corp VARUN BEVERAGES LIMITED
Corporate Off : Plot No.31, Institutional Area, Sec.-44, Gurgaon, Haryana-122002 (India)
Ph.: +91-124-4643100-500 • Fax: +91-124-4643303/04 • E-mail : info@rjcorp.in • Visit us at : www.varunbeverages.com
CIN No. : L74899DL1995PLC069839

March 11, 2025

To,

| | |
|---|---|
| National Stock Exchange of India Ltd.<br>Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051<br>Email: cmlist@nse.co.in<br>**Symbol: VBL** | BSE Limited<br>Phiroze Jeejeebhoy Towers<br>Dalal Street, Mumbai – 400 001<br>Email: corp.relations@bseindia.com<br>**Security Code: 540180** |

**Sub:** **Notice of 30th Annual General Meeting and Annual Report of the Company for the Financial Year ended December 31, 2024**

Dear Sir / Madam,

In continuation to our letter dated February 10, 2025, as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the following:

1. Notice of 30th Annual General Meeting of the Company scheduled to be held on Thursday, April 3, 2025 at 11:00 A.M. (IST) through Video Conferencing / Other Audio Visual Means facility; and

2. Annual Report (including Business Responsibility and Sustainability Report) of the Company for the Financial Year ended December 31, 2024.

Further, please note that the Company is following 1st January to 31st December as its financial year in terms of Section 2(41) of the Companies Act, 2013 as approved by the Company Law Board.

You are requested to take the above on record.

Yours faithfully,
**For Varun Beverages Limited**

Ravi Batra
Digitally signed by Ravi Batra
Date: 2025.03.11 17:09:09 +05'30'

**Ravi Batra**
**Chief Risk Officer & Group Company Secretary**

Encl.: As above

# VARUN BEVERAGES LIMITED

**Registered Office:** F-2/7, Okhla Industrial Area, Phase I, New Delhi-110 020; **Tel:** +91 11 41706720
**Corporate Office:** Plot No. 31, Institutional Area, Sector - 44, Gurugram-122 002; **Tel:** +91 124 4643100
**Email:** complianceofficer@rjcorp.in; **Website:** www.varunbeverages.com
**Corporate Identity Number:** L74899DL1995PLC069839

# NOTICE

Notice is hereby given that 30th (Thirtieth) Annual General Meeting ('AGM') of Varun Beverages Limited ('the Company') will be held on Thursday, April 3, 2025 at 11:00 A.M. (IST) through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') facility, to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company together with the report of Board of Directors and Auditors' thereon and the Audited Consolidated Financial Statements of the Company together with Auditors' Report thereon for the Financial Year ended December 31, 2024.

2. To declare final dividend of ₹0.50 per equity share of face value of ₹2/- each for the Financial Year ended December 31, 2024.

3. To appoint Mr. Varun Jaipuria (DIN: 02465412), who retires by rotation and being eligible, offers himself for re-appointment as a Director.

4. To appoint Mr. Rajinder Jeet Singh Bagga (DIN: 08440479), who retires by rotation and being eligible, offers himself for re-appointment as a Director.

## SPECIAL BUSINESS:

5. To appoint M/s. Sanjay Grover & Associates, Firm of Company Secretaries in Practice as Secretarial Auditors for a term of upto 5(Five) consecutive years, fix their remuneration and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Section 204 and other applicable provisions of the Companies Act, 2013, if any and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to receipt of such other approvals, consents and permissions as may be required, M/s. Sanjay Grover & Associates, Firm of Company Secretaries in Practice (Firm Registration Number P2001DE052900) be and are hereby appointed as Secretarial Auditors of the Company for a term of upto 5(Five) consecutive years, to hold office from the conclusion of this Annual General Meeting ('AGM') till the conclusion of 35th (Thirty Fifth) AGM of the Company to be held in the Year 2030, at a remuneration to be fixed by the Board of Directors of the Company or any Committee of the Board of Directors ('the Board').

   **RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, things and to sign all such documents and writings as may be necessary to give effect to this resolution and for matters connected therewith or incidental thereto."

By Order of the Board
For **Varun Beverages Limited**

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

Place: Gurugram
Date: February 10, 2025

Address: F-2/7, Okhla Industrial Area,
Phase – I, New Delhi - 110 020

## NOTES:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('the Act'), which sets out details relating to Special Business (being considered unavoidable by the Board of Directors) at the meeting, is attached with this Notice of 30th Annual General Meeting ('AGM').

2. The Ministry of Corporate Affairs ('MCA') vide its General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 21/2021, 10/2022, 09/2023 and 09/2024 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 14, 2021, December 28, 2022, September 25, 2023 and September 19, 2024 respectively ('MCA Circulars'), had permitted to hold AGM through Video Conferencing ('VC')/ Other Audio Visual Means ('OAVM') facility without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations') and MCA Circulars, 30th AGM of the Company is being held through VC/OAVM facility.

   To comply with the provisions of Regulation 44 of SEBI LODR Regulations, Company is also providing one way live webcast of the proceedings of AGM which can be viewed on website of the Company at https://varunbeverages.com/agm/.

   The Deemed Venue for the 30th AGM shall be the Registered office of the Company.

3. The AGM is being held pursuant to the MCA Circulars through VC/OAVM facility, therefore physical attendance of Members has been dispensed with, accordingly the facility for appointment of proxy(ies) by the Members will not be available for the AGM. Hence, the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.

   However, Corporate Members intending to authorize their representatives to attend & vote at the AGM through VC / OAVM facility on its behalf are requested to send duly certified copy of the relevant Board resolution in the manner prescribed in Note No. 27.

4. Members attending the AGM through VC / OAVM facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

5. The Board of Directors have recommended final dividend of ₹0.50 per equity share of face value of ₹2/- each for the Financial Year ended December 31, 2024 to the Members of the Company on a Record Date to be fixed by the Board of Directors of the Company. The final dividend will be paid within the prescribed statutory period and as per the mandate registered with the Company or with their respective Depository Participant(s).

6. Pursuant to the provisions of the Income Tax Act, 1961 ("the IT Act"), dividend income is taxable in the hands of the members and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at rates prescribed in the IT Act & also available at www.varunbeverages.com. In general, to enable compliance with TDS requirements, Members are requested to complete and/or update their Residential Status, Permanent Account Number ('PAN'), Category as per the IT Act with their Depository Participant(s) in case shares are held in demat form and in case shares are held in physical form, with the Company by sending email at complianceofficer@rjcorp.in

7. Members holding shares in physical form, who have not updated their mandate for receipt of dividend directly into their bank accounts through Electronic Clearing Service or any other means ("Electronic Bank Mandate"), can register their Electronic Bank Mandate to receive dividend directly into their bank account electronically or any other means, by sending scanned copy of the following details/ documents to the Company's Registrar and Share Transfer Agent ('RTA') at einward.ris@kfintech.com or to the Company at complianceofficer@rjcorp.in before the date of AGM:

   a. a signed request letter mentioning your name, folio number, complete address and following details relating to bank account in which the dividend is to be received:

      i) Name & Branch address of Bank and Bank Account type;

      ii) Bank Account Number allotted by your bank after implementation of Core Banking Solutions; and

      iii) 11-digit IFSC Code.

   b. self attested scanned copy of cancelled cheque bearing the name of the member or first holder, in case shares are held jointly;

   c. self attested scanned copy of the PAN linked with Aadhaar; and

   d. self attested scanned copy of any document (such as Aadhaar Card, Driving License, Election Identity Card, Passport) in support of the address of the member, as registered with the Company.

Members holding shares in demat mode are advised to update their Electronic Bank Mandate with their Depository Participant(s).

8. In the event the Company is unable to pay the dividend to any Member directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the bankers' cheque/ demand draft to such Member within the prescribed statutory period.

9. In terms of Section 152 of the Act, Mr. Varun Jaipuria and Mr. Rajinder Jeet Singh Bagga, Whole-time Directors, retires by rotation at the AGM and being eligible, offer themselves for re-appointment. The Nomination and Remuneration Committee and the Board of Directors of the Company recommended their re-appointment.

10. Details of Directors seeking appointment/ re-appointment in AGM pursuant to Secretarial Standard on General Meetings (SS-2) and Regulation 36(3) of the SEBI LODR Regulations are Annexed to this Notice of AGM.

11. All material documents referred in the accompanying Notice and the Explanatory Statement are available on website of the Company for inspection by the Members up to the date of AGM and during the AGM.

12. During the AGM, Members may access scanned copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which Directors are interested under Section 189 of the Act and Certificate from Secretarial Auditors of the Company certifying that Employees Stock Option Scheme 2016 of the Company is being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and in accordance with the resolution of the Members of the Company which will be available on website of the Company.

13. Pursuant to Sections 101 and 136 of the Act read with relevant Rules made thereunder and Regulation 36 of SEBI LODR Regulations, companies can serve Annual Report and other communications through electronic mode to those Members who have registered their email address either with the Company or with the Depository Participants ('DP'). Members holding shares in physical form and who have not registered their email address with the Company can now register the same by sending an email to Compliance Officer of the Company at complianceofficer@rjcorp.in and/or by sending a request to KFin Technologies Limited, RTA through email at einward.ris@kfintech.com or contact at 1800-309-4001. Members holding shares in demat form are requested to register their email address with their DP only. The registered email address will be used for sending future communications.

14. In compliance with the aforesaid MCA Circulars and SEBI Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2022/62, SEBI/HO/CFD/PoD-2/P/CIR/2023/4, SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated May 12, 2020, May 13, 2022, January 5, 2023, October 7, 2023 and October 3, 2024 respectively, the Notice of AGM and Annual Report along with login details for joining the AGM through VC / OAVM facility including e-voting are being sent only through electronic mode to those Members whose email address are registered with the Company or DP or RTA, unless the Members have registered their request for physical copy of the same. Members may note that this Notice of AGM and Annual Report will also be available on Company's website (www.varunbeverages.com), Stock Exchange's website (www.bseindia.com and www.nseindia.com) and National Securities Depository Limited ('NSDL') website (www.evoting.nsdl.com).

15. The Notice of AGM and Annual Report will be sent to those Members / beneficial owners whose name appears in the Register of Members / list of beneficiaries received from the Depositories as on Friday, March 7, 2025.

16. Members desiring any information/clarification on the accounts or any matter to be placed at the AGM are requested to write to the Company at complianceofficer@rjcorp.in at least seven days before AGM from their registered email address mentioning their name, DPID Client ID / Folio no. and mobile number to enable the management to keep information ready at the AGM. Members desiring to seek information/clarification during the AGM on the accounts or any matter to be placed at the AGM may ask through the chat box facility provided by NSDL.

17. Members are requested to note that KFin Technologies Limited, Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda Serilingampally

Mandal Hyderabad - 500 032, Telangana is RTA of the Company to manage the work related to shares held in physical and dematerialized form.

18. To prevent fraudulent transactions, Members are requested to exercise due diligence and immediately notify the RTA of any change in their address and/ or bank mandate in respect of shares held in physical form and to their DPs in respect of shares held in dematerialized form. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holding should be obtained from the concerned DP and holding should be verified. The Securities and Exchange Board of India ('SEBI') has mandated the submission of PAN by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their respective DP with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ RTA.

19. SEBI vide its Master Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 has directed all the listed companies to update Bank Account details and PAN of the Members holding shares in physical form. It has been observed that many of the Members holding physical shares have not updated the said information. Therefore, such Members are requested to send the following documents to the Company's RTA:

    i. Self-attested copy of PAN card including that of joint Members (if any); and

    ii. An original cancelled cheque of 1st Member (Name of 1st Member should be printed on cheque leaf). If name of 1st Member is not printed on cheque leaf, photocopy of passbook or bank statement duly attested by the banker along with cancelled cheque (Photocopy of cheque will not be accepted/entertained).

20. SEBI vide its notifications dated June 8, 2018, November 30, 2018 and January 24, 2022, mandated that securities of listed companies can be transferred only in dematerialized form. Accordingly, the Company has stopped accepting any fresh lodgment of transfer of shares in physical form including transmission and transposition requests. In view of the above and to avail various benefits of dematerialization, Members holding shares in physical form are requested to dematerialize the shares held by them in physical form.

21. SEBI has mandated furnishing of PAN linked with Aadhaar, KYC details (i.e., Postal Address with PIN Code, email address, mobile number, bank account details) and nomination details by holders of securities in physical form. Any service request or complaint received from the Member will not be processed until the aforesaid details/ documents are provided to RTA. Relevant details and prescribed forms in this regard are available on website of the Company at https://www.varunbeverages.com/corporate-governance/

22. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company by submitting Form No. SH-13 in terms of Section 72 of the Act read with rules made thereunder to the RTA. Members holding shares in electronic form may submit the same to their respective DP. The nomination form can be downloaded from the Company's website www.varunbeverages.com under the investor relations section. Members who require communication in physical form in addition to e-communication or have any other queries, may write to the RTA or Company at its Registered Office address.

23. Non-Resident Indian Members are requested to inform RTA, immediately of:

    a. Change in their residential status on return to India for permanent settlement.

    b. Particulars of their bank account maintained in India with complete name, account number, account type and branch address of the Bank with PIN code.

24. Members are requested to note that pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') read with relevant circulars and amendments thereto, amount of dividend which remains unpaid/unclaimed for a period of seven years from the date of transfer to the Company's unpaid dividend account and corresponding shares on which the dividend remains unclaimed for seven consecutive years or more are required to be transferred to the Investor Education and Protection Fund ("IEPF") constituted by the Central Government. The Company has been sending reminders to Members having unpaid/unclaimed dividends before transfer of such dividend or shares to IEPF.

