zambia	18,520,628	14,075,411
BEVC - The Beverage Company (South Africa)	2,748,518	2,430,566
Varun Beverages Limited	16,588	-
Other suppliers		
Zara Trading, Lda	-	1,561,178
Others	-	240,918
	21,285,734	18,308,073

12. Other current liabilities

At 31 December 2025 and 2024, the other current liabilities are as follows:

	31/12/2025	31/12/2024
Tax payables	7,275	39,068
Accrued expenses	165,387	850,788
Others	1,843	456,006
	174,505	1,345,862

Tax payables are as follows:

	31/12/2025	31/12/2024
Withholding tax	4,125	21,712
INSS - Social taxes	3,150	17,356
	7,275	39,068

13. Revenue

The revenue recognized by the Company for the years 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Services rendered	4,824,224	41,461,674
	<u>4,824,224</u>	<u>41,461,674</u>

The revenue comprises the sale of beverages and soft drinks directly from the supplier to the clients of VBL Mozambique.

14. Cost of inventories sold or consumed

At 31 December 2025 and 2024, the statement of the cost of raw, auxiliary and material inventories for the 2024 and 2023 periods is as follows:

	<u>31/12/2025</u>	<u>31/12/2024</u>
Initial stocks	-	-
Purchases	3,005,943	34,725,258
Stock regularisations	-	3,590,314
Final Stocks	-	-
Costs for the year	<u>3,005,943</u>	<u>31,134,944</u>

15. Staff costs

In the financial year's ended 31 December 2025 and 2024, the company incurred the following staff costs:

	<u>2025</u>	<u>2024</u>
Employee's remuneration	977,402	2,012,234
Other remuneration	506,980	657,259
	<u>1,484,382</u>	<u>2,669,494</u>

The average number of employees during the year ended of 31 December 2025 was 1, and 11 in 2024.

16. External supplies

The recognised expenses in 2025 and 2024 in reference to the supplies and external services item are as presented below:

		<u>2025</u>	<u>2024</u>
Specialised services		717.307	2.268.828
Stationery		20.578	78.542
Maintenance and repairing material	(i)	172.949	38.474
Fuel		59.116	134.469
Rentals		655.806	3.173.245
Transport of employees	(ii)	-	1.061.726
Communication		1.000	33.490
Insurance		25.794	111.822
Representation expenses		2.292.603	7.834.988
Others		143.863	887.102
		<u>4.089.016</u>	<u>15.622.685</u>

- (i) – the maintenance and repairing material expenditure increased after the purchase of one vehicle for the entity;
- (ii) - employee transport expenses decreased due to the non-use of external transport services for employee mobility.

17. Other operational expenses

The other operational losses in 2025 and 2024 are as presented below:

Other operational expenses	<u>2025</u>	<u>2024</u>
Breakages or returned merchandise	3,743,103	4,317,652
	<u>3,743,103</u>	<u>4,317,652</u>

The breakages or returned goods note is made up of defective goods, losses incurred at the time of delivery and expired items.

18. Financial Income and Expenses

The financial income for the year 2025 and 2024 are detailed below:

Financial income	<u>2025</u>	<u>2024</u>
Exchange gains	2,503	174,439
	<u>2,503</u>	<u>174,439</u>

The financial expenses for the year 2025 and 2024 are detailed below:

Financial expenses	<u>2025</u>	<u>2024</u>
Exchange losses	344,762	57,332
Bank services	72,848	-
	<u>417,610</u>	<u>57,332</u>

19. Income tax

The income tax for the year 2025 and 2024 are detailed bellow:

	<u>2025</u>	<u>2024</u>
Accounting Loss	(8,082,461)	(12,190,706)
Unrealized unfavourable Exchange rate differences	344,762	-
Light Motor Vehicle Repair	86,475	-
Allowances and compensation	3,000	-
Representation expenses	1,328	-
Insurance	25,794	-
Provisions	3,729,828	-
Fines	1,275	-
Tax Loss	(3,890,001)	(12,190,706)

At year end the entity presents a tax loss, therefore, no income tax is due at year ended 31 December 2025.

20. Related parties

Related parties

Varun Beverages (Zambia) Ltd.

Varun Beverages (Zimbabwe) Pvt. Ltd.

BEVC – The Beverage Company (South Africa).

Varun Beverages International Ltd.

Varun Beverages Limited.

The balances with entities related to 31 December 2025 are as follows:

Year ended at 31/12/2025

Suppliers

Varun Beverages - Zambia	18,520,628
BEVC - The Beverage Company (South Africa)	2,748,518
Varun Beverages Limited	16,588
Total	21,285,734

Year ended at 31/12/2024

Suppliers

Varun Beverages - Zambia	14,075,411
BEVC - The Beverage Company (South Africa)	2,430,566
Total	16,505,977

21. Contingent assets and contingent liabilities

The company does not have any commitments or contingencies not recognized in balance sheet.

22. Other Information

At the date of 31 December 2025, the company had no debts under INSS (Social Security) and the Tax Authority (IRPC and IRPS).

According to the legislation, tax returns are subject to review and correction by the tax authorities for a period of five years.

23. Subsequent events

There is no evidence of any subsequent events after the balance sheet date susceptible to affect the financial statements for the year under review.

The Accountant



Management



A PKF é uma rede global de sociedades legalmente independentes com escritórios em mais de 400 cidades, actuando em 150 países dos 5 continentes. Temos igualmente escritórios em Lisboa, Porto, Funchal (ilha da Madeira), Luanda (Angola), Sal (Cabo Verde) e São Tomé e Príncipe (São Tomé).

PKF is a global network of legally independent companies with offices in more than 400 cities, operating in 150 countries on 5 continents. We also have offices in Lisbon, Porto, Funchal (Madeira Island), Luanda (Angola), Sal (Cape Verde) and São Tomé and Príncipe (São Tomé).



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Mozambique | Tax Id: 400 178 879 | Share Capital 350 000 Meticais | Admitted to OCAM with nº 08/SAC/OCAM/2014

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VBL INDUSTRIES (KENYA) LIMITED

STATEMENT OF FINANCIAL POSITION AS OF 31ST DECEMBER, 2025

	2025 Amt in Kenya Shilling
CAPITAL EMPLOYED	
Share capital	12,500,000
Accumulated losses	<u>(9,330)</u>
Shareholders' funds	<u>12,490,670</u>
Non-current liabilities	
Borrowings	<u>-</u>
	<u>12,490,670</u>
REPRESENTED BY	
Non-current assets	
Property, plant and equipment	<u>-</u>
	<u>-</u>
Current assets	
Inventories	
Trade and other receivables	
Cash and cash equivalents	<u>12,502,295</u>
	<u>12,502,295</u>
Current liabilities	
Borrowings	-
Lease liabilities	-
Trade and other payables	<u>11,626</u>
	<u>11,626</u>
Net current (liabilities)	<u>12,490,670</u>
	<u>12,490,670</u>

D. Anne
21/01/2026



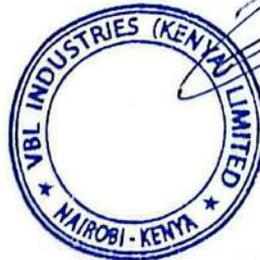
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VBL INDUSTRIES (KENYA) LIMITED

STATEMENT OF PROFIT OR LOSS

	2025
	Amt in Kenya Shilling
Revenue	-
Cost of sales	-
Gross profit	-
Other operating income	-
Selling and distribution expenses	-
Administrative expenses	(9,330)
Other operating expenses	-
Operating (loss)	(9,330)
Finance costs	-
(Loss) before tax	(9,330)
Tax	-
(Loss) for the year	(9,330)

D. Dora.
21/01/2028





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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LUNARMECH TECHNOLOGIES PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Lunarmech Technologies Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2025, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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.





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Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 SAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.





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- 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

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.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.





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f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure II". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations on its financial position in its financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources- or kind of funds) by the Company to or in any other person or entity, including foreign entity ("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 Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the 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;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.





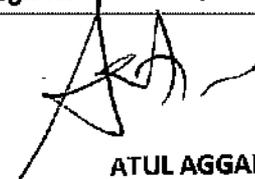
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- v. The Company has not proposed, declared or paid any dividend during the year under audit.
- vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2025 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the period for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with. Additionally, the audit trail has been preserved by the company as per the statutory requirements for records retention.

For O P BAGLA & CO LLP
CHARTERED ACCOUNTANTS
Firm Regn No. 000018N/N500091

PLACE : NEW DELHI
DATED : 07/07/2025


ATUL AGGARWAL
PARTNER
M No. 92656

UDIN : 25092656BMLJN674258





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ANNEXURE- I TO THE INDEPENDENT AUDITOR'S REPORT

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - (B) The Company does not own any intangible asset, hence reporting under clause 3(i)(a)(B) of the Order is not applicable.
 - (b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so as to cover all the assets once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) Based on our examination of the records of the company for land, we report that the title in respect of the land, building & title deeds of all other immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the Balance Sheet date.
 - (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
 - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The physical verification of inventory has been conducted at reasonable intervals by the management and in our opinion, the coverage and procedure of such verification by the management is appropriate. As per Information and explanation given to us by the company, no discrepancy of 10% or more in the aggregate for each class of inventory were noticed. Other discrepancies were properly dealt with in the books of account.
- (b) The company has been sanctioned working capital limits in excess of five crore rupees during the year, in aggregate, from banks or financial institutions on the basis of security of current assets. As per information and explanations given to us, the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company.





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- iii. The Company has neither made investments in, companies, firms, Limited Liability Partnerships, nor granted unsecured loans or advances in the nature of loans to other parties, during the year, hence reporting under clause 3(iii)(a) to 3(iii)(f) of the Order is not applicable.
- iv. In our opinion, the Company has not entered into any transaction covered under Section 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

- vii. (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2025 for a period of more than six months from the date they became payable.

- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and Goods and Service tax that have not been deposited with the appropriate authorities on account of any dispute.

- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

- ix. (a) As per Information and explanation given to us, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

- (c) The loan obtained by the company during the year have been applied for the purpose for which the loans were obtained.

- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.





OP BAGLA & CO LLP
CHARTERED ACCOUNTANTS

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B-225, Okhla Indl. Area, Phase - 1,
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- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or Joint Ventures.
- (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies, hence reporting on clause 3(ix)(f) of the Order is not applicable.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) ~~No fraud by the Company and no fraud on the Company has been noticed or reported during the year.~~
(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
(c) According to the information and explanations given to us by the management, no whistle blower complaints have been received by the Company during the year (and upto the date of this report).
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors, and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
(b) As per Information and explanation given to us, the group does not have more than one core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016).





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- xvii. The Company has not incurred any cash losses during the financial year under audit or during the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us, the Company has not transferred certain unspent amount in respect of other than ongoing projects to a Fund specified in Schedule VII to the Act. Details are as given below:

Financial year	Amount identified for Spending on CSR activities	Unspent Amount
2024-25	₹ 101.72 Lakhs	₹ 50.86 Lakhs

However, the company has spent the above unspent amount till the date of the Audit report.

- xxi. No reporting under clause 3(xxi) of the order is done as the clause is applicable to Consolidated Financial Statements only.

For O P BAGLA & CO LLP
CHARTERED ACCOUNTANTS
Firm Regn No. 000018N/N500091

ATUL AGGARWAL
PARTNER
M No. 92656

PLACE : NEW DELHI

DATED : 07/07/2025

UDIN : 25092656BMLJN64258





ANNEXURE- II TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We have audited the internal financial controls over financial reporting of **LUNARMECH TECHNOLOGIES PRIVATE LIMITED** ("the Company") as of 31st March 2025 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 its business, including adherence to 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence /we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting includes 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;





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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2025, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on "Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India.

For OP BAGLA & CO LLP
CHARTERED ACCOUNTANTS
Firm Regn No. 000018N/N500091

ATUL AGGARWAL
PARTNER
M No. 92656

PLACE : NEW DELHI

DATED : 07/07/2025



UDIN : 25092656BMLJNG74258

LUNARMECH TECHNOLOGIES PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH 2025

(Amount in Rupees Lacs, unless otherwise stated)

Particulars	Note No.	AS AT 31ST MARCH 2025	AS AT 31ST MARCH 2024
Assets			
Non-current assets			
a) Property, plant and equipment	3A	9,027.67	9,691.13
b) Capital work in progress	3B	7,934.68	7.36
c) Right-of-use asset	3C	244.91	274.59
d) Financial assets			
i) Other financial assets	4	21.83	21.83
e) Other non current assets	5	329.39	904.93
Total non-current assets		17,668.48	10,899.84
Current assets			
a) Inventories	6	3,179.88	3,127.36
b) Financial assets			
i) Trade receivables	7	3,725.60	1,384.22
ii) Cash & cash equivalents	8A	704.39	1,128.01
iii) Other bank balances	8B	4,544.71	5,126.12
iv) Other financial assets	4	323.89	295.21
c) Other current assets	5	2,257.66	1,906.54
Total current assets		14,736.11	12,947.45
Total assets		32,294.59	23,847.30
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	9	99.50	99.50
b) Other equity	10	21,955.42	18,198.14
Total equity		22,054.92	18,297.64
Liabilities			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	11	3,265.05	983.54
ii) Lease liabilities	12	251.68	266.35
b) Provisions	13	128.16	83.97
c) Deferred tax liabilities (net)	14	691.85	598.42
Total non-current liabilities		4,336.73	1,932.28
Current liabilities			
a) Financial liabilities			
i) Borrowings	11	2,332.89	1,564.09
ii) Lease liabilities	12	14.67	11.44
iii) Trade payables			
Dues to micro enterprises and small enterpr	15	101.22	-
Dues to Others	15	2,804.93	1,754.19
iv) Other financial liabilities	16	83.31	95.46
b) Other current liabilities	17	79.12	24.92
c) Provisions	13	21.28	11.26
d) Current tax liabilities (Net)	18	465.72	156.01
Total current liabilities		5,902.93	3,617.39
Total liabilities		10,239.66	5,549.66
Total equity & liabilities		32,294.59	23,847.30

Significant accounting policies

2

The accompanying notes are an integral part of the financial statements.

In terms of our report of even date annexed
FOR O P BAGLA & CO LLP
CHARTERED ACCOUNTANTS
 FRN 000018N/N500091



ATUL AGGARWAL
 PARTNER
 M.No. 92666

VIVEK GUPTA
 MG. DIRECTOR
 DIN:61354

RAJ PAL GANDHI
 DIRECTOR
 DIN:00003649

PLACE : DELHI
 DATED : 07/07/2025

LUNARMECH TECHNOLOGIES PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2025
 (Amount in Rupees Lacs, unless otherwise stated)

Particulars	Note No.	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Income			
Revenue from operations	19	19,673.48	18,449.16
Other income	20	667.65	507.81
Total income		<u>20,341.11</u>	<u>18,956.97</u>
Expenses			
Cost of material consumed	21	9,587.00	9,891.85
Purchases of Stock-in-Trade		1,382.74	1,004.25
Changes in Inventories of finished goods, stock-in-trade and Work-in-progress	22	350.37	-717.88
Employee benefit expenses	23	883.95	797.75
Finance costs	24	69.57	173.18
Depreciation and amortization expense	25	984.42	989.97
Other expenses	26	2,014.02	2,075.61
Total expenses		<u>15,272.97</u>	<u>14,214.73</u>
Profit before tax		5,068.14	4,742.25
Tax expenses			
Current tax			
Current year		1,181.00	950.00
Adjustment of earlier years		18.88	36.18
Deferred Tax		97.59	258.64
Profit for the year		<u>3,769.67</u>	<u>3,497.43</u>
Other comprehensive income			
a) Items that will not be reclassified to statement of profit & loss			
Remeasurement of post employment benefit		-16.55	-3.56
Less: Deferred tax on above item		-4.17	-0.90
Total Other comprehensive income		<u>-20.72</u>	<u>-4.46</u>
Total comprehensive income		<u>3,748.95</u>	<u>3,492.97</u>
Earning per share (Basic / Diluted) (Rs.)	43	378.85	351.49
Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

In terms of our report of even date annexed
 FOR O P BAGLA & CO LLP
 CHARTERED ACCOUNTANTS
 FRN 000018N/N500091



ATUL AGGARWAL
 PARTNER
 M.No. 92656

VIVEK GUPTA
 MG. DIRECTOR
 DIN:61354

RAJ PAL GANDHI
 DIRECTOR
 DIN:00003849

PLACE :DELHI
 DATED : 07/07/2025

LUNARMECH TECHNOLOGIES PRIVATE LIMITED

CASH FLOW STATEMENT FOR Y.E. 31.03.2025

(Amount in Rupees Lacs, unless otherwise stated)

	31.03.2025 Rs.	31.03.2024 Rs.
A. <u>Cash Flow from Operating Activities</u>		
Net Profit before tax and extra ordinary items	5068.14	4742.25
<u>Adjustment for :</u>		
Depreciation	984.42	989.97
Interest Paid	42.29	163.70
Remeasurement of post employment benefit	(16.55)	(3.56)
(Profit)/Loss on sale of Fixed Assets	0.06	(5.88)
Interest on Lease liabilities	27.28	9.48
Unwinding of interest on security deposit	0.00	(2.52)
Gain on Derecognition of Financial instrument	0.00	(8.07)
Interest Received	(398.55)	(423.61)
	638.96	719.50
 <u>Operating Profit before Working Capital Facilities</u>	 5707.09	 5461.75
<u>Adjustment for :</u>		
Trade & Other Receivable	(2165.64)	1201.19
Inventories	(52.50)	(261.07)
Trade Payable	1248.21	(392.35)
	(969.93)	547.77
 Cash generated from operation	 4737.16	 6009.52
 Direct Taxes Paid	 (891.18)	 (1026.11)
	(891.18)	(1026.11)
 Net Cash Flow from operating activities	 3845.99	 4983.42
 B. <u>Cash Flow From Investing activities</u>		
Purchase of fixed assets	(291.34)	(1003.06)
Sale of Fixed Assets	0.00	20.21
Change in Capital Work-In- Progress	(7927.32)	(7.36)
Interest Received	398.55	423.61
Outflow for Bank Deposits with more than 3 months maturity	581.41	(4197.33)
	-7,238.69	-4,763.93
 Net Cash used in investing activities	 (7238.69)	 (4763.93)



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

C. Cash Flow from Financing Activities

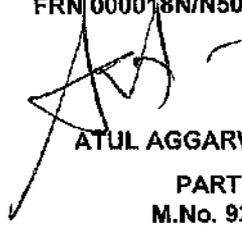
Proceeds from/Repayment of long term borrowings	2281.51	(457.62)
Proceeds from/Repayment of Short Term borrowings	768.59	(777.93)
Payment of lease liabilities	(38.72)	(78.08)
Interest Paid	(42.29)	(163.70)
Net Cash used in financing activities	2969.09	(1477.32)
Net increase/(decrease) in cash & cash equivalents	(423.62)	(1257.83)
Cash & Cash equivalent Opening	1128.01	2385.85
Cash & Cash equivalent Closing	704.39	1128.01

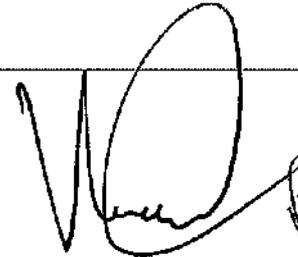
Notes:

The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

In terms of our report of even date annexed

**FOR O P BAGLA & CO LLP
CHARTERED ACCOUNTANTS
FRN 000018N/N500091**


ATUL AGGARWAL
PARTNER
M.No. 92656


VIVEK GUPTA **RAJ PAL GANDHI**
MG. DIRECTOR **DIRECTOR**
DIN:61354 **DIN:00003649**

PLACE : DELHI

DATED : 07/07/2025



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

Statement of changes in equity for the year ended 31st March, 2025

(Amount in Rupees Lacs, unless otherwise stated)

I) Equity share capital			
Balance as at April 1, 2024			99.50
Changes in equity share capital during the year			-
Balance as at March 31, 2024			99.50
Changes in equity share capital during the year			-
Balance as at March 31, 2025			99.50

II) Other equity

Particulars	Reserve & Surplus		Other comprehensive income	Total
	Retained earnings	Capital Reserve		
As at April 1, 2023	14,768.30	-66.00	1.08	14,703.38
Profit / Loss for the year	3,497.43	-	-	3,497.43
Remeasurement gains/losses on defined employment benefit (Net of Taxes)	-	-	-2.67	-2.67
As at March 31, 2024	18,265.73	-66.00	-1.59	18,198.13
Particulars	Reserve & Surplus		Other comprehensive income	Total
	Retained earnings	Capital Reserve		
As at April 1, 2024	18,265.73	-66.00	-1.59	18,198.14
Profit / Loss for the year	3,769.67	-	-	3,769.67
Remeasurement gains/losses on defined employment benefit (Net of Taxes)	-	-	-12.39	-12.39
As at March 31, 2025	22,035.39	-66.00	-13.97	21,955.42

In terms of our report of even date annexed
FOR O P BAGLA & CO LLP
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FRN 000018/N/IN/500091



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M No. 92656

VIVEK GUPTA
MG. DIRECTOR
DIN:61354

PLACE :DELHI

Vivek Gupta

RAJ PAL GANDHI
DIRECTOR
DIN:00003649

LUNARMECH TECHNOLOGIES PRIVATE LIMITED

Notes of the financial statements for the year ended March 31, 2025

1. Background of the Company

Lunarmech Technologies Private Limited ('the Company') was incorporated on 26th May, 2009. The Company is engaged in manufacturing, selling, and distribution of Plastic (PP) Closure. During the year 2022-23, the company has also set up Solar Power Generation Plant & equipment and started power generation. During the year 2023-24, the Company has shifted its manufacturing activities from the State of Uttar Pradesh to Rajasthan.

The financial statements of the company for the year ended 31st March 2025 were authorized for issue in accordance with a resolution of the directors on _____.

2. Significant Accounting Policies

2.1 Basis of preparation

(i) Compliance with Ind AS-

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements are presented in INR and all values are rounded to the nearest Lacs (INR 00,000), except when otherwise indicated.

(ii) Historical cost convention-

The financial statements have been prepared on a historical cost basis, except for:

- a) Certain financial assets & liabilities (including derivative instruments) and contingent consideration that are measured at fair value.
- b) Assets held for sale have been measured at fair value less cost to sell
- c) Defined benefit plans – plan assets measured at fair value.

2.2 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle of the Company
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- 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 treated as current when:

- It is expected to be settled in normal operating cycle of the Company
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months from the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company 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 their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.3 Revenue recognition



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

Notes of the financial statements for the year ended March 31, 2025

i) Revenue is recognised on transfer of promised Goods and Services to the customers on performance of obligation at the price that reflects the consideration to which the company expects to receive a performance of obligation, regardless of when payment is being made. Revenue from operations includes Sale of Goods and adjustments for discounts.

ii) **Interest:**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

iii) **Export License Income**

Export license income is recognized on receipt/certainty of receipt basis.

iv) **Claims**

Revenue in respect of claims is recognized only when the same are reasonably ascertained.

2.4 Taxes

a) The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate as per the Income tax Act, 1961 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

b) The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

c) Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

d) Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Therefore, in the case of a history of recent losses, the Company recognises the deferred tax asset to the extent that it has sufficient taxable temporary differences or there is convincing other evidences that sufficient taxable profit will be available against which such deferred tax can be realised.

e) Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

f) Current and deferred tax is recognised in the Statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity and in this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.5 Property, plant and equipment

a) Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

b) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of profit and loss during the reporting year in which they are incurred.

(c) *Depreciation methods, estimated useful lives and residual value-*

Depreciation / amortization on tangible and intangible fixed assets is provided to the extent of depreciable amount on the straight line (SLM) Method. Depreciation is provided at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013. The useful lives have been determined based on those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets except in case of Plant & Machinery for manufacturing of Plastic (PP) closures, where useful life has been taken to be 10 years and Plant & Machinery for Solar Power Generation where the useful life has been taken as 25 years based on external / internal technical evaluation. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year. There is no



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

Notes of the financial statements for the year ended March 31, 2025

asset which is to be treated as a separate component for the purpose providing depreciation. The capital expense on building renovation is depreciated over the lease period of the building.

(d) An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(e) Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of profit and loss within other gains/ (losses).

2.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or 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. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is de-recognised.

2.7 Leases

The Company as a lessee

As inception of the contract, the Company assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- b) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and The Company 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, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

The Company recognises 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 depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:



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Notes of the financial statements for the year ended March 31, 2025

- a) fixed payments, including in-substance fixed payments;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) amounts expected to be payable under a residual value guarantee; and
- d) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the balance sheet. Also, the Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

In the comparative period, as a lessee, the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. Leases of property, plant and equipment in which significant portion of risks and rewards of ownership were not transferred were classified as operating leases. In determining the appropriate classification, the substance of the transaction rather than the form was considered. In case, the lease arrangement includes other consideration, it was separated at the inception of the lease arrangement or upon a reassessment of the lease arrangement into those for the lease and those for other elements on the basis of their relative fair values. Lease classification was made at the inception of the lease. Lease classification was changed only if, at any time during the lease, the parties to the lease agreement agree to revise the terms of the lease (without renewing it) in a way that it would have been classified differently, had the changed terms been in effect at inception. The revised agreement involves renegotiation of original terms and conditions and were accounted prospectively over the remaining term of the lease. Lease payments in respect of assets taken on operating lease are charged to the profit or loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increase.

The Company as a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

2.8 Inventories

Inventories are valued on the following basis:

- | | |
|----------------------------|--|
| (i) Finished Goods - | - At lower of cost or net realisable value |
| (ii) Semi-Finished Goods | - At Estimated cost |
| (iii) Raw Materials | - At cost (on weighted Average Method) |
| (iv) Packing Material | - At cost (on weighted Average Method) |
| (v) Stores and Spares etc. | - At cost |



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Notes of the financial statements for the year ended March 31, 2025

Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.9 Impairment of non-financial assets

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

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

2.10 Provisions

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.11 Employee Benefits

(i) Short-term obligations-

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

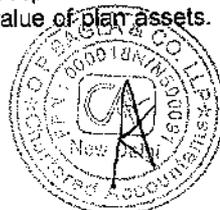
(ii) Post-employment obligations-

The Company operates the following post-employment schemes:

- (a) Defined benefit plans such as gratuity; and
- (b) Defined contribution plans such as provident fund and ESI.

Gratuity obligations-

The liability or asset recognised in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting year less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries.



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The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting year on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans-

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

2.12 Investments and Other financial assets

(i) Classification-

The Company classifies its financial assets in the following measurement categories:

Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement-

At initial recognition, the Company measures a financial asset at its fair value, in the case of a financial asset is not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instruments-

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is



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not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

(b) Equity instruments-

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Derecognition of financial assets-

A financial asset is derecognised only when:

The Company has transferred the rights to receive cash flows from the financial asset or, retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

2.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per the credit terms.

2.15 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

2.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Accordingly, segmental reporting is performed on the basis of geographical location of customer which is also used by the chief financial decision maker of the company for allocation of available resources and future prospects.

2.17 Cash and cash equivalents

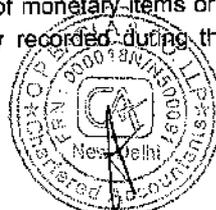
Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.18 Foreign currency translation or transaction

Transactions in foreign currencies are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

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



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Notes of the financial statements for the year ended March 31, 2025

recognized as income or as expenses in the year in which they arise.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or before 31 December 2016: Exchange differences arising on conversion of long term foreign currency monetary items used for acquisition of depreciable fixed assets are added to the cost of fixed assets and is depreciated over the remaining life of the respective fixed asset and in other cases, is recorded under the head 'Foreign Currency Monetary Item Translation Difference account' and is amortized over the period of maturity of underlying long term foreign currency monetary items, in accordance with the option available under Ind as 101.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or after 01 January 2017: Exchange differences arising on restatement of long-term foreign currency monetary items obtained or given is recorded in the Statement of Profit and Loss.

2.19 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, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

Subsequent measurement-

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

(a) Financial liabilities at fair value through profit or loss-

Financial liabilities at fair value through profit or loss 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.

(b) Loans and borrowings-

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (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 EIR amortisation is included as finance costs in the statement of profit and loss.

2.20 Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Company's control, or present obligations that are not recognised because of the following: (a) It is not probable that an outflow of economic benefits will be required to settle the obligation; or (b) the amount cannot be measured reliably.

Contingent liabilities are not recognised but are disclosed and described in the notes to the financial statements, including an estimate of their potential financial effect and uncertainties relating to the amount or timing of any outflow, unless the possibility of settlement is remote.

Contingent assets are possible assets whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Company's control. Contingent assets are not recognised. When the realisation of income is virtually certain, the related asset is not a contingent asset; it is recognised as an asset.

Contingent assets are disclosed and described in the notes to the financial statements, including an estimate of their potential financial effect if the inflow of economic benefits is probable.