    Pursuant to above-mentioned provisions, Company had transferred ₹45,375/- to IEPF (being unpaid/ unclaimed interim dividend amount for FY 2017) and also transferred 299 equity shares (on which interim dividend for FY 2017 remained unpaid/unclaimed for seven consecutive years) to the designated demat account of IEPF Authority and the same can be claimed from IEPF Authority only after complying with prescribed procedure under IEPF Rules.

Further, details of the unpaid/ unclaimed dividend (interim & final) transferred to the "Unclaimed Dividend Account - Varun Beverages Limited" are uploaded on the website of the Company at www.varunbeverages.com/corporategovernance/. Members willing to claim dividend that remain unclaimed are requested to correspond with the RTA or to the Company at its registered office.

25. To comply with the provisions of Section 108 of the Act and Rules framed thereunder, Regulation 44 of the SEBI LODR Regulations, Secretarial Standard - 2 issued by the Institute of Company Secretaries of India and MCA Circulars, the Members are provided with the facility to cast their vote electronically through remote e-voting (prior to AGM) and e-voting (during the AGM) services provided by NSDL on all resolutions set forth in this Notice.

    Only those Members who will be present in the AGM through VC / OAVM facility and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

    The instructions for joining the AGM through VC / OAVM, remote e-voting and e-voting during the AGM are provided in the Notice of AGM under Note No. 27.

26. SEBI vide circular nos. SEBI/HO/OIAE/OIAE_IAD1/P/CIR/2023/131 dated July 31, 2023 (updated as on December 20, 2023) and SEBI/HO/ OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 4, 2023 read with master circular no. SEBI/HO/ OIAE/OIAE_IAD-1/P/CIR/2023/145 dated August 11, 2023, had issued guidelines towards an additional mechanism for investors to resolve their grievances by way of Online Dispute Resolution ('ODR') through a common ODR portal. Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievance with the Company/its RTA directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (https://smartodr.in/login) and the same can also be accessed through our website at https://varunbeverages.com/investorcontacts/. Members can access the SEBI Circulars on the website of SEBI at https://www.sebi.gov.in/ and the same are also available on the website of the Company at https://varunbeverages.com/investorcontacts/.

## 27. INSTRUCTIONS FOR E-VOTING AND JOINING THE AGM ARE AS FOLLOWS:

### A. INSTRUCTIONS FOR REMOTE E-VOTING PRIOR TO THE AGM

i. The remote e-voting period begins on Monday, March 31, 2025 at (9:00 a.m. IST) and ends on Wednesday, April 2, 2025 at (5:00 p.m. IST). The remote e-voting module shall be disabled by NSDL for voting thereafter.

ii. The Members, whose name appears in the Register of Members / Beneficial Owners as on Thursday, March 27, 2025 (i.e. cut-off date), may cast their vote electronically.

iii. The voting right of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date. A person who is not a Member as on cut-off date should treat this Notice for information purpose only.

iv. The details of the process and manner for remote e-voting are explained herein below:

    Step 1: Log-in to NSDL e-voting system at https://www.evoting.nsdl.com/

    Step 2: Cast your vote electronically on NSDL e-voting system

    **Details on Step 1 are mentioned below:**

    **I. Login method for e-voting and joining AGM for individual shareholders holding securities in demat mode**

    Pursuant to SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on 'e-voting facility provided by Listed Companies' read with SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024, e-voting process has been enabled to all the individual demat account holders by way of single login credential, through their demat accounts/websites of Depositories/ Depository Participants to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider ('ESP') thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process. Shareholders are advised to update their mobile number and email ID with their DPs to access e-voting facility.

Login method for Individual shareholders holding securities in demat mode:

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | 1. Users already registered for IDeAS facility:<br>(i) Visit e-services website of NSDL viz. https://eservices.nsdl.com<br>(ii) Click on the 'Beneficial Owner' icon under 'Login' available under 'IDeAS' section.<br>(iii) Enter User ID and Password. After successful authentication, click on 'Access to e-Voting' appearing on the left-hand side under e-voting services and you will be able to see e-voting page.<br>(iv) Click on Company name or e-voting service provider i.e. NSDL. You will be re-directed to e-voting website of NSDL to cast your vote during the remote e-voting period or joining AGM & vote during the AGM.<br>2. User not registered for IDeAS facility:<br>(i) Click on link: https://eservices.nsdl.com and select 'Register Online for IDeAS Portal'<br>OR<br>Click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp<br>(ii) Proceed with completing the required fields.<br>(iii) Follow steps mentioned in point no. 1 above. |
| | 3. Alternatively, by directly accessing the e-voting website of NSDL:<br>(i) Visit e-voting website of NSDL viz. https://www.evoting.nsdl.com<br>(ii) Click on the icon 'Login' available under 'Shareholder/Member' section.<br>(iii) On the Login page, enter your User ID (i.e. your 16 characters demat account number held with NSDL), Password/ OTP and a verification code as shown on the screen.<br>(iv) After successful authentication, you will be redirected to NSDL website wherein you can see e-voting page. Click on Company name or e-voting service provider i.e. NSDL. You will be re-directed to e-voting website of NSDL to cast your vote during the remote e-Voting period or joining AGM & vote during the AGM.<br>4. Shareholders/Members can also download NSDL Mobile App 'NSDL Speede' facility by scanning the QR code mentioned below for seamless voting experience.<br>**NSDL Mobile App is available on**<br>App Store Google Play |

<table>
<tr><th>Type of shareholders</th><th>Login Method</th></tr>
<tr><td>Individual Shareholders holding securities in demat mode with CDSL</td><td>1. User already registered for Easi/Easiest:<br>(i) Visit URL: https://web.cdslindia.com/myeasitoken/Home/Login<br>OR<br>www.cdslindia.com and click on ‘Login’ and select ‘New System Myeasi’<br>(ii) Enter your User ID and Password.<br>(iii) After successful authentication, the user will be able to see the e-voting menu having link of e-voting service provider i.e. NSDL. Click on NSDL to cast your vote.<br>2. User not registered for Easi/Easiest:<br>(i) Click on link: https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration<br>(ii) Proceed with completing the required fields.<br>(iii) Follow steps mentioned in point no. 1 above.<br>3. Alternatively, by directly accessing the e-Voting website of CDSL:<br>(i) Visit www.cdslindia.com and select ‘E Voting’.<br>(ii) Enter your demat account number and PAN.<br>(iii) System will authenticate user by sending OTP on registered Mobile No. & Email ID as recorded in the demat account.<br>(iv) After successful authentication, user will be provided link for the e-voting service provider i.e. NSDL where the e-voting is in progress.</td></tr>
<tr><td>Individual Shareholders (holding securities in demat mode) login through their Depository Participant (DP)</td><td>1. You can login using the credentials of your demat account through the website of your DP registered with NSDL/CDSL, for remote e-Voting.<br>2. Once logged-in, you will be able to see ‘e-Voting’ option. Once you click on ‘e-Voting’ option and after successful authentication, you will be re-directed to e-voting module of NSDL/CDSL wherein you can see e-Voting feature.<br>3. Click on options available against Company name or e-voting service provider i.e. NSDL and you will be re-directed to e-voting website of NSDL to cast your vote during the remote e-voting period or join AGM & vote during the AGM.</td></tr>
</table>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at respective website.

**Helpdesk details for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | Please contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at toll free no.: 022-4886 7000 or 022-2499 7000 |
| Individual Shareholders holding securities in demat mode with CDSL | Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 1800 22 55 33 |

**II. Login Method for e-voting and joining AGM for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

1. Visit the e-Voting website of NSDL. Open web browser by clicking the URL: https:// www.evoting.nsdl.com/ either on a personal computer or on a mobile.

2. Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, Password/OTP and a verification code as shown on the screen.

4. Alternatively, if you are registered for NSDL eservices i.e. IDeAS, you can log-in at https:// eservices.nsdl.com/ with your existing IDeAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.

5. Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID<br>For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID<br>For example if your Beneficiary ID is 12************** then your user ID is 12************** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company<br>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

6. Password details for shareholders other than Individual shareholders are given below:
   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
      (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      (ii) If your email ID is not registered, please follow steps mentioned below in 'Process for those Shareholders whose email address are not registered'.

7. If you are unable to retrieve or have not received the "initial password" or have forgotten your password:
   a) Click on 'Forgot User Details/Password?'(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) Click on 'Physical User Reset Password?' (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, PAN, name and registered address.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

8. After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.
9. Now, you will have to click on "Login" button.
10. After you click on the "Login" button, Home page of e-voting will open.

**Step 2: Cast your vote electronically and join AGM on NSDL e-Voting system.**

1. After successful login at Step 1, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select 'EVEN' of the Company to cast your vote during the remote e-voting period or to cast your vote during the AGM. For joining AGM, you need to click on 'VC/OAVM' link placed under 'Join General Meeting'.
3. Now you are ready for e-voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.
5. Upon confirmation, the message 'Vote cast successfully' will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for Shareholders**

1. Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by email at sanjaygrover7@gmail.com with a copy marked to evoting@nsdl.com. Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution/ Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on www.evoting.nsdl.com to reset the password.
3. In case of any query, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no. 022-4886 7000 and 022-2499 7000 or send a request to Ms. Pallavi Mhatre, Senior Manager, NSDL at evoting@nsdl.com or at 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013.

**Process for those shareholders whose email address are not registered with the Depositories for procuring user id and password and registration of email address for e-voting on the resolutions set out in this Notice**

1. **Physical Holding:** Send a request to KFin Technologies Limited, Registrar and Share Transfer Agent at einward.ris@kfintech.com providing your name, folio no., scanned copy of the share certificate (front and back), self-attested scanned copy of PAN card and self-attested scanned copy of Aadhaar Card, for registering email address.
2. **Demat Holding:** Please contact your DP and register your email address in your demat account, as per the process advised by your DP.

   If you are an individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at Step 1 i.e. Login method for e-voting and joining AGM for Individual shareholders holding securities in demat mode.
3. Alternatively shareholders may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on 'e-voting facility provided by Listed Companies' read with SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update

their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**B. INSTRUCTIONS FOR E-VOTING DURING THE AGM**

1. The procedure for e-voting during the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/Shareholders, who have not casted their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

3. Members who have voted through remote e-voting will be eligible to attend the AGM, however, they will not be eligible to vote during the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-voting during the AGM shall be the same as mentioned for remote e-voting.

**C. INSTRUCTIONS FOR ATTENDING THE AGM THROUGH VC/OAVM**

1. Members will be able to attend the AGM through VC/OAVM facility provided by NSDL at https:// www.evoting.nsdl.com by following the steps mentioned above at Step 1. After successful login, click on the link of 'VC/OAVM' placed under 'Join General meeting' menu against Company name available in Shareholder/ Member login where EVEN of Company will be displayed.

   Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice.

2. Facility of joining the AGM through VC / OAVM shall be available 30 minutes before and after the scheduled time of the commencement of AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 3,000 Members on first come first served basis (except Shareholders holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of the Audit, Risk Management and Ethics Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. whose presence is mandatorily required under the provisions of the Act & SEBI LODR Regulations, who are allowed to attend the AGM without restriction on account of first come first served basis).

3. Members joining through Laptops / Mobile devices are recommended to use stable Wi-Fi or LAN connection for better experience.

4. Members who need assistance for attending or voting during the AGM, can contact NSDL at 022-4886 7000 / 022-2499 7000 or contact Ms. Pallavi Mhatre, Senior Manager, NSDL at evoting@nsdl.com.

5. Any person who acquire shares and become Member of the Company after the date of dispatch of this Notice and holding shares as on the cut-off date, may obtain the login ID and password by following the instructions as mentioned in the Notice or sending a request at evoting@nsdl.com.

**Other Instructions**

1. The Board of Directors appointed Mr. Kapil Dev Taneja (CP No. 22944), Partner or failing him, Mr. Neeraj Arora (CP No. 16186), Partner of M/s. Sanjay Grover & Associates, Company Secretaries, New Delhi as the Scrutinizer to scrutinize the e-voting process during the AGM and remote e-voting process in a fair and transparent manner and they have communicated their willingness to be appointed.

2. The Scrutinizer shall, immediately after the conclusion of e-voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 2 working days or 3 days, whichever is earlier from the conclusion of AGM, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

3. The results of voting will be declared not later than 2 working days or 3 days, whichever is earlier, from the conclusion of AGM and the result declared alongwith the Consolidated Scrutinizer's Report shall be placed on the Company's website i.e. www.varunbeverages.com and on the website of NSDL https://www.evoting.nsdl.com immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

4. The resolutions, if passed by requisite majority, shall be deemed to have been passed on the date of the AGM i.e. April 3, 2025.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM NO. 5

Pursuant to the amended provisions of Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations') vide SEBI Notification dated December 12, 2024 and provisions of Section 204 of the Companies Act, 2013 ('Act') and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Audit, Risk Management and Ethics Committee and the Board of Directors at their respective meetings held on February 10, 2025 have approved and recommended the appointment of M/s. Sanjay Grover & Associates, Peer Reviewed Firm of Company Secretaries in Practice (Firm Registration Number: P2001DE052900) as Secretarial Auditors of the Company for a term of upto 5(Five) consecutive years to hold office from the conclusion of this Annual General Meeting ('AGM') till the conclusion of 35$^{th}$ (Thirty Fifth) AGM of the Company to be held in the Year 2030 on following terms and conditions:

a. Term of appointment: Upto 5(Five) consecutive years from the conclusion of this AGM till the conclusion of 35$^{th}$ AGM.

b. Proposed Fees: Upto ₹3,50,000/- (Rupees Three Lakh Fifty Thousand only) plus applicable taxes and other out-of-pocket expenses in connection with the secretarial audit for Financial Year ending December 31, 2025 and for subsequent year(s) of their term, such fee as determined by the Board, on recommendation of Audit, Risk Management and Ethics Committee.