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Notes of the financial statements for the year ended March 31, 2025

2.21 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

(a) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It 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. Where 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.

(b) Defined benefit plans

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. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(c) 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 NAV model.

Financial assets like security deposits received and security deposits paid, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Government corporate bond rate has been used to fair value the security deposits at amortised cost.

Financial liability like long term borrowings received, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Average market borrowing rate has been used to fair value the long-term loan at amortised cost.

2.22 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



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Notes of the financial statements for the year ended March 31, 2025

acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits' respectively. When a liability assumed is recognised at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve.

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 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,



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Notes of the financial statements for the year ended March 31, 2025

to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Business combinations involving entities that are controlled by the Group are accounted for using the 'pooling of interests' method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- Except for adjustments made to harmonise accounting policies, no adjustments are made to reflect fair values, or recognise any new assets or liabilities;
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve;
- The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee; and
- The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.



LUNARMECH TECHNOLOGIES PVT. LTD.

(Amount in Rupees Lacs, unless otherwise stated)

3(B)CWIP as at 31 Mar 2025

Particular	31/03/2025	31/03/2024
Gross Carrying amount		
Balance as at 01 April	7.36	-
Addition for the year	7,934.68	7.36
Transfer to Property/ Plant & Machinery	-7.36	-
Balance as at 31 March	7,934.68	7.36

CWIP ageing schedule

Particulars	Amount in CWIP for a period of				Total*
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
As at 31 March 2025	7,934.68	-	-	-	7,934.68
As at 31 March 2024	7.36	-	-	-	7.36

Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan:

Particulars	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
(i) Projects in progress				
Jammu Plant	7,934.68			



LUNARMECH TECHNOLOGIES PVT. LTD.

3C Right-of-use asset

(Amount in Rupees Lacs, unless otherwise stated)

	AS AT 31ST MARCH 2025	AS AT 31ST MARCH 2024
Buildings (Refer Note- 34)	244.91	274.59
	244.91	274.59

Set out below are the carrying amounts of right-of-use assets recognized and movements during the period.

	Buildings	Total
As at April 1, 2023	74.16	74.16
Addition/(Deletion)	279.54	279.54
Amortization expense	54.82	54.82
Derecognition of ROU	24.28	24.28
As at March 31, 2024	274.59	274.59
Addition/(Deletion)		
Amortization expense	29.69	29.69
Derecognition of ROU		
As at March 31, 2025	244.91	244.91



LUNARMECH TECHNOLOGIES PRIVATE LIMITED**Notes of the financial statements**

(Amount in Rupees Lacs, unless otherwise stated)

4 Other Financial Assets	Non-current		Current	
	As at	As at	As at	As at
	31 Mar. 2025	31 March 2024	31 Mar. 2025	31 March 2024
Security deposits	21.83	21.83	48.91	86.37
Claim Receivable	-	-	24.63	13.43
Other recoverable	-	-	250.34	195.41
	21.83	21.83	323.89	295.21

5 Other Assets	Non-current		Current	
	As at	As at	As at	As at
	31 Mar. 2025	31 March 2024	31 Mar. 2025	31 March 2024
Capital Advance	329.39	904.93	-	-
Balance With GST Authorities	-	-	1,995.26	1,517.82
Advances to Suppliers, Contractors & Others	-	-	105.54	14.62
Prepaid expenses/Amount recoverable	-	-	156.86	374.10
	329.39	904.93	2,257.66	1,906.54



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

PARTICULARS	As at	As at
	31ST MARCH, 2025	31ST MARCH, 2024
6 Inventories (As certified by the management)		
Raw Material	1,955.01	1,853.90
Raw Material Inventories in transit	379.96	93.95
Packing Material	39.80	11.19
Finished Goods	316.28	88.91
Finished Goods-in Transit	353.30	951.03
Trading Stock	0.36	-
Fuel (Deisel)	3.21	3.05
Stores, Spares and Others	131.94	145.33
TOTAL	3,179.86	3,127.36

Note:

For mode of valuation refer Accounting policy number 2.8



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

	As at	As at
PARTICULARS	31ST MARCH, 2025	31ST MARCH, 2024

7 Trade receivables		
Trade Receivable considered good - Secured	-	-
Trade Receivable considered good - Unsecured	3,725.60	1,364.22
Trade Receivable which have significant increase in credit Risk, and	-	-
Trade Receivable - Credit Impaired	-	-

TOTAL	3,725.60	1,364.22
--------------	-----------------	-----------------

Note:

- 1 Refer Note no 33 for related party disclosures
- 2 Additional disclosures

AS ON 31-03-2025

Particulars	Outstanding for following periods from due date of payment				Total
	Not Due				
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	
(i) Undisputed Trade receivables considered good	3,725.55	0.04			3,725.60
(ii) Undisputed Trade Receivables which have significant increase in credit risk					
(iii) Undisputed Trade Receivables credit impaired					
(iv) Disputed Trade Receivables considered good					
(v) Disputed Trade Receivables which have significant increase in credit risk					
(vi) Disputed Trade Receivables credit impaired					



Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	
		More than 3 years				
(i) Undisputed Trade receivables considered good		1,364.17	0.05			1,364.22
(ii) Undisputed Trade Receivables which have significant increase in credit risk						
(iii) Undisputed Trade Receivables credit impaired						
(iv) Disputed Trade Receivables considered good						
(v) Disputed Trade Receivables which have significant increase in credit risk						
(vi) Disputed Trade Receivables credit impaired						



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

8A Cash and cash equivalents

Balances with banks		
-In Current Account	7.50	127.08
-Deposits with maturity with in three months (Lien Marked Rs 87.34 lacs (Previous year Rs 38.70 lacs))	286.22	996.23
-Cheque/Remittance in transit	404.22	-
Cash on hand	6.45	4.71

TOTAL

704.39	1,128.01
--------	----------

For the purpose of statement of cash flow, cash and cash equivalent comprises of the following:

Balances with banks	293.73	1,123.30
Cheque/Remittance in transit	404.22	-
Cash on hand	6.45	4.71

704.39	1,128.01
--------	----------

8B Other bank balances

Bank Deposit with more than three months maturity (Lien Marked Rs. 1747.63 Lacs (Previous year Rs.544.30 Loo)	4,544.71	5,126.12
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TOTAL

4,544.71	5,126.12
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LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

9 Equity share capital

AUTHORISED

1,100,000 Shares of par value of Rs. 10/- each (Previous Year 1,100,000, equity shares of Rs. 10/- each)

110.00

110.00

110.00

110.00

ISSUED, SUBSCRIBED AND FULLY PAID-UP

995,020 Shares of par value of Rs. 10/- each (Previous year 995,020 Shares of par value of Rs. 10/- each)

99.50

99.50

99.50

99.50

Notes:

a) The reconciliation of number of shares outstanding as at the beginning and end of the year.

Equity share capital	31ST MARCH, 2026	31ST MARCH, 2024
No. of Shares outstanding at the beginning of the year	995,020	995,020
Add: Equity Shares issued as fully paid up shares	-	-
No. of Shares outstanding at the end of the year	995,020	995,020

b) The company has only one class of equity shares having a par value of 10/- each. The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their share holding at the meetings of shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Varun Beverages Limited is the holding company of the company, holding 995010 equity shares of the company.

d) Following Shareholders hold shares more than 5% of the total equity shares of the company.



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

Name of the shareholder	31ST MARCH, 2025	31ST MARCH, 2024
Varun Beverages Limited	995010(99.999%)	597645(80.07%)
Vivek Gupta	NIL	397159(39.91%)

e) The company has not issued any bonus shares or shares pursuant to contract without payment being recovered in cash during the period of last 5 years immediately preceding the balance sheet date. However the company has issued 735000 equity shares during the FY 20-21 in pursuant to the scheme of amalgamation without payment being recovered in cash

f) Details of Promoter's Shareholding
31/03/2025

S. No.	Promoter' Name	No. of Shares	%age of shares held	%age change during the year
1	Varun Beverages Limited	995010	100	39.93
2	Vivek Gupta	NIL	NIL	-39.91
3	Vivek gupta (HUF)	NIL	NIL	-0.01
4	Shalini Gupta	NIL	NIL	-0.01

g) Details of Promoter's Shareholding
31/03/2024

S. No.	Promoter' Name	No. of Shares	%age of shares held	%age change during the year
1	Varun Beverages Limited	597645	60.07	5.03
2	Vivek Gupta	397159	39.91	No chang
3	Vivek gupta (HUF)	108	0.01	No chang
4	Shalini Gupta	108	0.01	No chang



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

10 Other equity

a) Retained Earning		
As per Last balance Sheet	18,264.14	14,769.38
Add: Net Profit after Tax	3,769.67	3,497.43
Remeasurement gains/losses on defined employment benefit	-12.38	-2.67
Total-(A)	22,021.42	18,264.14
b) Capital Reserve		
As per Last balance Sheet	-66.00	-66.00
Total-(B)	-66.00	-66.00
Total-(A+B)	21,955.42	18,198.14



11 Borrowings	Non-current		Current	
	As at	As at	As at	As at
	31 Mar. 2025	31 March 2024	31 Mar. 2025	31 March 2024
Secured term loan from Banks :				
Foreign Currency Loans (Buyers credit)				
-IndusInd Bank -SBLC-5 (Repayable on 14/04/2025 and rate of interest is Euribor + 75bps PA)	996.27	973.54	-	-
-IndusInd Bank -SBLC-4 (Repayable on 31/05/2024 and rate of interest is Euribor + 88bps PA)	-	477.43	-	-
Rupee Term Loan-Project from Bank				
HDFC (Repayable on 2/12/2028 and rate of interest is 7.79% variable) Loan	9.38	10.00	-	-
HDFC (Repayable on 2/12/2028 and rate of interest is 7.79% variable) Loan Ref 572LN06243370001	1,785.94	-	-	-
HDFC (Repayable on 2/12/2028 and rate of interest is 7.79% variable) Loan Ref 572LN06243380003	1,786.46	-	-	-
HDFC (Repayable on 2/12/2028 and rate of interest is 8.1% variable) Loan Ref 572LN06233450001	870.56	-	-	-
Secured Working Capital facility	-	-	149.12	1,086.66
Current maturities of long term debt, disclosed under current borrowing	-2,183.56	-477.43	2,183.56	477.43
	3,265.05	983.54	2,332.69	1,564.09



Notes:

A) Term loan in the form of Buyers credit against Standby letter of Credit (SBLC) taken from Indusind Bank

i) The securities are as follows:

- a) First and Exclusive charge on Hypothecation of entire Plant & Machinery funded by Indusind Bank.
- b) First Pari passu charge over entire current assets of the company, both present and future.
- c) First pari passu charge on Hypothecation of entire fixed assets of the borrower.