   The proposed fees is based on knowledge, expertise, industry experience, time and efforts required to be put in by them, which is in line with the industry benchmark. The fees for services in the nature of certifications and other professional work will be in addition to the secretarial audit fee as above and will be determined by the Board in consultation with the Secretarial Auditors and as per the recommendations of the Audit, Risk Management and Ethics Committee.

c. Basis of recommendations: The recommendations are based on the fulfilment of the eligibility criteria & qualification prescribed under the Act & Rules made thereunder and SEBI LODR Regulations with regard to the full time partners, secretarial audit, experience of the firm, capability, independent assessment, audit experience and also based on the evaluation of the quality of audit work done by them in the past.

d. Credentials: M/s. Sanjay Grover & Associates (Firm Registration Number: P2001DE052900) ('Secretarial Audit Firm'), established in the year 2001, is a reputed firm of Company Secretaries in Practice specialized in Secretarial Audit and other corporate law matters. The firm is registered with the Institute of Company Secretaries of India and has an experience of more than 24 years in providing various corporate law services. The Firm also holds a valid Peer Review Certificate.

M/s. Sanjay Grover & Associates have given their consent to act as Secretarial Auditors of the Company and confirmed that their aforesaid appointment (if made) would be within the prescribed limits under the Act & Rules made thereunder and SEBI LODR Regulations. They have also confirmed that they are not disqualified to be appointed as Secretarial Auditors in terms of provisions of the Act & Rules made thereunder and SEBI LODR Regulations.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution except to the extent of their shareholding, if any, in the Company.

The Board of Directors of the Company recommends the resolution set out at Item No. 5 for approval of the Members as an Ordinary Resolution.

By Order of the Board
For **Varun Beverages Limited**

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

Place: Gurugram
Date: February 10, 2025

Address: F-2/7, Okhla Industrial Area,
Phase – I, New Delhi - 110 020

## ANNEXURE

**Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 issued by the Institute of Company Secretaries of India, the following information is furnished about the Directors proposed to be appointed / re-appointed:**

| Name of Director | Mr. Varun Jaipuria (DIN: 02465412) | Mr. Rajinder Jeet Singh Bagga (DIN: 08440479) |
|---|---|---|
| i) Date of Birth/Age | November 10, 1987 / 37 years | July 5, 1963 / 61 years |
| ii) Qualifications | He attended Bachelor's degree program in international business from the Regent's University, London. He is a Harvard Alumni and had attended Program for Leadership Development (PLD), 2018-2019 batch from Harvard Business School, Boston. | Master's Degree in Mechanical Engineering from Indian Institute of Technology, Kanpur. |
| iii) Experience | Mr. Varun Jaipuria is the Promoter & Executive Vice Chairman of the Company. He has been actively working with the Company since 2009 and has been instrumental in comprehensive development of Company's business including acquisitions and integration of acquired territories.<br><br>Under his leadership, Varun Beverages was awarded PepsiCo's International Bottler of the Year in 2023 and Best Bottler in AMESA (Africa, Middle East and South Asia) sector in 2021 in recognition of Company's operational excellence, governance practices and sustainability initiatives. | Mr. Rajinder Jeet Singh Bagga is presently working as Whole-time Director of the Company. He has been associated with the Company since 1996 and is currently heading technical operations since 2003. He has an experience of 28 years with the Company in managing technical operations and execution of projects. Prior to this, he was associated with Eveready Industries India Limited for approximately 10 years and was last working in the capacity as production manager. |
| iv) Terms and conditions of appointment / re-appointment | Mr. Varun Jaipuria is a Whole-time Director of the Company, liable to retire by rotation. | Mr. Rajinder Jeet Singh Bagga is a Whole-time Director of the Company, liable to retire by rotation. |
| v) Details of remuneration sought to be paid | Not applicable | Not applicable |
| vi) Last remuneration drawn (Per Annum) | ₹ 72.02 Million | ₹ 61.56 Million |
| vii) Date of first appointment on the Board | January 1, 2009 | May 2, 2019 |

| Name of Director | Mr. Varun Jaipuria (DIN: 02465412) | Mr. Rajinder Jeet Singh Bagga (DIN: 08440479) |
|---|---|---|
| viii) No. of shares held in the Company (including as a beneficial owner) | 52,08,59,870 | 14,59,685 |
| ix) Relationship with other Directors, Manager and other Key Managerial Personnel of the Company | Mr. Varun Jaipuria is the son of Mr. Ravi Jaipuria (Non-Executive Chairman) | None |
| x) No. of Board Meetings attended / held during Financial Year 2024 | 7/8 | 7/8 |
| xi) Directorships held in other companies | 1. Devyani International Limited<br>2. Dreamweaver Investment and Business Solutions Private Limited<br>3. Empire Stocks Private Limited<br>4. KV Retail Private Limited<br>5. RJ Corp Limited | 1. Alisha Torrent Closures (India) Private Limited<br>2. Lunarmech Technologies Private Limited |
| xii) Chairman/ Member of the Committee of the Board of Directors of the Company | 1. Corporate Social Responsibility Committee – Member<br>2. Share Allotment Committee – Member<br>3. Environment, Social and Governance Committee – Chairman | 1. Investment and Borrowing Committee - Member<br>2. Environment, Social and Governance Committee – Member |
| xiii) Committees position held in other Companies | 1. RJ Corp Limited<br>a) Corporate Social Responsibility Committee – Member<br>b) Investment and Borrowing Committee – Member<br>2. Devyani International Limited<br>a) Corporate Social Responsibility Committee – Member | None |
| xiv) Resignation from listed entities in the past three years | None | None |

VARUN BEVERAGES

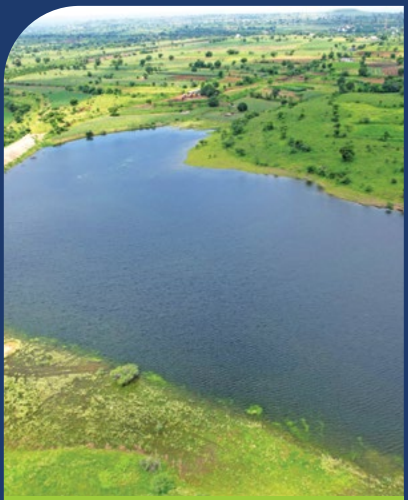

# Annual Report 2024

# WHAT'S INSIDE

PAGE 08

CHAIRMAN'S MESSAGE

PAGE 54



COMMITTED TO A CLEANER, GREENER TOMORROW

## Corporate Overview



## Driving Sustainable Growth, Steadily

PAGE 84

FUTURE-READY WORKFORCE SHAPING OUR FUTURE

PAGE 104

EMBEDDING ESG IN OUR CORPORATE DNA

PAGE 126

INTERNATIONAL TERRITORIES



## Social Initiatives



## Governance



## International Territories



**Read or download the report at:**
**www.varunbeverages.com**

## Statutory Reports



## Financial Statements



## Assurance Statements


PEPSI
NEW
STING
ENERGY
PEPSI
ZERO SUGAR

# FUTURE-READY. ECO-STEADY.

**Imagine a future where every sip quenches more than thirst – it sustains life, preserves the planet, and inspires change. At Varun Beverages Limited (VBL), India's leading PepsiCo franchisee, the act of serving a drink has evolved into a profound responsibility – one of fueling lives, driving innovation, and safeguarding the planet. For over three decades, we have refreshed millions while steadily redefining what it means to be a responsible industry leader. From crowded cities to remote rural markets, each bottle we deliver carries not only the promise of refreshment but also our commitment to a greener and more sustainable future.**

Our operations delivered robust growth across key markets, with consolidated revenues rising by 24.7% in CY 2024. We also made significant strides in expanding our global and domestic footprint. The acquisition of South Africa based Beverage Company (BevCo) and its subsidiaries has strengthened our international footprint and marks a key milestone in expanding our presence in the African market. Domestically, we commissioned three greenfield facilities in Supa (Maharashtra), Gorakhpur (Uttar Pradesh), and Khordha (Odisha), boosting production capacity in India. Additionally, our Kinshasa facility in the DRC now operates at full capacity on a three-shift basis.

These key milestones along with our commitment to net-zero GHG emissions by 2050, enhanced efficiency through backward integration across 17 production plants and a strong focus on water stewardship, circular economy through plastic waste management, and the adoption of renewable energy, reinforce our Future Ready growth strategy.

As we grow, we continue to push boundaries – expanding our reach across continents, embracing innovations that lower environmental footprints, and nurturing communities through sustainable practices.

With a future-ready portfolio and an eco-steady approach, we are not just meeting today's demands but shaping a resilient and sustainable tomorrow.


**AT VBL, THE FUTURE IS NOT JUST SOMETHING WE ANTICIPATE – IT'S SOMETHING WE BUILD. AND WE ARE READY.**

# CORPORATE OVERVIEW


# A STEP AHEAD ALREADY

Financial

Revenue
₹200,077 Million

EBITDA
₹47,111 Million



Net Profit
₹26,343 Million

Capex
₹~45,000 Million

# Operational



Cases sold in CY 2024

**1,124 Million**

State-of-the-art production facilities around the globe

**48**

Water usage ratio

**1.56^ Times**


rPet recycled plastic used Pepsi Zero and Sting

**~7,300 MT**

^ Steady state WUR was 1.54 times in 2023 and 1.50 times in 2024, the differential is on account of stabilization of 2 new greenfield plants in 2023 and 3 new greenfield plants in 2024.

# Future-ready with Sustainable and Consistent Growth

**Dear Stakeholders,**

**It gives me immense pleasure to present the 30th Annual Report of Varun Beverages Limited (VBL).**

**Ravi Jaipuria**
Promoter & Non-Executive Chairman

## Overview of the year

We are delighted to share that CY 2024 has been a year of healthy operational and financial performance for VBL. Our revenue growth was supported by organic volume expansion, improved product mix, and contributions from recent acquisitions. India volumes grew 11.4%, reflecting the strength of our distribution network and operational execution during a dynamic market environment. Our international business also maintained strong momentum, with particularly encouraging results from the African markets following the successful integration of BevCo in South Africa and the commissioning of our Democratic Republic of Congo (DRC) facility. Consolidated volumes increased by 23.2%, largely led by new territories resulting in consolidated revenues increase by 24.7%, EBITDA growth of 30.5%, and PAT growth of 25.3% for the year.

Throughout the year, we focused on expanding our manufacturing footprint and improving our on-ground execution capabilities. The commissioning of multiple greenfield facilities across India and Africa, along with strategic partnerships to diversify our portfolio into snacks and value-added beverages, reflects our commitment to capitalizing on emerging consumer trends. Additionally, we took steps to further strengthen our international presence by signing share purchase agreements to acquire PepsiCo's business in

Tanzania and Ghana, subject to regulatory and other approvals. Integration of these acquisitions, along with our operations in South Africa, shall strengthen our presence in key international markets.

### Strengthening growth capabilities

CY 2024 was marked by significant progress in expanding our manufacturing footprint to meet growing demand across key markets. In India, we commissioned three new greenfield facilities in Supa (Maharashtra), Gorakhpur (Uttar Pradesh), and Khordha (Odisha). These state-of-the-art plants have enhanced our capacity to cater to the increasing demand in under-penetrated markets.

Internationally, our Democratic Republic of Congo (DRC) facility became operational and rapidly scaled to 100% utilization within months. This remarkable performance has reinforced our belief in the untapped potential of the region, and we are now preparing for backward integration and the commissioning of a second facility to strengthen our operations further.

Furthermore, a key aspect of our growth strategy is the continuous expansion and enhancement of our distribution network and chilling infrastructure. Strengthening these areas is crucial for deepening our presence in both established and under-penetrated markets. These strategic investments reflect our proactive approach to capturing growth opportunities and ensuring we are well-prepared to meet future demand.

### Expanding partnership with PepsiCo

During the year, we deepened our collaboration with PepsiCo, venturing into new segments and geographies to diversify and grow our product portfolio. In CY 2024, we entered into an Exclusive Snacks Appointment Agreement to manufacture and package Cheetos in Morocco by May 2025. Building on this momentum, we signed another exclusive snacks franchising appointment for “Simba Munchiez” in Zimbabwe and Zambia, with distribution starting in February 2025, and manufacturing set to commence by October 2025 and April 2026, respectively. Our expansion into the snacks market in these three countries marks a key milestone in enhancing our portfolio and leveraging synergies with our existing infrastructure.

> **“CY 2024 was marked by significant progress in expanding our manufacturing footprint to meet growing demand across key markets. In India, we commissioned three new greenfield facilities in Supa (Maharashtra), Gorakhpur (Uttar Pradesh), and Khordha (Odisha). These state-of-the-art plants have enhanced our capacity to cater to the increasing demand in under-penetrated markets.**

### Accelerating growth in international markets

CY 2024 was a year of remarkable progress in strengthening our presence in the African market. A key milestone was the successful integration of The Beverage Company Proprietary Limited (BevCo) in South Africa, enhancing our operational capabilities and accelerating growth across the continent. This acquisition enabled the Company to consolidate its presence in franchised territories in South Africa, Lesotho, and Eswatini, while also securing distribution rights in Namibia, Botswana, Mozambique, and Madagascar. Building on this momentum, we further expanded our footprint through strategic acquisitions in key African regions.

We also entered into share purchase agreements to acquire PepsiCo’s business in Tanzania and Ghana, subject to regulatory and other approvals. This includes 100% stake in SBC Beverages Tanzania Limited (SBCT), a market leader with five manufacturing facilities. SBCT’s strong operational infrastructure and diverse product portfolio, including PepsiCo brands and its own energy drink, Supa Komando, position us to effectively address the growing consumer demand in East Africa.

Similarly, our acquisition of SBC Beverages Ghana Limited (SBCG) will solidify our footprint in West Africa.

> At VBL, sustainability is a cornerstone of our strategy. This year, we furthered our commitment to environmental stewardship by broadening the scope of initiatives like PET recycling, PET light-weighting, energy-efficient manufacturing, increasing renewable energy contribution and water conservation. A key focus is achieving a "net positive" water balance by replenishing more water than we use through conservation, recycling, and groundwater recharge projects.

## Sustainability Initiatives

At VBL, sustainability is a cornerstone of our strategy. This year, we furthered our commitment to environmental stewardship by broadening the scope of initiatives like PET recycling, PET light-weighting, energy-efficient manufacturing, increasing renewable energy contribution and water conservation. A key focus is achieving a **"net positive"** water balance by replenishing more water than we use through conservation, recycling, and groundwater recharge projects, thereby ensuring a positive impact on water resources. These efforts align with **PepsiCo's global PEP+ objectives**, reinforcing our shared commitment to a sustainable future.

Through these strategic initiatives, we have established a clear roadmap for long-term sustainability. As part of this commitment, we have set ambitious **Net-Zero targets**, officially validated by the **Science Based Targets initiative (SBTi)**, aiming to achieve net-zero greenhouse gas emissions across our entire value chain **by 2050**.

Additionally, our dedication to environmental stewardship has earned us a spot on the prestigious **CDP A List** based on the **2024 CDP scores**:

- A for Climate
- A- for Water Security

This recognition underscores our commitment to sustainable practices and our ongoing efforts to drive meaningful change. We continue to integrate environmentally responsible practices across our operations, minimizing our footprint while delivering value to stakeholders. Sustainability remains central to our growth, enabling us to make a lasting impact in the communities and regions we serve.

## QIP issue

In November 2024, we successfully raised ₹ 75,000 Million through a Qualified Institutional Placement (QIP). Over 13.27 crore equity shares were allotted at an issue price of ₹ 565 per share. This significant capital raise demonstrates the trust and confidence of investors in the Company's strategic direction and long-term potential.

The proceeds from this QIP have strengthened our financial position and provided the flexibility to pursue our ambitious growth plans. These funds will support our expansion into new geographies, strategic acquisitions, and further investment in enhancing our operational capabilities.

## Dividend & share-split

At VBL, managing our business efficiently for the benefit of all stakeholders is a cornerstone of our philosophy. A critical element in delivering value to our shareholders and securing their long-term confidence is through a consistent and transparent return of capital. In alignment with this approach, our Board of Directors established a formal dividend distribution policy following the Company's listing in November 2016.

To broaden our shareholder base and increase the accessibility of our shares to a diverse range of investors, we have sub-divided/split the existing equity shares of VBL. Each equity share, previously with a face value of ₹ 5 and fully paid-up, was sub-divided/split into two equity shares each having a new face value of ₹ 2.

During the year under review, the Board of Directors in their meeting held on July 30, 2024 declared an interim dividend of ₹ 1.25 per Equity Share (face value of ₹ 5/-

per Equity Share) to the eligible equity shareholders of the Company. Further, the Board of Directors have also recommended a final dividend of ₹ 0.50 per Equity Share (face value of ₹ 2/- per Equity Share) for the Current Year 2024.

### Message to stakeholders

As we reflect on another year of significant achievements, I extend my heartfelt gratitude to all our stakeholders for their trust and support. Your confidence in VBL has been instrumental in driving our success.

As we move forward, we remain focused on strengthening our market position, leveraging growth opportunities in both domestic and international markets, and maintaining our commitment to sustainable practices. Our dedication to innovation, strategic expansion, and sustainability continues to guide our journey.

As we navigate dynamic market environments, we stay focused on delivering sustainable growth and value while upholding our standards of excellence. We look forward to a future of continued success and shared prosperity.

### Vote of thanks

We express our deepest appreciation to our shareholders, investors, bankers, and creditors for their support and belief in our vision. A special thanks to our dedicated employees, whose tireless efforts and commitment have been instrumental in our achievements. We are also immensely grateful to our Board of Directors for their guidance and strategic insights, helping steer the Company towards new opportunities and sustained growth. Your collective contributions have been invaluable in our journey, and we look forward to your continued partnership.

Warm regards,

**Ravi Jaipuria**

Promoter & Non-Executive Chairman

## Our Journey

# Sipping Success at Every Step of Our Journey

**Since our inception in the 1990s, we have been a leading name in the industry, pouring our efforts into sustained growth and strong stakeholder relationships. Over three decades, we've evolved with every milestone, creating value and fostering inclusive, sustainable progress – one sip at a time**

### 1991

Received licensing agreement from PepsiCo through a group Company for trademark and bottling

### 1995

Incorporated as a public limited company

### 1996

Commenced operations in Jaipur

### 1998

PepsiCo acquired 26% stake in Varun Beverages Limited

### 2004

Devyani Beverages Limited merged with VBL in 2004

### 2011 & 2012

Investment made by Standard Chartered PE in Varun Beverages (International) Limited (VBIL)*
(*Merged with VBL in 2012)

### 2012

- Consolidated the sub-territories of Goa, three districts of Maharashtra and North-East India subsequent to merger of a group company
- Three companies having the territories of Nepal, Sri Lanka and Morocco became Subsidiaries
- PepsiCo sold 26% stake in VBL to VBIL

### 2013

Acquired the Delhi sub-territory (remaining parts)

### 2014 & 2015

Capital infusion of ₹ 4,500 Million by promoter group

### 2015

- Received investment from AION Investment
- Acquired sub-territories (Parts of Uttar Pradesh and Haryana, along with Uttarakhand, Himachal Pradesh, Punjab and the Union Territory of Chandigarh)

## 2016

- Acquired 60% shareholding in Varun Beverages (Zambia) Limited
- Got listed on NSE and BSE

## 2017

- Acquired sub-territories across the States of Madhya Pradesh (certain parts) and Odisha
- Acquired the incremental 30% shareholding in Varun Beverages (Zambia) Limited

## 2018

- Acquired sub-territories in the State of Jharkhand, Chhattisgarh and Bihar
- Granted sales and distribution rights of Tropicana and Gatorade
- Set up a Greenfield production facility in Nepal and Zimbabwe

## 2019

- Acquired subterritories in the parts of Maharashtra (14 districts), parts of Karnataka (13 districts) and parts of Madhya Pradesh (3 districts)
- Acquired sub territories across seven States*

## 2022

- Entered into an agreement to distribute and sell Lays, Doritos and Cheetos for PepsiCo in the territory of Morocco
- Commenced commercial production of Kurkure Puffcorn at the manufacturing plant in Kosi, Uttar Pradesh for PepsiCo

## 2023

- Incorporated new subsidiary - VBL Mozambique, SA, South Africa, to carry on the business of distribution

## 2024

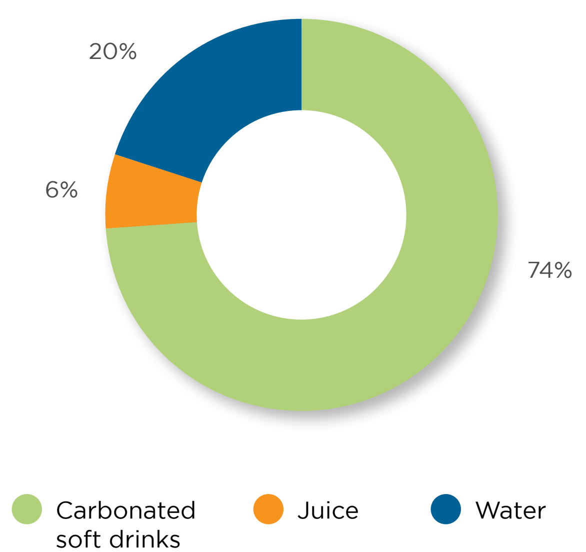
- Acquired BevCo along with its wholly-owned subsidiaries
- Entered into binding agreements to acquire 100% stake inTanzania and Ghana, further enhancing its African market presence
- Secured exclusive snacks franchising rights for PepsiCo's brands in Morocco, Zimbabwe, and Zambia

* Gujarat, parts of Maharashtra, parts of Karnataka, Kerala, Tamil Nadu, Telangana and parts of Andhra Pradesh and five union territories of Daman & Diu, Dadra and Nagar Haveli, Puducherry (except Yanam), Andaman & Nicobar Islands and Lakshadweep

# Curating a Future-ready Product Line

We are focused on expanding our portfolio with high-growth products. By aligning with emerging consumer preferences and trends, we are strategically positioning both global and regional brands for significant scalability.

Share of Segment-wise Sales Volume




PEPSI®

# Brands Licensed by PepsiCo

## Carbonated Soft Drinks

Pepsi

Pepsi Zero

Mountain Dew

Mirinda

7UP

## Fruit Pulp / Juice-based Drinks

Slice

Tropicana

Tropicana Delight

Nimbooz

## Club Soda

Evervess

Duke's

## Energy Drinks

Sting

Rockstar

## Sports Drinks

Gatorade Blue Bolt

Gatorade Lemon

Gatorade Orange

## Carbonated Juice Based Drinks

7UP Nimbooz Masala Soda

## Ice Tea

Lipton Ice Tea

## Packaged Drinking Water

Aquafina

Aquavess

## Snacks#

FritoLay | Cheetos | Doritos | Simba | Kurkure

# Own Brands^

## Carbonated Soft Drinks

Refreshhh | Coo-ee | Jive

## Packaged Drinking Water

Refreshhh | Aquaclear

## Energy Drink

Reboost Energy

## Value-added Dairy-based Beverages*

Cream Bell | Mango Shake | Belgian Choco | Kesar Badam | Cold Coffee | Elaichi | Rose | Butter Scotch | Vanilla

# Manufacturing of Cheetos (underway) & Distribution of Frito Lay, Doritos and Cheetos in Morocco; Manufacturing (underway) & Distribution of Simba Munchiez in Zambia and Zimbabwe; Co-manufacturing of Kurkure Puffcorn in India.

^ Manufacturing & Distribution of own brands is restricted in select territories.

* "CreamBell" trademark has been licensed to be used by VBL for ambient temperature value added dairy based beverages.

# Pouring Refreshments across Borders, Expansion in a World of Refreshment

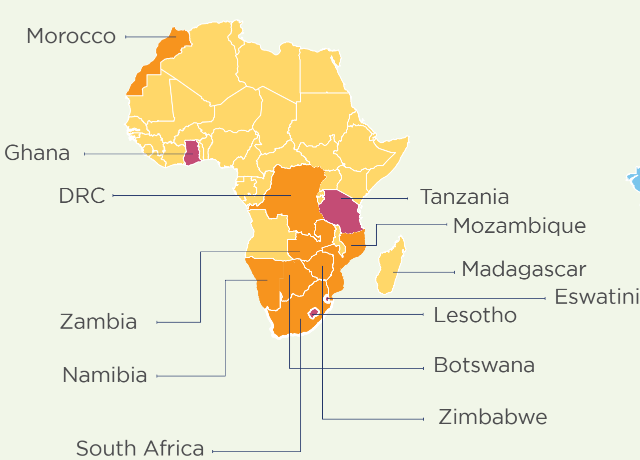
**Over the years, we have strengthened our global presence to become one of the foremost franchisee of PepsiCo, with India as our primary revenue driver. Beyond India, our operations now span international markets, including Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa, Lesotho, Eswatini, the Democratic Republic of Congo (DRC), Namibia, Botswana, Mozambique & Madagascar.**

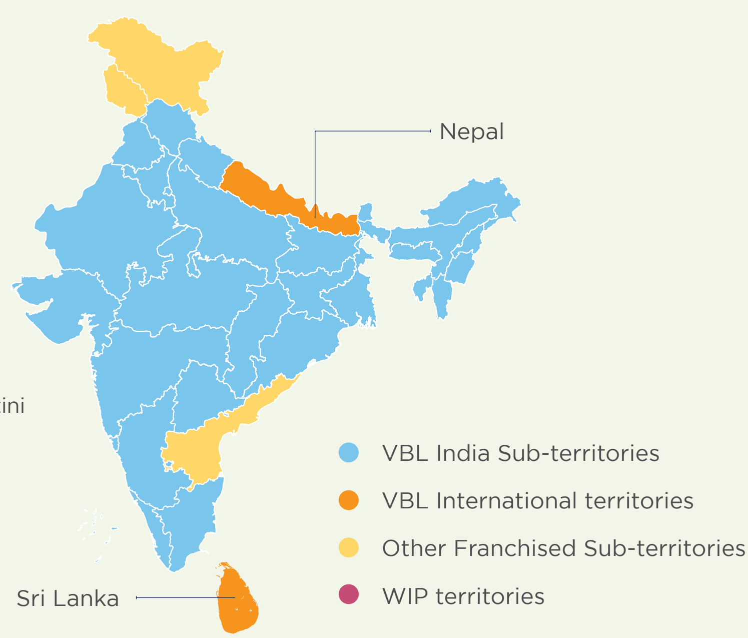
We successfully completed the acquisition of South Africa-based Beverage Company (BevCo) and its wholly-owned subsidiaries, strengthening our global portfolio. Simultaneously, we advanced domestic growth by commissioning three greenfield production facilities in India – located in Supa (Maharashtra), Gorakhpur (Uttar Pradesh), and Khordha (Odisha) — demonstrating our commitment to high-growth opportunities. Our greenfield facility in Kinshasa, DRC, has achieved 100% utilization on a three-shift basis, with further expansion planned. We also hold the franchise for various PepsiCo products in these markets, along with distribution rights in Namibia, Botswana, Mozambique, and Madagascar, reinforcing our position as a key player in the global beverage industry.