B) The Working capital limit taken from Indusind Bank is secured against following securities

- i) Against first Pari passu charge entire current assets of the company, both present and future.
- ii) First pari passu charge on Hypothecation of entire fixed assets of the borrower.
- iii) The working capital limits carry an interest rate ranging 10.00% to 10.32%. P.A.

C) The Working capital limit taken from HDFC Bank is secured against following securities

- i) The term loan from HDFC Bank were secured against first Pari passu charge over current assets, entire movable &
- ii) The working capital limits carry an interest rate 8.60% to 8.72% P.A

D) The Term Loans taken from HDFC Bank are secured against following securities

- i) The term loans from HDFC Bank are secured against first Pari passu charge over current assets, entire movable & immovable fixed assets of the Jammu project, both present and future.
- ii) The Term loan carry an interest rate 7.57% to 8.10% P.A

E) There has been no default in repayment of any of the loans or interest thereon as at the end of the year.

F) The Company has registered/satisfied all the charges wherever required with Registrar of Companies within the statutory p

G) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken.



12 Lease Liabilities	Non-current		Current	
	As at	As at	As at	As at
	31 Mar. 2025	31 March 2024	31 Mar. 2025	31 March 2024
Lease Liabilities	251.68	266.35	14.67	11.44
	251.68	266.35	14.67	11.44

a) The following is the lease liabilities movement for year ended:

Balance at beginning of the year	277.79	93.91	-	-
Additions	-	279.54	-	-
Finance cost incurred during the period (Refer Note 24)	27.28	9.48	-	-
Payment of lease liabilities	-38.72	-78.08	-	-
Derecognition of lease liability	-	-27.06	-	-
Balance at end of the year	266.35	277.79	-	-
Non Current	251.68	266.35	-	-
Current	14.67	11.44	-	-
	266.35	277.79	-	-

13 Provisions	Non-current		Current	
	As at	As at	As at	As at
	31 Mar. 2025	31 March 2024	31 Mar. 2025	31 March 2024
(Refer note 23)				
Defined benefit liability - Gratuity	87.80	64.31	15.71	8.58
Other employee obligations - Leave encashment	40.36	19.66	5.57	2.68
	128.16	83.97	21.28	11.26



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

14 Deferred tax liabilities (net)

Deferred tax arising from temporary differences

As at beginning of the year

598.42

340.67

Adjustment during the year

93.43

257.75

Total

591.35

598.42



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

PARTICULARS	As at	As at
	31ST MARCH, 2025	31ST MARCH, 2024
15 Trade payables		
Dues to Micro Enterprises and Small Enterprises(as per the intimation received from vendors)		
i) Principal amount due to suppliers under MSMED Act	101.22	-
ii) Interest accrued and due to suppliers under MSMED Act on the above amount	-	-
iii) Payment made to suppliers (other than interest) beyond appointed day during the year	-	-
iv) Interest paid to suppliers under MSMED Act	-	-
v) 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.	-	-
vi) interest due and payable to suppliers under MSMED Act towards payments already made	-	-
vii) Interest accrued and remaining unpaid at the end of the accounting year	-	-
viii) 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.	-	-
Other trade payables	2,804.93	1,754.19
TOTAL	2,906.15	1,754.19

Notes:

Disclosure with respect to related party transactions is given in note 33

31/03/2025

Particulars	Unbilled Dues/ Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
i.MSME	101.22	-	-	-	-	101.22
ii.Others	415.37	2,876.25	11.11	-	-	2,804.93
iii.Disputed dues- MSME	-	-	-	-	-	-
iv.Disputed dues- Others	-	-	-	-	-	-

31/03/2024

Particulars	Unbilled Dues/ Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
i.MSME	-	-	-	-	-	-
ii.Others	355.34	1,398.85	-	-	-	1,754.19
iii.Disputed dues- MSME	-	-	-	-	-	-
iv.Disputed dues- Others	-	-	-	-	-	-



16 Other financial liabilities	Non-current		Current	
	As at	As at	As at	As at
	31 Mar. 2025	31 March 2024	31 Mar. 2025	31 March 2024
Security Received From Transporters	-	-	11.00	6.00
Interest accrued but not due on borrowings	-	-	72.31	89.46
	-	-	83.31	95.46



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

PARTICULARS	As at	As at
	31ST MARCH, 2025	31ST MARCH, 2024
17 Other Current liabilities		
Statutory Dues Payable	27.93	24.58
Advances from customers and others	0.34	0.34
Unspent Corporate social responsibility (CSR) Amount	50.86	-
TOTAL	79.12	24.92
18 Current tax liabilities (Net)		
Provision for current tax		
As per last balance sheet	156.01	201.24
Add:- Provision for Current Year	1,181.00	950.00
Amount adjusted during the year	2.93	1.25
Less:-Set off against Taxes paid/Mat credit	-874.23	-996.47
Provision for current tax (Net)	465.72	156.01
TOTAL	465.72	156.01
19 Revenue from operations		
Sale of Products	19,686.01	18,343.67
Other operating revenue		
Export Incentive	32.74	38.55
Scrap Sales	54.71	66.94
TOTAL	19,673.46	18,449.16



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers:

A) Reconciliation of revenue recognised with the contracted price:

Gross revenue/Contracted price	19,586.01	18,343.70
Adjustments:		
Discount	-	-
Sales return	-	-0.03
Revenue as per Statement of Profit and Loss	19,586.01	18,343.67

B) Disclosure of disaggregated revenue recognised in the Statement of Profit and Loss based on geographical segment:

Revenue from customers outside India	3,936.83	3,122.24
Revenue from customers within India	15,650.18	15,221.43
Revenue as per the Statement of Profit and Loss	19,586.01	18,343.67

C) Contract balances:

The following table provides information about receivables and contract liabilities from contract with customers:

	As at 31ST MARCH, 2025	As at 31ST MARCH, 2024
Receivables		
Trade receivables	3,725.60	1,364.22
Less: Allowances for expected credit loss	-	-
	3,725.60	1,364.22
Contract liabilities		
Advance from Customers	0.34	0.34
	0.34	0.34

- 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 Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.

Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 120 days from the completion of performance obligation.

There is no significant financing component in any transaction with the customers.



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

20 Other income

Interest On Fixed Deposit Receipts	398.55	423.61
Interest Received on Electricity Security	2.17	3.83
Insurance Claim Received	1.42	-
Net Gain in Foreign Currency Transactions	265.51	63.90
Profit on Sale of Fixed assets	-	5.88
Unwinding of interest on security deposit	-	2.52
Gain on Derecognition of Financial Instrument	-	8.07
TOTAL	667.65	507.81

21 Cost of material consumed

Raw Material Consumed

Inventories at Beginning of the Year	1,853.90	1,801.87
Add : Purchases during the year (Net)	9,115.98	9,541.21
	10,969.87	11,343.08
Less : Sale of Raw material	136.50	208.04
Less : Inventories at the end of the year	1,955.01	1,853.90

Consumed **8,878.37** **9,281.14**

Packing Material Consumed **709.54** **610.71**

TOTAL **9,587.90** **9,891.85**

22 Changes in Inventories of finished goods, stock-in-trade and work-in-progress

AS AT THE BEGINNING OF THE YEAR

Finished Goods	68.91	3.58
Finished Goods-in Transit	951.03	235.45
Semi Finished Goods	-	63.04
	1,019.96	302.06



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

AS AT THE CLOSING OF THE YEAR

Finished Goods	316.28	68.91
Finished Goods-in Transit	353.30	951.03
	669.58	1,019.95

NET

	350.37	-717.88
--	---------------	----------------

23 Employee benefit expenses

Salaries and wages *	840.48	756.74
Employer's contribution to provident and other funds	18.38	16.55
Staff welfare expenses	25.08	24.46
TOTAL	883.95	797.75

* Managerial Remuneration paid to Directors 180.00 180.00

Employee benefits

i Defined contribution plans

Contribution to defined contribution plans, recognised as expense for the year is as under:

Employer's contribution to provident and other funds	18.38	16.55
--	-------	-------

ii Defined benefit plans

The Company operates a gratuity plan wherein every employee is entitled to the benefit. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act.