## Continental Presence

| | | | |
|---|---|---|---|
| **South Asia** | India | Nepal | Sri Lanka |
| **Africa** | Morocco | Zambia | Zimbabwe |
| | DRC | South Africa | Eswatini |
| | Lesotho | Namibia* | Botswana* |
| | Mozambique* | Madagascar* | |

Note: *Distribution rights




*Map not to scale. For illustrative purposes only.*

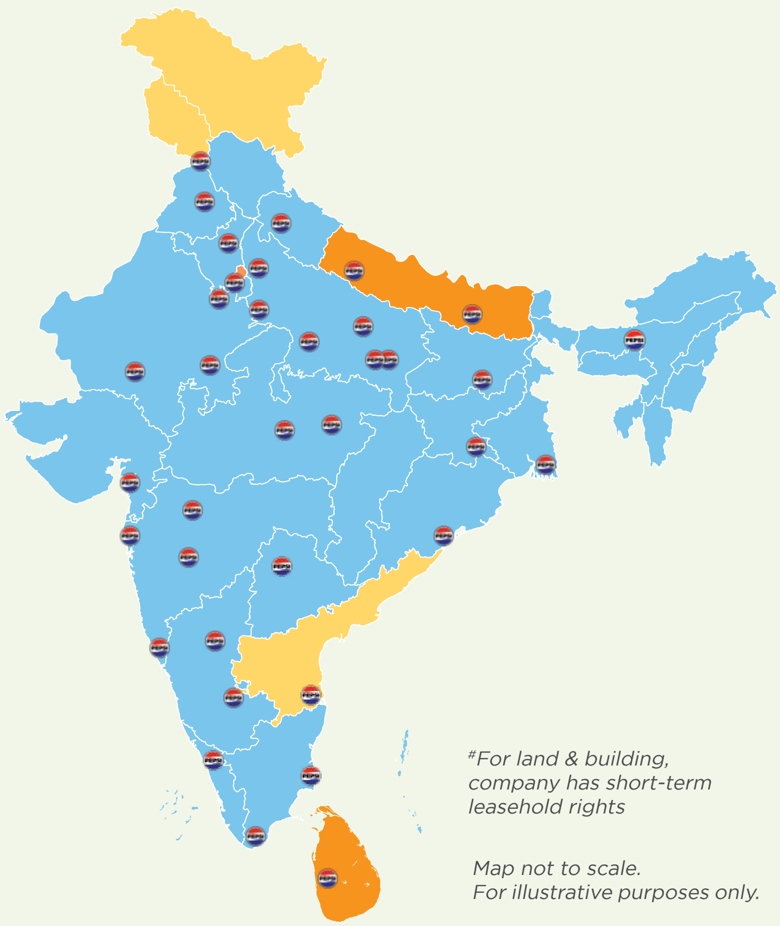
## Presence Across Sub-territories

- Punjab
- Himachal Pradesh
- Uttarakhand
- Delhi
- Haryana
- Rajasthan
- Arunachal Pradesh
- Assam
- Meghalaya
- Manipur
- Mizoram
- Nagaland
- Tripura
- Uttar Pradesh
- West Bengal
- Maharashtra
- Goa
- Chandigarh
- Madhya Pradesh
- Odisha
- Chhattisgarh
- Jharkhand
- Bihar
- Gujarat
- Karnataka
- Kerala
- Tamil Nadu
- Telangana
- Dadra & Nagar Haveli, and Daman & Diu
- Puducherry (except Yanam)
- Andaman & Nicobar Islands
- Lakshadweep

## Manufacturing Facilities

### India

- Pathankot
- Phillaur
- Nuh
- Panipat
- Greater Noida I
- Greater Noida II
- Jainpur
- Bazpur
- Sathariya
- Sathariya II
- Kosi
- Sandila
- Jodhpur
- Bhiwadi
- Mandideep
- Jamshedpur
- Cuttack
- Kolkata
- Guwahati Unit I & II
- Goa
- Tirunelveli
- Dharwad
- Bharuch
- Begusarai
- Aurangabad
- Mahul#
- Nelamangala
- Palakkad
- Mamandur
- Sangareddy
- Sri City
- Bundi
- Jabalpur
- Supa
- Gorakhpur
- Khordha

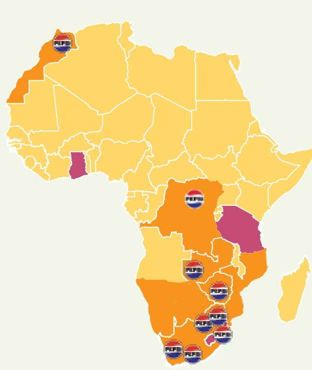


#For land & building, company has short-term leasehold rights

Map not to scale.
For illustrative purposes only.

### International

- Nepal I
- Nepal II
- Sri Lanka
- Morocco
- Zambia
- Zimbabwe
- South Africa – Johannesburg
- South Africa – Johannesburg 2
- South Africa – Durban
- South Africa – East London
- South Africa – Cape Town
- Democratic Republic of Congo (DRC)



- VBL India Sub-territories
- VBL International territories
- Other Franchised Sub-territories
- WIP territories
- VBL Manufacturing facilities

Who we are

# Pioneers of Delivering Refreshment Sustainably, One Sip at a Time

**At Varun Beverages Limited ('VBL' or 'We' or 'Our'), we are committed to revitalizing lives by quenching thirst, holding a prestigious position as one of PepsiCo's largest franchisees and a leading force in the beverage industry.**

## In association with PEPSI


With over three decades of partnership, we are a key player globally and the second-largest PepsiCo franchisee (outside the US). We produce and distribute an extensive range of carbonated and non-carbonated beverages under PepsiCo trademarks, steadily expanding our footprint and product offerings year-on-year.

## VBL
### - Demand delivery

- Production facilities
- Sales and distribution – GTM and logistics
- In-outlet management – visi-coolers
- Consumer push management (BTL) - Market share gains

Symbiotic Relationship

## PepsiCo
### - Demand creation

- Trademarks
- Formulation through concentrate
- Product and packaging innovation through investment in R&D
- Consumer pull management (ATL) - Brand development

## VISION

To be the most admired beverage company in all our markets

## VALUES

- Community responsibility engagement
- Inclusivity and diversity
- Customer satisfaction
- Partnership and collaboration
- Social responsibility
- Employee empowerment
- Integrity and transparency
- Environmental responsibility
- Ethical business practices

## Who we are

**As part of our strategic growth in Africa, we have strengthened our presence by acquiring a 100% stake in The Beverage Company Proprietary Limited (BevCo), South Africa, for manufacturing and distribution.**

Building on this momentum, we signed a share purchase agreement with Tanzania Bottling Company SA and Ghana Bottling Company Limited to acquire 100% share capital of SBC Tanzania Limited and SBC Beverages Ghana Limited respectively, subject to regulatory and other approvals, including but not limited to PepsiCo Inc.

Our expansion goes beyond beverages, as we deepen our presence in the snacks segment. Varun Beverages Morocco SA, a wholly-owned subsidiary, has been appointed the exclusive manufacturer and packager of Cheetos in Morocco, complementing our existing distribution of Lay's, Cheetos, and Doritos.

Furthering this growth, Varun Zimbabwe and Varun Zambia have partnered with Premier Nutrition Trading LLC, Dubai (a subsidiary of PepsiCo Inc.) to manufacture, distribute, and sell Simba Munchiez in Zimbabwe and Zambia, where distribution has already begun.

**India**
**- The primary zone**

We hold franchises across

26 states and

6 union territories,

with India contributing approximately

72% of our net

operational revenues

in CY 2024.

**International**
**- The evolving zone**

Our international operations span

9 countries with

franchise rights,

Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa, Lesotho, Eswatini & DRC

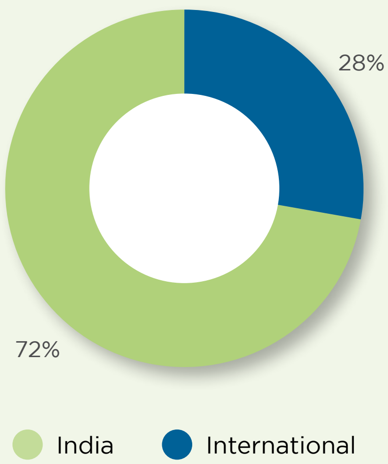
4 countries with

distribution rights

for Namibia, Botswana, Mozambique and Madagascar

*Map not to scale*

Share of revenue




## Numbers that define our legacy

**33+ Years**
Of business association with PepsiCo

**90%+**
Accountability of sales volumes of PepsiCo in India

**1.4+ Billion**
Target consumers

**4.0+ Million**
Retail outlets catered

**14 Countries**
Geographical presence

**16,000+**
Employees

Key player in the global beverage industry and the second-largest franchisee of PepsiCo in the world (outside US)

## Who we are

**We are embedding sustainability at the core of our operations and growth strategy. As a company, we prioritize sustainable practices that extend beyond the business we do on a day-to-day basis, positively impacting the environment and society around us.**

# Throughout our long-standing partnership as

# PEPSICO'S 2ND LARGEST FRANCHISEE OUTSIDE USA

## our focus remains committed to sustainability.

Every initiative we undertake is aligned with fostering inclusive growth, benefiting both our organization and the communities we serve. This holistic approach ensures that our growth as a business is responsible and contributes to broader societal well-being. Our philosophy of collective prosperity drives us to balance business success with our environmental and social responsibilities, ensuring long-term value creation for all stakeholders.

## Stakeholders impacted

**Consumers**
Delivering wide range of carbonated and non-carbonated beverages to cater the dynamic demands

**Investors**
Providing best-in-class returns on investment to maintain the ecosystem of trust

**Business partners**
Fostering an inclusive growth culture for all-round benefit

**Employees**
Providing growth opportunities to become the future leader

**Communities**
Supporting initiatives that enhance local livelihoods, promote education, and foster social development

**Environment**
Adhered to prudent water management methodologies to offset the environment footprint

## Our pillars of sustainability

### Water stewardship
Refer to 56 pg

### People and community
Refer to 114 pg

### Energy efficiency
Refer to 70 pg

### Corporate governance
Refer to 104 pg

### Waste management
Refer to 66 pg

### Human capital management
Refer to 84 pg

# Subsidiaries, Associates and Joint Ventures

## Subsidiary

**Varun Beverages (Nepal) Private Limited**
100%
Shares Held

**Varun Beverages Lanka (Private) Limited**
100%
Shares Held

**Varun Beverages Morocco SA**
100%
Shares Held

**Ole Spring Bottlers (Private) Limited**
100%
Shares Held

**Varun Beverages (Zambia) Limited**
90%
Shares Held

**Varun Beverages (Zimbabwe) (Private) Limited**
85%
Shares Held

**Varun Beverages RDC SAS**
99.9%
Shares Held

**Lunarmech Technologies Private Limited**
100%
Shares Held

**Varun Beverages International DMCC**
100%
Shares Held

**Varun Beverages South Africa (PTY) Ltd.**
100%
Shares Held

**VBL Mozambique, SA**
99%
Shares Held

**The Beverage Company Proprietary Limited**
95%
Shares Held

**Varun Foods (Zimbabwe) (Private) Limited**
100%
Shares Held

**The Beverage Company Bidco Proprietary Limited**
100%
Shares Held

**Little Green Beverages Proprietary Limited**
100%
Shares Held

**Softbev Proprietary Limited**
100%
Shares Held

## Joint Venture

**IDVB Recycling Operations Private Limited**
50%
Shares Held

## Associate

**Clean Max Tav Private Limited**
26%
Shares Held

**Huoban Energy 7 Private Limited**
26.34%
Shares Held


## Membership Associations & Business Relationships

| Name of the Trade & Industry Chambers/Associations | Reach of Trade & Industry Chambers/Associations (State/National) |
|---|---|
| Federation of Indian Chambers of Commerce and Industry | National |
| PHD Chamber of Commerce and Industry | National |
| The Associated Chambers of Commerce and Industry of India | National |
| Action Alliance for Recycling Beverage Cartons | National |
| Confederation of Indian Industry | National |

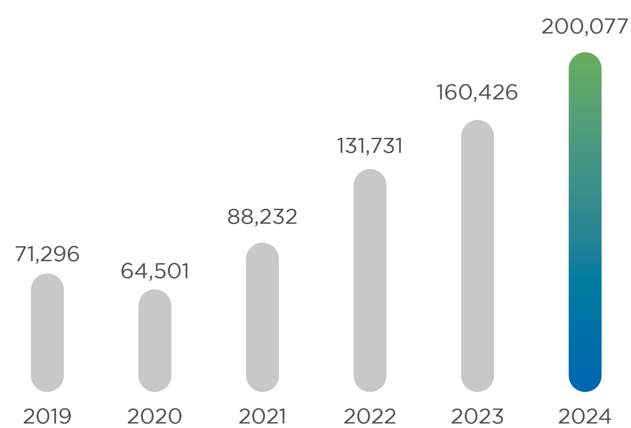
# Driving Consistent Results Year after Year