The following table sets out the status of the gratuity plan as required under Ind AS 19 - Employee Benefits as at 31 March 2025, 31 March 2024 :



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

i. Changes in present value are as follows:

Particulars	31ST MARCH , 2025	31ST MARCH , 2024
Balance at the beginning of the year	72.89	57.61
Interest cost	5.26	4.26
Current service cost	11.81	8.63
Benefits settled	-3.02	-1.07
Actuarial loss/(gain)	16.55	3.56
Balance at the end of the year	103.50	72.89

ii. Expense recognised in the Statement of Profit and Loss:

Particulars	31ST MARCH , 2025	31ST MARCH , 2024
Current service cost	11.81	8.53
Interest cost	5.26	4.26
Liability taken of transferred employees from holding company		
Total	17.08	12.79

Other Comprehensive Income (OCI)

Particulars	31ST MARCH , 2025	31ST MARCH , 2024
Net cumulative unrecognized actuarial gain/(loss) opening	-	-
Actuarial gain / (loss) for the year on PBO	-15.55	-3.56
Actuarial gain / (loss) for the year on Asset	-	-
Unrecognized actuarial gain/(loss) For the Period.	-18.55	-3.56

Amount recognised in the balance sheet

Particulars	31ST MARCH , 2025	31ST MARCH , 2024
Present value of defined benefit obligation	103.50	72.89
Fair value of plan assets		
Net assets/(liability) recognized in balance sheet as provision	-103.50	-72.89

Bifurcation of closing net liability at the end of year

	31ST MARCH , 2025	31ST MARCH , 2024
Current	15.71	8.58
Non-Current	87.80	64.31



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

iii. Actuarial assumptions

a) Economic assumptions

Particulars

	31ST MARCH , 2025	31ST MARCH , 2024
i) Discounting rate	6.99%	7.22%
ii) Future salary increase*	6.00%	6.00%

*The estimates of future salary increases considered in the actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

b) Demographic assumption

Particulars

	31ST MARCH , 2025	31ST MARCH , 2024
i) Retirement age (years)	58.00	58.00
ii) Mortality table	100% OF IALM(2012-14)	100% OF IALM(2012-14)
iii) Ages	Withdrawal rate (%)	Withdrawal rate (%)
Up to 30 years	3	3
From 31 to 44 years	2	2
Above 44 years	1	1

A quantitative sensitivity analysis for significant assumption is as shown below:

- A) **Impact of the change in discount rate**
Present Value obligation at the end of the period
Impact due to increase of 0.5%
- b) Impact due to decrease of 0.5%
- B) **Impact of the change in salary increase**
Present Value obligation at the end of the period
a) Impact due to increase of 0.5%
b) Impact due to decrease of 0.5%

	103.50	72.89
	-5.05	-3.89
	5.50	4.26
	103.50	72.89
	5.16	4.14
	-4.76	-3.95

The sensitivity analysis above has been determined based on reasonably possible changes of the assumptions occurring at the end of



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

Risk associated:

Investment risk	If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Interest risk (discount rate risk)	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality risk	Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Salary risk	Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

The following payments are maturity profile of Defined Benefit Obligations in future years:

Year			31ST MARCH , 2025	31ST MARCH , 2024
0 to 1 year			15.71	8.58
1 to 2 year			1.59	1.19
2 to 3 year			2.18	1.20
3 to 4 year			1.59	1.54
4 to 5 year			7.03	1.19
5 to 6 year			1.61	4.47
6 year onwards			73.80	64.72

III. Compensated absences (Other benefits)

The Company recognises the Actuarial valuation of compensated absences has been performed by an independent actuary using the following assumptions:



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

i. Changes in present value are as follows:

Particulars

Balance at the beginning of the year

Add: Interest cost

Add: Current service cost

Less: Benefits paid

Add: Net actuarial gain/loss during the year

Balance at the end of the year

	31ST MARCH , 2025	31ST MARCH , 2024
	22.34	16.24
	1.61	1.20
	11.17	3.81
	-0.37	-0.08
	11.18	1.16
	45.93	22.34

ii. Change in the fair value of plan

The scheme does not have any assets as at the valuation date to meet the compensated absence liability.

iii. Amount recognised in the balance sheet

Particulars

Present value of defined benefit obligation

Fair value of plan assets

Net assets/(liability) recognized in balance sheet as provision

	31ST MARCH , 2025	31ST MARCH , 2024
	45.93	22.34
	-	-
	-45.93	-22.34

iv. Expense recognised in the Statement of Profit and Loss

Particulars

Current service cost

Interest on defined benefit obligation

Net actuarial gain/loss in the year

Total

	31ST MARCH , 2025	31ST MARCH , 2024
	11.17	3.81
	1.61	1.20
	11.18	1.16
	23.97	6.17

Actuarial assumptions

a) Economic assumptions

Particulars

i) Discounting rate

ii) Future salary increase*

	31ST MARCH , 2025	31ST MARCH , 2024
	6.99%	7.22%
	6.00%	6.00%



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

*The estimates of future salary increases considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

b) Demographic assumption

Particulars

- i) Retirement age (years)
- ii) Mortality table
- iii) Ages
 - Up to 30 years
 - From 31 to 44 years
 - Above 44 years

	31ST MARCH , 2025	31ST MARCH , 2024
	58.00	58.00
	100% of IALM(2012-14)	100% of IALM(2012-14)
	Withdrawal rate (%)	Withdrawal rate (%)
	3	3
	2	2
	1	1

Bifurcation of closing net liability

	31ST MARCH , 2025	31ST MARCH , 2024
Current	5.57	2.68
Non-current	40.36	19.66

A quantitative sensitivity analysis for significant assumption is as shown below:

- A) **Impact of the change in discount rate**
 - Present Value obligation at the end of the period
 - a) Impact due to increase of 0.5%
 - b) Impact due to decrease of 0.5%
- B) **Impact of the change in salary increase**
 - Present Value obligation at the end of the period
 - a) Impact due to increase of 0.5%
 - b) Impact due to decrease of 0.5%

	45.93	22.34
	-2.40	-1.22
	2.61	1.32
	45.93	22.34
	2.63	1.33
	-2.42	-1.23



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

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	If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Interest risk (discount rate risk)	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality risk	Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Salary risk	Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

The following payments are maturity profile of Defined Benefit Obligations in future years:

Year			31ST MARCH , 2025	31ST MARCH , 2024
0 to 1 year			5.57	2.68
1 to 2 year			0.81	0.40
2 to 3 year			1.14	0.38
3 to 4 year			0.76	0.53
4 to 5 year			4.49	0.36
5 to 6 year			1.23	1.88
6 year onwards			31.93	16.10



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

Notes of the financial statements

PARTICULARS	For the Year ended 31ST MARCH , 2025	For the Year ended 31ST MARCH , 2024
24 Finance costs		
Interest on :		
- Term loans(Including buyers credit)	20.95	153.96
- Working capital Loans	19.58	7.50
- Lease Liability	27.28	9.48
- Others	1.76	2.24
Exchange difference regarded as an adjustment to borrowing costs (as per Ind AS 23 'Borrowing Cost')		
TOTAL	69.57	173.18
25 Depreciation and amortization expense		
Depreciation of property, plant and equipment (Refer Note 3A)	954.74	935.16
Depreciation of right-of-use asset (Refer Note 3B)	29.69	54.82
	984.42	989.97
26 Other expenses		
Manufacturing Expenses		
Power and Fuel	852.41	806.07
Stores & Spares Consumed	115.86	25.02
Repairs & Maintenance		
- Plant & Machinery	52.00	64.32
- Building	37.13	19.07
- Solar power plant	44.28	-
- Miscellaneous	47.17	32.06



LUNARMECH TECHNOLOGIES PRIVATE LIMITED

(Amount in Rupees Lacs, unless otherwise stated)

Notes of the financial statements

Bank Charges	8.84	11.87
Rent, Rates & Taxes	2.04	31.53
Printing & Stationery	2.77	2.15
Communication Expenses	3.40	4.28
Conveyance & Travelling	48.96	45.92
Insurance	44.81	40.77
Insurance (Shifting)	-	2.39
Shifting Expenses Jaipur	1.33	60.34
Legal & Professional Charges	11.10	19.10
General Office & Misc. Expenses	28.33	42.38
Waste Management Expenses	2.26	-
Computer Expenses	0.77	1.32
Loss on Sale/discard of Fixed assets	0.06	-
Vehicle Running & Maintenance	24.02	25.00
Director Sitting Fee	2.75	5.00
<u>Auditors' Remuneration</u>		
- As Audit Fees	3.25	2.75
- For Tax Audit and Income Tax Matters	0.35	0.35
- For Other Services	1.00	1.00
Freight Outward & Octroi Charges	577.41	745.54
Corporate Social Responsibility Expenses	101.71	87.39
TOTAL	2,014.02	2,075.61



27 Income Taxes

The major components of income tax expense for the year ended 31 March 2025 and 31 March 2024 are:

A. Statement of profit and loss:

(i) Profit & loss section

	31 March 2025	31 March 2024
Current income tax charge	1,181.00	950.00
Adjustments in respect of current income tax of previous year	19.88	36.18
Deferred tax:		
Relating to origination and reversal of temporary differences	97.59	258.64
Income tax expense reported in the statement of Profit & loss	1,298.47	1,244.82

(ii) OCI Section

Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on remeasurements of defined benefit plans	(4.17)	0.90
Income tax charged to OCI	(4.17)	0.90

B. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for FY ended 31 March 2025 and 31 March 2024:

	31 March 2025	31 March 2024
Accounting profit before income tax	5,068.14	4,742.25
At India's statutory income tax rate of 25.168% (31 March 2024: 25.168%)	1,275.55	1,193.53
Expenses not allowed as deduction	0.00	22.04
Adjustments in respect of current income tax of previous year	19.88	36.18
Tax impact on foreign Exchange Rate Variation on capex borrowing	4.36	1.44
Impact of change in provisional and actual tax liability at the time of filing of ITR	(1.32)	(8.36)
At the effective income tax rate of 25.62% (31 March 2024: 26.25%)	1,298.47	1,244.82

C. Deferred tax

Deferred tax relates to the following:

Deferred tax arising from temporary differences
Tax (income)/expense during the period recognised in OCI

Deferred tax expense/(income)
Net deferred tax assets/(liabilities)

Balance sheet		Statement of profit and loss	
31 March 2025	31 March 2024	31 March 2025	31 March 2024
-691.85	-598.42	97.59	258.64
		(4.17)	(0.90)
		93.43	257.75
-691.85	-598.42	0.00	0.00