**We have shown strong performance, driven by strategic growth initiatives and operational excellence. Our expanded distribution, market penetration, and product offerings have fueled robust results. This performance positions us well for continued growth and value creation moving forward.**

## Financial

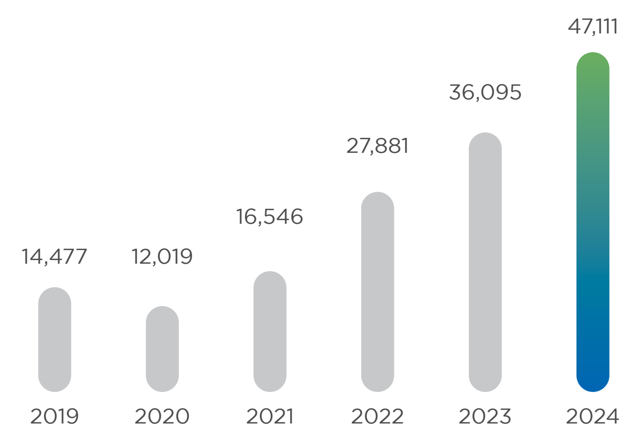
### Profit and loss indicators

**Net revenue** (₹ in Million)



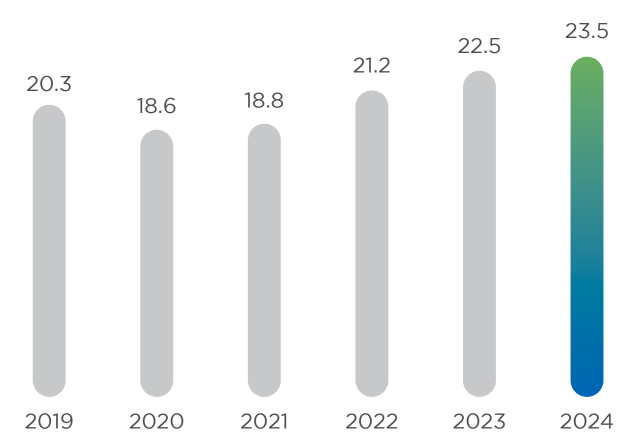

6-year CAGR: **22.9%**
Y-o-Y: **24.7%**

**EBITDA** (₹ in Million)



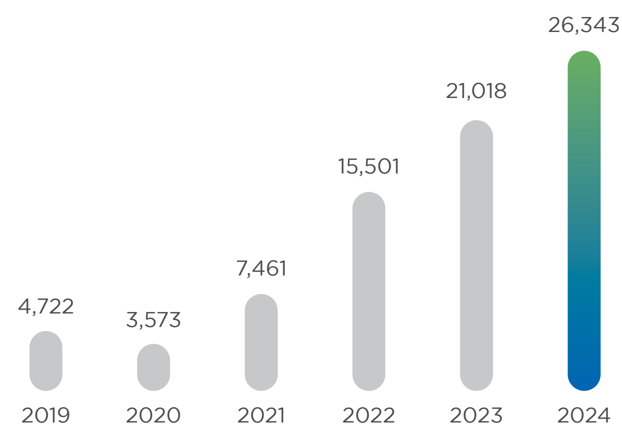

6-year CAGR: **26.6%**
Y-o-Y: **30.5%**

**EBITDA margin** (%)



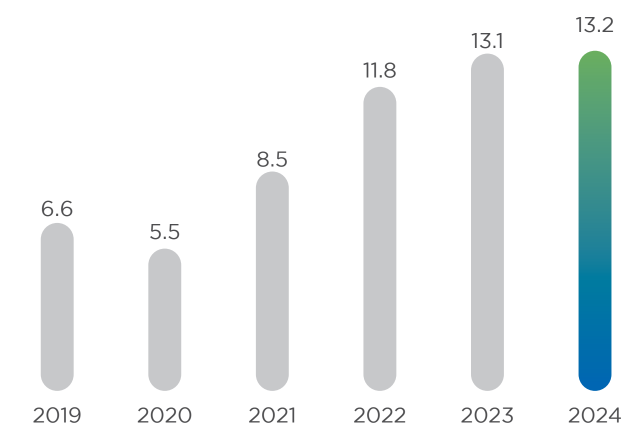

Y-o-Y: **105 bps**

## PAT
(₹ in Million)



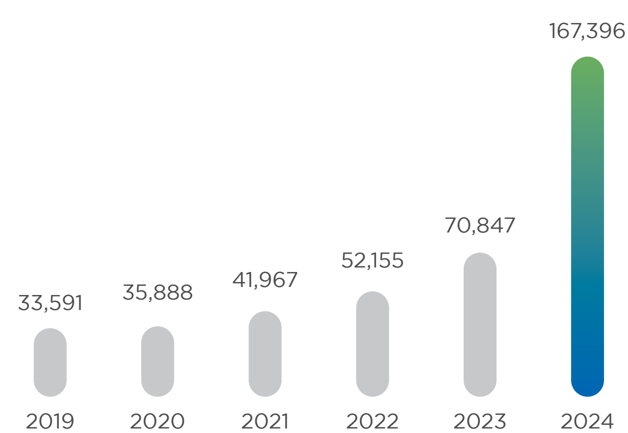

6-year CAGR: **41%**
Y-o-Y: **25.3%**

## PAT margin
(%)




Y-o-Y: **6 bps**

## Net worth
(₹ in Million)




6-year CAGR: **37.9%**

# Business developments for CY 2024

### Acquisition of South Africa and neighbouring territories:

- On March 26, 2024, VBL consummated the acquisition of The Beverage Company Proprietary Limited, South Africa along with its wholly-owned subsidiaries ("BevCo"). Accordingly, BevCo became the subsidiary of the Company
- This acquisition allowed the Company to consolidate its presence in franchised territories in South Africa, Lesotho, and Eswatini, as well as territories with distribution rights in Namibia, Botswana, Mozambique, and Madagascar

### Acquisition of Tanzania and Ghana territories:

- On November 13, 2024, your Company entered into share purchase agreements with Tanzania Bottling Company SA and Ghana Bottling Company Limited to acquire 100% share capital of SBC Tanzania Limited and SBC Beverages Ghana Limited respectively, subject to regulatory and other approvals, including but not limited to PepsiCo Inc. at an Equity value of ~ USD 154.50 mn for Tanzania and ~ USD 15.06 mn for Ghana

### Exclusive Snacks Franchising Appointment with PepsiCo for Morocco, Zimbabwe and Zambia:

- Varun Beverages Morocco SA (a wholly-owned subsidiary of the Company) entered into an Exclusive Snacks Appointment Agreement to manufacture and package Cheetos in the territory of Morocco. This appointment is in addition to the existing distribution agreement for PepsiCo's snacks portfolio consisting of Lays, Cheetos, Doritos in the territory of Morocco
- Varun Zimbabwe and Varun Zambia (subsidiaries of the Company) entered into an Exclusive Snacks Franchising Appointment with Premier Nutrition Trading LLC, Dubai (subsidiary of PepsiCo Inc.) to manufacture, distribute, and sell "Simba Munchiez" in the territory of Zimbabwe & Zambia
- Distribution in Zimbabwe and Zambia has started w.e.f. February 1, 2025. Manufacturing facilities are expected to be operational for Morocco on or before May 1, 2025, Zimbabwe on or before October 1, 2025 and for Zambia on or before April 1, 2026

### Qualified Institutions Placement (QIP) Issue:

- The Company raised ~ ₹ 75,000 Million through fresh issue of 132,743,362 equity shares

## Details of Business Activities (Accounting for More Than 90% of the Turnover)

| Description of Main Activity | Description of Business Activity | % of Turnover of The Entity |
|---|---|---|
| Manufacturing of Beverages | Manufacturing of carbonated, Non-carbonated beverages and packaged drinking water | 99.2%* |

*on consolidated basis

| Economic Value Generated | CY 2024 | CY 2023 |
|---|---|---|
| **Direct Economic Value Generated (Refer note 1)** | **2,00,076.5** | **1,60,425.8** |
| **Economic Value Distributed** | **1,76,166.6** | **1,41,083.4** |
| Employee Wages and Benefits | 18,850.3 | 14,465.9 |
| Operating Costs (Refer note 2) | 1,43,271.5 | 1,16,504.7 |
| Payments to providers of capital (Refer note 3) | 7,752.4 | 4,954.5 |
| Payments to Governments (Refer note 4) | 5,974.5 | 4,988.9 |
| Community Investments (CSR) | 317.9 | 169.4 |
| **Economic Value Retained = Direct Economic Value Generated Less Economic Value Distributed** | **23,909.9** | **19,342.4** |

Note: 1 Revenue generated net of excise duty excluding other income
2. Operating cost includes Raw material consumed, Purchase of finished goods, increase/decrease in WIP, depreciation & other expenses excluding CSR
3. Payment to providers of capital includes finance cost paid and dividend paid to shareholders
4. Payments to government includes Corporate tax (excluding Interest u/s 234A/234B/234C) for the financial year

# Our Board: Enriched by Diversity, Focused on Value

**Ravi Jaipuria**
Promoter & Non-Executive Chairman

He is the Promoter & Chairman of the Company and has over four decades of experience in conceptualizing, executing, developing and expanding food, beverages and dairy business in South Asia and Africa. He has an established reputation as an entrepreneur and business leader and is the only Indian Company's promoter to receive PepsiCo's award for International Bottler of the Year, awarded in 1997. He was also awarded the 'Distinguished Entrepreneurship Award' at the PHD Chamber Annual Awards for Excellence 2018.

**Varun Jaipuria**
Promoter, Executive Vice-Chairman and Whole-time Director

He is the Promoter & Executive Vice Chairman of the Company. He has been actively working with the Company since 2009 and has been instrumental in comprehensive development of Company's business including acquisitions and integration of acquired territories. Under his leadership, Varun Beverages was awarded PepsiCo's International Bottler of the Year in 2023 and Best Bottler in AMESA (Africa, Middle East and South Asia) sector in 2021 in recognition of Company's operational excellence, governance practices and sustainability initiatives. He attended Bachelor's degree program in international business from the Regent's University, London. He is a Harvard Alumni and had attended Program for Leadership Development (PLD), 2018-2019 batch from Harvard Business School, Boston.

**Raj Gandhi**
Whole-time Director

He is a Chartered Accountant of 1980 batch. He also participated in a residential management program on Venture Capital and Private Equity at Harvard Business School. Out of his experience of 44 years, 32 years are with the current group namely RJ Corp. As a member of its core team, he is on the Board and several committees of NSE & BSE listed entities namely Varun Beverages Limited and Devyani International Limited. Being a Whole Time Director, he is instrumental in formulating company's growth strategy. He oversees M&As, expansion and diversification activities of the Group. He spearheaded the public listing of Group's two companies. He enjoys longstanding relationship with institutional investors and lenders and meets FIIs on regular basis as a part of investor relations.

**Rajinder Jeet Singh Bagga**
Whole-time Director

He holds a master's degree in mechanical engineering from the Indian Institute of Technology, Kanpur. He has been associated with the Company since 1996 and is currently heading technical operations since 2003. He has an experience of 28 years with the Company in managing technical operations and execution of projects. Prior to this, he was associated with Eveready Industries India Limited for approximately 10 years and was last working in the capacity as their production manager.

**Dr. Naresh Trehan**
Non-Executive Non-Independent Director

He is a Graduate from King George Medical College and a renowned Cardiothoracic Surgeon by the American Board of Thoracic Surgery. He has trained & practised at New York University Medical Center at Manhattan USA from July 1, 1971 to June 30, 1975 and is an honorary fellow at the Royal Australasian College of Surgeons. He has received many prestigious awards, including the Padma Bhushan Award, presented by the Government of India. He is a Diplomate from the American Board of Surgery and the American Board of Cardiothoracic Surgery and has around 50 years of vast experience.

**Dr. Ravi Gupta**
Independent Director

He holds a Bachelor's degree and a Master's degree in commerce from the University of Delhi. He also holds a Bachelor's degree in law from the University of Delhi, a diploma in labor law from the Indian Law Institute, a Master's degree in business administration from the Faculty of Management Studies, University of Delhi and a doctorate in philosophy for his thesis on 'Country Risk Analysis in Investment Financing Decision Making' from the University of Delhi. He was employed as an Associate Professor in the commerce department of Shri Ram College of Commerce, University of Delhi. He was appointed by the Government of India as a member of the committee constituted for simplification of Income Tax Act. He was also nominated by the government to the Central Council of the Institute of Chartered Accountants of India. He is Founder and President of Tax Law Educare Society, a non-profit making voluntary organization, with the main objective to educate general public and professionals on Taxation, Law and Allied Matters for last 16 years.

**Sita Khosla**
Independent Director

She holds Bachelor's of Arts degree from St. Stephen's College and LLB from the Faculty of Law, University of Delhi and is enrolled with the Bar Council of Delhi. She practices in the areas of corporate, contract and commercial laws since 1992. She has been involved in providing advice on a wide range of issues from company formation, corporate governance and regulatory compliance to mergers and acquisitions, corporate restructuring, joint ventures, foreign investments, exchange control regulations and securities laws. She has acted as India legal advisor to major players in the civil aviation sector including international commercial airlines, MRO organizations and ground handling operators in respect of their operations in India.

**Rashmi Dhariwal**
Independent Director

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

**Abhiram Seth**
Independent Director

He is a graduate in Economics from Delhi University and Masters in Management Studies from Jamnalal Bajaj Institute, Bombay University with specialization in marketing. He is the Managing Director of Aquagri since 2008 that is focused on promoting Aqua Agriculture through self-help groups amongst the coastal communities. He started his career with Hindustan Lever Limited in 1975 where he worked in the Sales and Marketing function and then moved on to the MGF group, where he looked after the industrial gases business. Since 1993, he was the Executive Director – Exports and External Affairs for PepsiCo India and in 2001, at PepsiCo he took on additional responsibility of driving the sustainability agenda and external affairs.

**Anil Kumar Sondhi**
Independent Director

He is B.Tech from IIT Delhi and Master of Business Administration from Faculty of Management Studies, Delhi University. He has more than 45 years experience in the areas of Projects, Manufacturing & Technical operations of process industry. He has worked as Director – Projects, Director – Quality & Food Safety for PepsiCo India Holdings Pvt. Ltd., Chief of Technical Operations & Supply Chain for NourishCo Beverages Pvt. Ltd. (Tata PepsiCo JV) and Vice President – Operations of Safe Water Network. During the early years of career, he worked for manufacturing as well as projects for heavy chemicals like Acids, Oleums, Caustic Soda, Chlorine, Edible Oils, Fats and Calcium Carbide with Shriram Industrial Enterprises Limited.

# DRIVING SUSTAINABLE GROWTH, STEADILY

Sustainability is firmly rooted in our business, driving impactful practices and global partnerships for a greener future. This year, our strengthened efforts further improved energy and water efficiency while advancing plastic waste recycling, reinforcing our commitment to carbon positivity.


# About the ESG Report


## Content of the report

We have identified 10 specific areas in which our ESG issues can be classified. These are Water Management, Carbon Footprint & Emissions, Product Safety & Quality, Consumer Health & Nutrition, Corporate Citizenship, Employee Health & Safety, Packaging Lifecycle Management, Business Performance, Corporate Governance, and Business Ethics.

## Reporting guidelines and principles

This report discloses the sustainability initiatives taken by Varun Beverages Limited across the identified material topics and captures their impact on our stakeholders. Our performance against such initiatives have also been measured and recorded. We have also gathered comprehensive data on the measures followed by us as a responsible corporate citizen, a trusted beverage business, a people-centric organization, and a sustainability advocate.

We have also made disclosures of our data and processes in line with SEBI's new mandate through our Business Responsibility and Sustainability Report exclusive of our ESG report.

Details of it can be found in our Business Responsibility and Sustainability Report.

## Reporting reference

This report is prepared in accordance with the GRI reporting standard. The foundation of this report rests on the principles of transparency, consistency, reliability, completeness, and materiality as outlined by the GRI reporting standards.

Additionally, the report aligns with the United Nations Sustainable Development Goals (UN SDGs) recommendations. In compliance with SEBI's new mandate, our Business Responsibility and Sustainability Report disclosed, is distinct from our ESG sustainability report.

In presenting this information, we aim for comprehensive transparency, relying on the integrity and robustness of the disclosed data to provide consolidated insights. This report showcases our progress in communicating various sustainability initiatives to our stakeholders, symbolizing the collaborative efforts within our organization to advance our sustainability goals. As we continue this journey, our team, in collaboration with leadership, has carefully reflected and consolidated our commitment and efforts toward sustainability.

For detailed disclosure mapping, please refer to the GRI index in the report's appendix. The report is also available on our Company's website: www.varunbeverages.com. We value our stakeholders and the relationship we share.

Please direct your concerns and feedback on this report to complianceofficer@rjcorp.in

This report serves as a platform to showcase our Environmental, Social, and Governance (ESG) initiatives and accomplishments for the reporting year, along with outlining our future roadmap.

## ESG: Our approach

Being a responsible corporate citizen, we understand the long-term impact that diverse aspects may have on our business and the communities that we operate in as well as recognize the need to manage such issues for delivering higher value to our consumers. To achieve this, we actively engage with our consumers, employees, communities, government, and other stakeholders, enabling suitable handling of the issues and taking sustainable action.

Refer to Page 42 for more information on how we engage with our stakeholders.

## Scope and boundary of reporting and its period

The Report covers financial and non-financial information and activities of subsidiaries of Varun Beverages Limited for the period January 1, 2024 to December 31, 2024. This Annual Report 2024 with GRI Index is externally assured by an independent assurer, Deutsch Quality Systems (DQS) India) Pvt. Ltd in accordance with:

**ISAE 3000 (Revised):**

International Standard on Assurance Engagements (Assurance on Non-Financial Information)

**ISO 14064:2019 Part 3:**

Specification with guidance for the verification and validation of greenhouse gas statements.

The financial information has been audited by M/s. J.C. Bhalla & Co and M/s. O.P. Bagla & Co LLP, our joint statutory auditors.

The reporting scope and boundary for our disclosures, unless otherwise stated, covers the operations of Varun Beverages Limited.

## Geographies covered

Our entire operations in India and International markets.

# Building a Future that's Ready and Steady

**Dear Stakeholders,**

**At Varun Beverages, sustainability is not a choice; it is an imperative that underpins how we operate and grow. As one of the world's leading beverage manufacturers, our role extends beyond quenching thirst. We ensure that every step of our value chain contributes positively to the planet, our people, and the communities we serve.**

**Varun Jaipuria**
Promoter, Executive Vice-Chairman and Whole-time Director

The world around us is changing rapidly. Consumers today demand more than just refreshing beverages. They actually seek for responsible brands that stand for environmental stewardship, social progress, and ethical governance. At VBL, we recognize this shift and remain persistent in our ESG commitments, ensuring that our business scales sustainably while leaving a positive impact on society.

### Growing responsibly, sustaining progress

In CY 2024, we reinforced our footprint across global markets, expanding operations into South Africa and securing distribution rights in Namibia, Botswana, Mozambique, and Madagascar. Our entry into the Democratic Republic of Congo (DRC), along with pending acquisitions in Tanzania and Ghana, marks another stride toward becoming a stronger global player. In India, we deepened our distribution network, added new Greenfield facilities, and strengthened last-mile reach, all while embedding sustainability into our growth model.

Our ESG focus remains consistent. This year, we accelerated our sustainability efforts with a clear emphasis on optimizing our carbon footprint, advancing water positivity, and enhancing our renewable energy mix. In alignment with our sustainability roadmap, we continued integrating responsible sourcing, increasing PET bottle recycling rates, and fostering social equity through workforce inclusion and community initiatives.

### Demonstrating our commitment to environmental stewardship

We took significant strides in reducing our ecological footprint. We continued our efforts to integrate renewable energy into our operations, with 16% of our total energy consumption now derived from sustainable sources, reinforcing our dedication to clean energy adoption. Water conservation remained a key priority, and through targeted initiatives, we achieved a 19% reduction in water usage per liter of beverage production compared to the base year 2020 further strengthening our position as a water-positive organization. Our approach to plastic waste management also saw substantial progress as we moved closer to our goal of 100% PET bottle recycling by 2025, achieving 88% recycling in CY 2024 – an improvement of 2% points over the previous year.

Additionally, our focused measures on energy efficiency, sustainable sourcing, and operational improvements have reinforced our commitment to climate action. Our collaborations with sustainability partners, including GEM Enviro Management Ltd. and Deutsch Quality Systems, have played a vital role in monitoring and enhancing our waste management systems, carbon footprint tracking, and water conservation efforts. These collective initiatives reaffirm our pledge to balance business growth with environmental responsibility, ensuring that we operate in a manner that is both resource-efficient and future-focused.

### Upholding social responsibility

People remain at the heart of our sustainability journey. We promised to shape a safe, inclusive, and empowering environment for our employees and the communities we serve. Workplace safety remained a top priority, and through our collaboration with DuPont Safety Solutions, we further strengthened best practices across our manufacturing plants, ensuring a safer and more secure work environment.

In our continued efforts to align business growth with responsible employment practices, we introduced structured ESG-linked incentive programs, motivating our employees to actively contribute to our sustainability goals. Diversity and inclusion remained key focus areas, as we worked towards building a workforce that promotes gender equity, fosters innovation, and enables holistic professional growth.

Beyond our organization, we continued to create meaningful social impact through targeted community development initiatives. Our collaboration with Shiksha Kendra School enabled access to quality education for over ~34,000 underprivileged students till now, while our AARU Clinics provided essential healthcare services to more than 3,40,000+ individuals across India and Nepal. Additionally, our skill development initiative, Pravah, empowered over 17,000+ young individuals with the tools and training needed to secure sustainable livelihood opportunities. By prioritizing the well-being of our employees and the broader community, we remain committed to creating a future that is both ready for change and steady in its focus on social progress.

### Strengthening governance and ethical leadership

Governance remains a cornerstone of our sustainability philosophy. We continued to strengthen our governance framework to ensure transparency, accountability, and ethical business conduct. By expanding ESG-centric policies across our supply chain, we have reinforced our commitment to responsible sourcing and supplier engagement. Our focus on regulatory compliance and risk management remains unwavering, ensuring that we uphold the highest standards of corporate responsibility.

> “Our near-term targets, validated by the Science Based Targets initiative (SBTi), set a clear path to reduce absolute Scope 1 and 2 GHG emissions by 60% by 2033 from a 2023 baseline, alongside a 60% reduction in absolute Scope 3 emissions. Furthermore, we are committed to reaching net-zero emissions across our value chain by 2050. Our efforts have been recognized with a strong CDP score, reflecting our transparency and dedication to sustainability. This validation reinforces our ambition to drive meaningful change and lead the industry towards a lower-carbon future.

### Future-ready, eco-steady

Looking ahead, we remain committed to driving impactful change through our sustainability agenda. Our journey towards becoming a net-zero organization will be shaped by continuous innovation, responsible resource management, and collaboration with stakeholders who share our vision. By 2025, we aim to achieve 100% PET bottle recycling and further accelerate our efforts in water positivity and renewable energy adoption.

As we move forward into yet another transformative year, we stay true to our promise to grow responsibly, act decisively, and build a future that is not only prosperous but also sustainable.

Warm Regards,

**Varun Jaipuria**

Promoter, Executive Vice-Chairman &
Whole-time Director

# Shaping a Future-ready, Value-driven Path

## What we depend on

### Financial capital
Raised ₹ 75,000 Million by issuance of equity shares through QIP

### Manufacturing capital
48 state-of-the-art production facilities. 36 in India and 12 in International territories

### Intellectual capital
Consumer insights, technology, know-how and R&D capabilities

### Human capital
16,000+ talented employees across our operating locations

### Social and relationship capital
Spent nearly ₹317.9 Million on CSR

### Natural capital
New installments towards climate positively

## The process

### What we do
We manufacture, distribute, and sell a wide range of beverages and value-added products under PepsiCo's iconic trademarks. Our portfolio includes carbonated soft drinks (CSDs), non-carbonated beverages (NCBs), packaged drinking water, and snacks, all designed to cater to the diverse preferences of our consumers.

### Why we do it

**Vision**
We will be the most admired beverage company in all our markets.

**ESG mission**
While refreshing billions of consumers with a vast portfolio of beverages touching all age groups, we shall ensure a suitable ecosystem with a positive impact on our planet and well being.

### Built on our values

- Inclusivity and diversity
- Community responsibility engagement
- Partnership and collaboration
- Customer satisfaction
- Employee empowerment
- Social responsibility
- Environmental responsibility
- Integrity and transparency
- Ethical business practices


**Contributing to our SDG Goals**

1 NO POVERTY
2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH

## At the heart of our value creation model is a commitment to shaping a sustainable future while driving steady growth. We focus on innovation, prioritize eco-conscious practices, and build strong partnerships to deliver lasting value for all our stakeholders.

### Business focus areas

- Manufacturing
- Distribution and warehousing
- Customer management
- In-market execution
- Cost efficiencies
- Cash management

### Growth levers

- Solid infrastructure
- Robust supply chain
- Demand delivery
- Market share gains
- Margin expansion
- ROE expansion

### The value we created

**Financial capital**
Strong growth in revenue, profit and cashflow

**Manufacturing capital**
Operational efficiencies through reduced production overheads

**Intellectual capital**
Customer satisfaction

**Human capital**
We are proud to be recognized as a Great Place to Work.

**Social and relationship capital**
Making a difference by helping the communities around us with health, nutrition, sustainable living.

**Natural capital**
Increasing renewable energy

### The impact we delivered

Supporting our customers in creating availability, accessibility and consistency of our products with improved nutrition and functionality while ensuring a better impact for the planet.

**Beneficiaries**

**Consumers**
We deliver a diverse range of carbonated and non-carbonated beverages to meet the ever-evolving preferences of our customers.

**Investors**
We ensure exceptional returns on investment, fostering a reliable and trust-driven ecosystem.

**Business Partners**
We nurture an inclusive growth culture, creating opportunities for mutual success and all-around benefits.