Reflected in the balance sheet as follows:

Deferred tax liabilities (Net)

31 March 2025	31 March 2024
(691.85)	(598.42)

Reconciliation of deferred tax liabilities (net):

Opening balance as of 1 April
Tax (income)/expense during the period recognised in Profit & loss
Tax (income)/expense during the period recognised in OCI
Closing balance as at 31 March

31 March 2025	31 March 2024
598.42	340.67
97.59	258.64
(4.17)	(0.90)
691.85	598.42



28 Fair values measurements

(i) Financial Instruments by category	(Amount in Rupees Lacs, unless otherwise stated)			
	31 March 2025		31 March 2024	
Particulars	FVTOCI	Amortised cost	FVTOCI	Amortised cost
Financial assets				
Other financial assets (non current)	-	21.83	-	21.83
Trade receivables	-	3,725.60	-	1,364.22
Cash and cash equivalents	-	704.39	-	1,128.01
Other bank balance	-	4,544.71	-	5,126.12
Other financial assets (current)	-	323.89	-	285.21
Total financial assets		9,320.42		7,935.39
Financial liabilities				
Borrowings (non current)	-	3,265.05	-	983.54
Borrowings (current)	-	2,332.69	-	1,564.09
Lease Liabilities(non current)	-	251.68	-	266.35
Lease Liabilities(current)	-	14.67	-	11.44
Trade payables	-	2,906.15	-	1,754.19
Other financial liabilities	-	83.31	-	95.46
Total financial liabilities		8,853.54		4,675.08

There have been no transfers between Level 1 and Level 2 during the period.

For cash and cash equivalents, trade receivables, other receivables, short term borrowing, trade payables and other current financial liabilities the management assessed that their fair value is approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Company's long-term interest free security deposits are determined by applying discounted cash flows ("DCF") method, using discount rate that reflects the market borrowing rate as at the end of the reporting period. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.



(Amount in Rupees Lacs, unless otherwise stated)

29 Components of other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2025

Remeasurement gains (losses) on defined benefit plans
Income tax effect

Retained Earnings	Total
-16.55	-16.55
-4.17	-4.17
-12.38	-12.38

During the year ended 31 March 2024

Remeasurement gains (losses) on defined benefit plans
Income tax effect

Retained Earnings	Total
-3.56	-3.56
-0.90	-0.90
-2.67	-2.67



30 Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise, trade and other payables, security deposits, employee liabilities. The Company's principal financial assets include trade and other receivables and cash and short-term deposits/ loan that derive directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's senior management is supported by a Risk Management Compliance Board that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The management reviews and agrees policies for managing each of these risks, which are summarised below.

I. 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. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include, deposits. The sensitivity analyses of the above mentioned risk in the following sections relate to the position as at 31 March 2025 and 31 March 2024.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for contingent liabilities is provided in Note 37.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2025 and 31 March 2024.

A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. However the risk is very low due to negligible borrowings by the Company.

	Increase/ decrease in basis points	Effect on profit before tax (` Rs in Lacs)
31-Mar-25		
INR	+ 0.5%	-27.99
INR	- 0.5%	27.99
31-Mar-24		
INR	+ 0.5%	(12.74)
INR	- 0.5%	12.74

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

B. Foreign currency sensitivity

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. Foreign currency risk sensitivity is the impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The following tables demonstrate the sensitivity to reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

	Change in Foreign currency rate	Effect on profit before tax (` Rs in Lacs)
31-Mar-25	5%	49.81
	-5%	-49.81
31-Mar-24	5%	72.55
	-5%	-72.55

The movement in the pre-tax effect on profit and loss is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in INR, where the functional currency of the entity is a currency other than INR.



II. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Credit risk from investments with banks and other financial institutions is managed by the Treasury functions in accordance with the management policies. Investments of surplus funds are only made with approved counterparties who meet the appropriate rating and/or other criteria, and are only made within approved limits. The management continually re-assess the Company's policy and update as required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty failure.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the Balance Sheet date

A. Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

At the year end the Company does not have any significant concentrations of bad debt risk other than that disclosed in note 7.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 28. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

B. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties.

III. Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Less than 1 year	1 to 5 years	> 5 years	Total
Year ended				
31-Mar-25				
Borrowings	2,332.69	3,265.05		5,597.73
Lease liabilities	40.66	235.88	126.58	403.12
Trade payables	2,906.15			2,906.15
Other financial liabilities	83.31			83.31
	5,362.81	3,500.93	126.58	8,990.32
	Less than 1 year	1 to 5 years	> 5 years	Total
Year ended				
31-Mar-24				
Borrowings	1,564.09	983.54		2,547.63
Lease liabilities	38.72	224.65	178.47	441.84
Trade payables	1,754.19			1,754.19
Other financial liabilities	95.46			95.46
	3,452.47	1,208.19	178.47	4,839.13

IV. Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate relative sensitivity of the Company's performance to developments affecting a particular industry.



31 Capital Management

The objective of the Company's capital management structure is to ensure that there remains sufficient liquidity within the Company to carry out committed work programme requirements. The Company monitors the long term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility. The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital, issue new shares for cash, repay debt put in place new debt facilities or undertake other such restructuring activities as appropriate. No changes were made in the objectives, policies or processes during the year ended 31 March 2025.

	31 March 2025	31 March 2024
Total Liabilities	10,239.66	5,549.66
Less: Cash & Cash Equivalents	704.39	1,128.01
Net debts	9,535.27	4,421.65
Total equity	2,2054.92	18,297.64
Gearing ratio (%)	43.2%	24.2%

32 Derivative Instruments and unhedged foreign currency exposure

The Company has no outstanding derivative instrument at the year end. The amount of foreign currency exposure that are not hedged by derivative instruments or otherwise are as under -

Particulars	Currency	31 March 2025	31 March 2025	31 March 2024	31 March 2024
		Foreign Currency (In Lacs)	(Rs in Lacs)	Foreign Currency (In Lacs)	(Rs in Lacs)
Liabilities					
Industrial Bank (Buyer's credit)	EURO	10.79	996.27	16.08	1,450.97
Interest Payable	EURO	0.46	42.92	0.97	87.06
Trade Payable	USD	15.94	1,449.67	15.13	1,261.22
Advances from customers	USD	-	-	-	-
Assets					
Trade Receivable	USD	5.55	474.92	6.95	579.20
Capital Advance given	EURO	-	-	-	-
Advances to Suppliers, Contractors & Others	USD	-	-	-	-
Remittance / Cheques in Transit	USD	4.72	464.22	-	-
HDFC Bank EEFC Account	USD	0.04	3.37	1.47	122.92



LUNARMECH TECHNOLOGIES PRIVATE LIMITED**Notes of the financial statements****33 Related party disclosures**

In accordance with the Accounting Standards (Ind AS-24) on Related Party Disclosures, where control exists and where key management personnel are able to exercise significant influence and, where transactions have taken place during the year, alongwith description of relationship as identified, are given below:-

A) Relationships**i) Holding / Fellow Subsidiaries***

M/s Varun Beverages Ltd	Holding
M/s Varun Beverages (Nepal) Private Limited	Fellow Subsidiary
M/s Varun Beverages Lanka (Private) Limited	Fellow Subsidiary
M/s Varun Beverages Morocco SA	Fellow Subsidiary
M/s Varun Beverages (Zambia) Limited;	Fellow Subsidiary
M/s Varun Beverages (Zimbabwe) (Private) Limited	Fellow Subsidiary
M/s Ole Spring Bottler Pvt. Ltd.	Fellow Subsidiary
M/s Varun Beverages International DMCC	Fellow Subsidiary
M/s Varun Beverages RDC SAS	Fellow Subsidiary
M/s Devyani Food Industries Kenya Limited	Subsidiary of ultimate parent company

ii) Key Managerial Personnel*

Mr. Vivek Gupta	Managing Director
Mr. Raj Pal Gandhi	Director
Mr. Srikanth Ekambaram	Director
Mr. Pradeep Khushalchand Sardana	Independent Director
Mr. Rajinder Jeet Singh Bagga	Director
Mr. Sharad Kumar Garg	Director (Upto 16/12/2024)
Mr. Satya Vir Singh	Director (Upto 16/12/2024)

iii) Entities with joint control or significant influence

Shri NSMM Charitable And Welfare Trust	Directors and their relatives having common control.
--	--

* With whom the company has transactions during the current year and/or previous year.

B) Transactions during the year

(Amount in Rupees Lacs, unless otherwise stated)

Description	Relationship	31 March 2025	31 March 2024
Purchase Of Rm/Pm/Fg M/S Varun Beverages Ltd	Holding	713.48	558.43
Factory Rent Expenses M/S Varun Beverages Ltd	Holding	38.72	6.40
Payment for CSR Expenses Shri NSMM Charitable And Welfare Trust	Entities with joint control or significant influence	20.35	56.78
Remuneration paid to KMP Mr. Vivek Gupta	Key Managerial Personnel	180.00	180.00
Director Sitting Fee Mr. Satya Vir Singh	Independent Director	2.25	2.25
Mr. Pradeep Khushalchand Sardana	Independent Director	0.50	2.75



Sale of Finished goods (Net of GST & inclusive of freight & insurance in case of Exports)

M/S Varun Beverages Ltd	Holding	15,634.78	16,018.98
M/s Varun Beverages (Zimbabwe) (Private) Ltd	Fellow Subsidiary	174.07	1,089.32
M/s Varun Beverages Morocco SA	Fellow Subsidiary	98.77	458.12
M/s Varun Beverages (Zambia) Ltd	Fellow Subsidiary	59.81	284.67
M/s Varun Beverages (Lanka) Pvt Ltd	Fellow Subsidiary	470.89	554.15
M/s Varun Beverages Nepal Pvt. Ltd	Fellow Subsidiary	16.12	17.78
M/s Ole Spring Bottler Pvt. Ltd.	Fellow Subsidiary	-	37.51
M/s Varun Beverages International DMCC	Fellow Subsidiary	4,041.01	-
M/s Varun Beverages RDC SAS	Fellow Subsidiary	648.80	175.25
M/s Devyani Food Industries Kenya Limited	Fellow Subsidiary	-	26.33

C) Balances outstanding as at the year end**(Amount in Rupees Lacs, unless otherwise stated)**

Description		31 March 2025 Debit / (Credit)	31 March 2024 Debit / (Credit)
M/s Varun Beverages Ltd	Holding	3,087.01	784.06
M/s Varun Beverages (Zimbabwe) (Private) Ltd	Fellow Subsidiary	-	7.74
M/s Varun Beverages Morocco SA	Fellow Subsidiary	-	13.10
M/s Varun Beverages (Zambia) Ltd	Fellow Subsidiary	-	87.70
M/s Varun Beverages (Lanka) Pvt Ltd	Fellow Subsidiary	-	155.07
M/s Varun Beverages Nepal Pvt. Ltd	Fellow Subsidiary	6.38	8.82
M/s Varun Beverages International DMCC	Fellow Subsidiary	470.79	-
M/s Varun Beverages RDC SAS	Fellow Subsidiary	-	177.08
M/s Devyani Food Industries Kenya Limited	Fellow Subsidiary	-	13.33
Provision for doubtful debts/expenses recognised during the period in respect of bad or doubtful debts due from related parties.		NIL	NIL



34 Leases

Leases where the Company is a lessee

The Company has taken buildings on lease for Factory & Warehouse. Lease payments are generally fixed as defined in agreement and average lease term is 5 years.

i. Right-of-use asset

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented on face of balance sheet below property, plant and equipment.

	Buildings 31/03/2025	Buildings 31/03/2024
Opening balance (refer note 3C)	274.59	74.16
Additions	-	279.54
Depreciation	-29.69	-54.82
Impairment	-	-24.28
Closing balance	244.90	274.59

ii. For lease liabilities refer note 12

iii. Amounts recognised in the statement of profit or loss

	For the year ended 31/03/2025	For the year ended 31/03/2024	
Depreciation	29.69	54.82	25
Interest on lease liabilities	27.28	9.48	24
Expense relating to short term lease/variable lease payments not included in the measurement of the lease liability	0.93	6.71	26
Net impact on statement of profit and loss	57.89	71.01	

iv. Amounts recognised in the cash flow statement

	For the year ended 31/03/2025	For the year ended 31/03/2024
Payment for finance cost	27.28	9.48
Principal repayments	11.44	68.60
Total cash outflows	38.72	78.08

v. Payments associated with short-term leases of equipment, vehicles & others and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

vi. The average effective interest rate contracted approximates 10.00 per cent.



35 Financial Ratios									
Ratio	Numerator	Denominator	31-Mar-25	31-Mar-24	% change	Reason for variance above 25%			
Current ratio	Current Assets	Current Liabilities	2.50	3.58	-30.27	Increase in Borrowing & Trade payables			
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.25	0.14	81.29	Increase in Debt			
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses+Interest	Debt service = Interest & Lease Payments + Principal Repayments.	59.39	19.27	208.19	Decrease in amount of Debt service			
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.19	0.21	-11.03				
Inventory Turnover ratio	Cost of goods sold	Average Inventory	3.90	3.67	6.18				
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	7.73	6.81	13.52				
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	4.37	5.36	-18.52				
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	2.23	1.98	12.49				
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.19	0.19	0.85				
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.19	0.24	-18.89				
Return on Investment	Earnings before interest and taxes	Average total assets	0.18	0.22	-16.81				
* Averages= (Opening+Closing)/2									



36 Segment information:

The Company is engaged in manufacturing of Plastic (PP) Closures & Solar Power Generation. There are, therefore, two separate reportable segments within the company as defined by Ind As -108 "Operating Segments" issued by ICAI. These operating segments are reviewed by chief operating decision maker - ('CODM'). Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company.

(Amount in Rupees Lacs, unless otherwise stated)

Particulars	Year ended and as of 31 March 2025			Year ended and as of 31 March 2024		
	Plastic Cap & Closure	Solar	Total	Plastic Cap & Closure	Solar	Total
Revenue						
Revenue from customers	19,261.91	411.55	19,673.46	18,089.09	360.08	18,449.16
Total Revenue	19,261.91	411.55	19,673.46	18,089.09	360.08	18,449.16
Result						
Segment Result	4,217.63	252.43	4,470.06	4,184.81	222.80	4,407.61
Inter segment eliminations			-			-
Finance cost			69.57			173.18
Finance income			398.55			423.61
Non operating income			269.10			84.20
Exceptional items*						
Profit Before Tax			5,068.14			4,742.25
Other Segment items						
Depreciation and amortization expense	871.23	113.19	984.42	876.78	113.19	989.97
Other Expenses	-	45.93	45.93		24.08	24.08
Impairment of non-financial assets						
Other Information						
Segment Assets	28,792.09	2,798.10	31,590.19	19,833.03	2,886.26	22,719.29
Unallocated Assets			704.39			1,128.01
Total Assets			32,294.59			23,847.30
Segment Liabilities	29,496.48	2,798.10	32,294.59	20,961.04	2,886.26	23,847.30
Total Liabilities			32,294.59			23,847.30

As part of Secondary reporting, the company reports following geographical information

(Amount in Rupees Lacs, unless otherwise stated)

Particulars	31 March 2025	31 March 2024
Revenue from customers outside India	3,968.58	3,160.79
Revenue from customers within India	15,704.88	15,288.37
Total	19,673.46	18,449.16



OTHER NOTES ON ACCOUNTS

37 Contingent liabilities and commitments
Particulars

	31 March 2025 (₹)	31 March 2024 (₹)
Contingent liabilities:		
Claims against the company not acknowledged as debt	NIL	NIL
Demand as per traces site	-	0.25
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,202.87	5,205.19
Letters of Credit opened in favour of inland/overseas suppliers	141.02	902.41
	1,343.89	6,167.86

38 Balances appearing under Sundry Debtors, Loans and advances, sundry creditors and other liabilities in various schedules are subject to confirmation/ reconciliations.

39 In the opinion of the Management current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated except where indicated otherwise.

40 Corporate Social Responsibility Expenses

The company is required to form a committee on Corporate Social Responsibility (CSR) under section 135 of Companies Act 2013 and required to spend 2% of its average net profits during the three immediately preceding financial years. Relevant information is given hereunder:

	31-03-2025 (Rs. in Lacs)	31-03-2024 (Rs. in Lacs)
Amount required to be spent for the year on CSR activities as per section 135(5) of companies Act 2013	101.71	67.39
Carry forward from previous year	0.00	54.66
Gross amount required to be spent	101.72	141.94
Amount spent during the year	50.86	141.94
Unspent amount	50.86	0.00

Nature of CSR Activities

Promoting Healthcare, Education, Environmental Sustainability, Rural Development, etc.

Shri NSMM Charitable And Welfare Trust
R J Foundation

	20.34	56.78
	81.37	85.17
	101.72	141.94

For relate party transactions refer note-33

41 Value of imported/indigenous raw material and packing material consumed and the percentage of each to total consumption:-

Particulars	%	2024-25	%	2023-24
RAW MATERIAL				
- Imported	95.55	8,463.36	96.18	8,926.28
- Indigenous	4.45	395.01	3.82	354.86
		8,878.37		9,281.14
Particulars	%	2024-25	%	2023-24
Packing Material				
- Imported	0	0	0	0
- Indigenous	100	709.64	100.00	610.71



42 Additional regulatory information required by Schedule III

- (i) **Details of benami property held** No proceedings have been initiated on or are pending against the entity for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- (ii) **Borrowing secured against current assets** Entity has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the entity with banks and financial institutions are in agreement with the books of accounts.
- (iii) **Willful defaulter** Entity hasn't been declared willful defaulter by any bank or financial institution or government or any government authority.
- (iv) **Relationship with struck off companies** Entity has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.
- (v) **Compliance with number of layers of companies** Entity has complied with the number of layers prescribed under the Companies Act, 2013.
- (vi) **Compliance with approved scheme(s) of arrangements** Entity has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- (vii) **Utilisation of borrowed funds and share premium** Entity has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) 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 Entity 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
- (viii) **Undisclosed income** There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- (ix) **Details of crypto currency or virtual currency** Entity has not traded or invested in crypto currency or virtual currency during the current or previous year.
- (x) **Valuation of PP&E, intangible asset and investment property** Entity has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year

43 Earnings per share (EPS)

	Year ended	Year ended
	31-Mar-25	31-Mar-24
Profit/(Loss) for the year	5,068.14	4,742.26
Less: Provision for Income Tax	1,181.00	950.00
Less: Income Tax Adjustment	19.88	36.18
Less :Deferred Tax	97.59	258.64
Profit/(Loss) attributable to the Equity Shareholders – (A)	3,769.67	3,497.43
Basic /Weighted average number of Equity Shares outstanding during the year (B)	995,020	995,020
Nominal value of Equity Shares (Rs)	10	10
Basic/Diluted Earnings per share (Rs) (A)/(B)	378.86	351.49

44 Previous year figures have been regrouped/reclassified wherever necessary to make them comparable with the current year classification.

In terms of our report of even date annexed
 FOR O P BAGLA & CO LLP
 CHARTERED ACCOUNTANTS
 FFM 000019/N/N500091

AA
 ATUL AGGARWAL
 PARTNER
 M.No. 92656

W. O. P. Bagla
 VIVEK GUPTA
 MS. DIRECTOR
 DIN:61354
 RAJ PAL GANDHI
 DIRECTOR
 DIN:0003649

PLACE :DELHI
 DATED : 07/07/2025