**Employees**
We provide ample growth opportunities, empowering our workforce to become future leaders.

**Environment**
We are committed to sustainable practices, implementing effective water management strategies to minimize our environmental footprint.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

# Focusing More on Empowering Our Pillars

**At Varun Beverages, we believe that the foundation of our success lies in the strength of our relationships with key stakeholders. By maintaining open and ongoing dialogues, we ensure our strategies align with their evolving needs, driving mutual growth and sustainability. Our responsbility to safeguarding their interests and creating lasting value is reflected in how we engage with internal and external stakeholders, fostering trust, transparency, and collaboration to build a more sustainable future together.**

### Key stakeholder groups

**Internal stakeholders**

- Management
- Employees

**External stakeholders**

- Suppliers
- Retailers/consumers
- Industry association

## How we engaged with our pillars

| Stakeholder | Engagement Pattern | Key Concerns | Frequency of Engagement |
|---|---|---|---|
| **Management** | Interviews, Board meetings | Business Performance<br>Business Ethics<br>Supply Chain Management<br>Carbon Footprint & Emissions<br>Energy Management<br>Waste Management<br>Resource Use & Conservation | Quarterly |
| **Employees** | Facilitated discussions, Surveys, Townhall meetings, Leadership meetings, Email communications, Employee engagement activities, Webinars | Occupational Health & Safety<br>Freedom of Association<br>Diversity & Inclusion<br>Talent Management<br>Community Engagement<br>Employee Engagement & Development<br>Human Rights & Fair Labor Practices | Need-based |
| **Suppliers** | Individual and broad-based communications, Supplier trainings, assessments, and remediation processes | Product Safety & Quality<br>Human Rights & Fair Labor Practices<br>Responsible Sourcing<br>Sustainable Agriculture<br>Packaging Lifecycle Management<br>Regulation & Taxation<br>Environmental Stewardship<br>Diversity & Inclusion | Need-based |
| **Retailers/ Consumers** | Surveys, Corporate websites, Marketing activities & communication, Social media | Product Labelling<br>Responsible Marketing<br>Consumer Health & Nutrition<br>Corporate Citizenship<br>Product Safety & Quality | Need-based |
| **Industry Association** | Surveys, Annual & Sustainability Reports, Ratings, rankings and other indices, Social media | Business Performance<br>Innovation and R&D<br>Human Rights & Fair Labor Practices<br>Sustainable Initiatives<br>Product Safety & Quality | Annually |

# Prioritizing What Matters

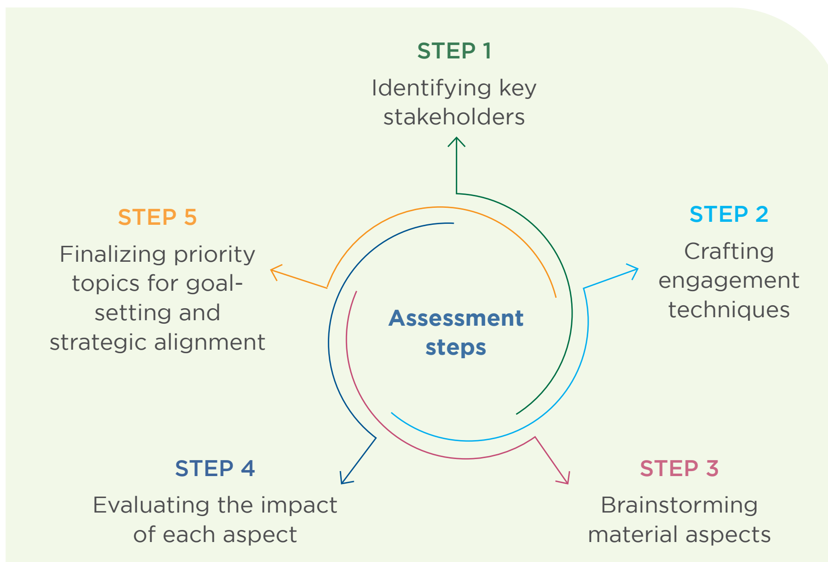
**To drive our sustainability efforts and align with our business goals, we conducted a materiality assessment aimed at identifying key aspects critical to our performance and impact. This assessment, guided by GRI principles and in collaboration with Deutsch Quality Systems (DQS), helps us focus on the most relevant Environmental, Social, and Governance (ESG) areas for long-term growth.**

### About DQS

DQS India, a subsidiary of DQS Holding GmbH, is a globally recognized expert in management system certification, assessment, and training, bringing invaluable insight to our materiality assessment process.

### Key goal

Our goal was to identify and prioritize the economic, social, and environmental aspects that are most material to the company's long-term success.





### Consistent re-evaluation

As the business environment evolves, so do the priorities and concerns of our stakeholders. To ensure we stay aligned with changing industry demands and corporate goals, we commit to regularly re-evaluating the material aspects through ongoing dialogues with stakeholders.

### Finalizing material aspects: The process

In collaboration with DQS, we adopted a two-pronged approach to determine our material aspects: stakeholder engagement and impact assessment. After identifying five key stakeholder groups, we engaged them through surveys and discussions, identifying 29 metrics of high importance. These metrics will evolve based on internal and external factors, ensuring our strategies remain adaptable.

## The 5 pillars of material aspects: Our ESG focus areas

The material aspects we identified are grouped into five core categories, aligned with the GRI and United Nations Sustainable Development Goals (SDGs). At VBL, we refer to them as the '5 Pillars of Material Aspects', which include:

1. Environmental
2. Social Capital
3. Human Capital
4. Business Model & Innovation
5. Leadership & Governance

Through a comprehensive review of materiality assessments within the beverages industry, these pillars were carefully chosen to guide our strategic focus and drive sustainable growth.

### Environmental

- Water management
- Carbon footprint
- Energy management
- Waste management
- Ecological impact

UNSDG's Catered to:

6 Clean Water and Sanitation; 7 Affordable and Clean Energy; 11 Sustainable Cities and Communities; 14 Life Below Water; 13 Climate Action

### Social Capital

- Product safety and quality
- Consumer health and nutrition
- Corporate citizenship
- Human rights and fair labor practices
- Product labelling
- Responsible marketing
- Sanitation and hygiene
- Data privacy and information security
- Rural livelihood and generation

UNSDG's Catered to:

1 No Poverty; 2 Zero Hunger; 3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality; 6 Clean Water and Sanitation; 7 Affordable and Clean Energy; 8 Decent Work and Economic Growth; 10 Reduced Inequalities

### Human Capital

- Employee health and safety
- Diversity, equity and inclusion
- Employee engagement and development
- Talent recruitment and retention

UNSDG's Catered to:

3 Good Health and Well-Being; 6 Clean Water and Sanitation; 8 Decent Work and Economic Growth; 10 Reduced Inequalities

### Business Model & Innovation

- Packaging lifestyle management
- Business performance
- Responsible sourcing
- Supply chain management
- Innovation and R&D
- Sustainable agriculture
- Resource use and conservation

UNSDG's Catered to:

8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 17 Partnerships for the Goals

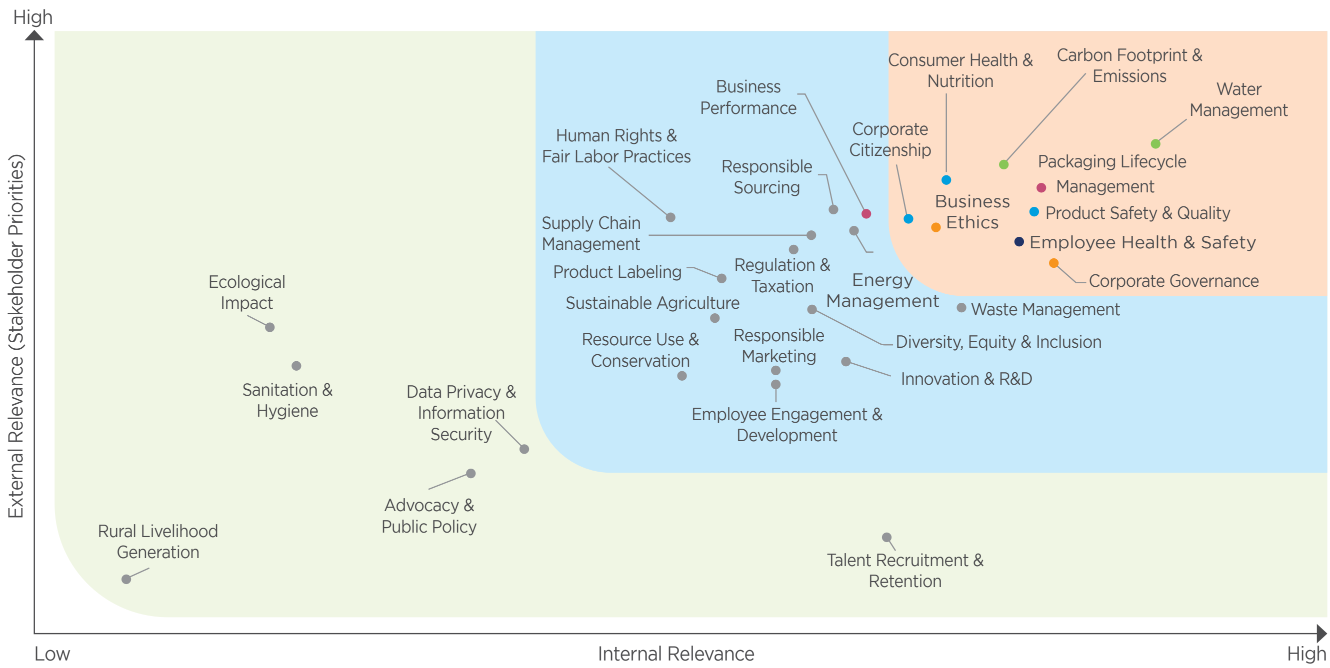
### Leadership and Governance

- Corporate governance
- Business ethics
- Regulation and taxation
- Advocacy and public policy

UNSDG's Catered to:

11 Sustainable Cities and Communities; 16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals

## Materiality Matrix




## Ranking

| Pillar | Material Aspects | Ranking |
|---|---|---|
| Environment | Water Management | 1 |
| | Carbon Footprint & Emissions | 2 |
| Social Capital | Product Safety & Quality | 4 |
| | Consumer Health & Nutrition | 5 |
| | Corporate Citizenship | 9 |
| Human Capital | Employee Health & Safety | 6 |
| Business Model and Innovation | Packaging Lifecycle Management | 3 |
| | Business Performance | 10 |
| Leadership & Governance | Corporate Governance | 7 |
| | Business Ethics | 8 |

● Environment ● Social Capital ● Human Capital ● Business Model and Innovation ● Leadership & Governance

# ESG at a Glance

**At VBL, sustainability forms the core of our business ethos, driving us to embed environmentally and socially responsible practices across our diverse operations. Over the years, we have cultivated a robust ESG framework, seamlessly integrating sustainable principles into our strategies, processes, and partnerships. By improving energy and water efficiency, recycling plastic waste, and working towards carbon positivity, we actively contribute to a sustainable economy and society.**

Our proactive approach ensures we stay ahead of emerging environmental and social trends while upholding human rights and mitigating risks tied to public policies and regulations. Guided by a strong commitment to creating long-term value, we strive to align our goals with the expectations of stakeholders and the larger community.

## ESG Mission

While refreshing billions of consumers with a vast portfolio of beverages touching all age groups, we shall ensure a sustainable ecosystem with a positive impact on our planet and well-being.

## ESG Vision

At VBL, we are committed to achieving net-zero emissions while driving sustainable growth through environmental responsibility, social equity, and strong governance, creating long-term value for our stakeholders and the planet.

### Key ESG priorities

| ENVIRONMENT | SOCIAL | GOVERNANCE |
|---|---|---|
| Water stewardship | Human capital management and diversity | Corporate governance |
| Waste management | Health and safety | Code of conduct, Anti-bribery, FCPA and POSH |
| Renewable energy | Community engagement | Transparency, responsibility and accountability |
| Carbon emission reduction | Nutrition and product safety risk | Risk management |

## The ESG way of doing business

Integrating ESG priorities into our everyday operations and policies remains central to our mission of fostering a sustainable ecosystem for all stakeholders. Building on the significant progress we made in 2023, we are now focused on achieving key milestones in CY 2024. Our ambitious goals for this year include further reducing plastic waste, advancing our journey towards water positivity, and taking bold steps to lower our carbon footprint while ramping up renewable energy adoption. These initiatives lay the foundation for our long-term sustainability vision, with 2030 targets in sight.


## Key ESG milestones for 2024

**19%**
Reduction in water used per liter of beverage production from base year CY 2020

**88%**
Recycling of used PET bottles (2% points increase over 2023)

**~16%**
Renewable Energy Mix in 2024 (3% points increase over 2023)

**Net-Zero**
by 2050, Net-Zero targets, officially validated by the Science Based Targets initiative (SBTi).

**CDP A List 2024**
- A for Climate
- A- for Water Security

## Aspirational goals for tomorrow

### Water positivity

Sustaining Water Recharge of more than **2.00x** by 2025

Reducing Water Usage Ratio from 1.92x in 2020 to **1.40x by 2025**

### Plastic waste management

**100%** recycling of used PET bottles by 2025 (66% in 2020)

### Carbon footprint reduction

Committed to reaching **net-zero** greenhouse gas emissions across the value chain by **2050**.

### Enhancing renewable energy

Increasing contribution from Renewable Energy to **30% by 2030** (Vs 7% in 2020)

## ESG team

# Leading the Charge for a Sustainable Tomorrow

**At VBL, ESG is more than a commitment; it is integral to how we operate. Guided by a dedicated ESG Committee constituted by the Board, and a Steering Committee comprising experts from diverse business functions, we ensure a comprehensive and strategic approach to sustainability.**

The ESG Committee identifies risks, opportunities, and aligns VBL's ESG efforts with global standards. Under the leadership of Vice-Chairman Mr. Varun Jaipuria, the Board-level committee steers initiatives like water stewardship, water management, energy efficiency, waste management, health & safety, and diversity, ensuring alignment with broader environmental and social objectives.

The Steering Committee assumes a pivotal role in executing and monitoring the water stewardship, improving energy efficiency, waste management, diversity and health & safety strategy. Their efforts are bolstered by ongoing reviews to address system gaps, improve processes, and enhance data transparency.

Together, the Board and Steering Committees uphold VBL's commitment to sustainable practices, fostering accountability and innovation to meet the evolving expectations of stakeholders and regulatory demands.

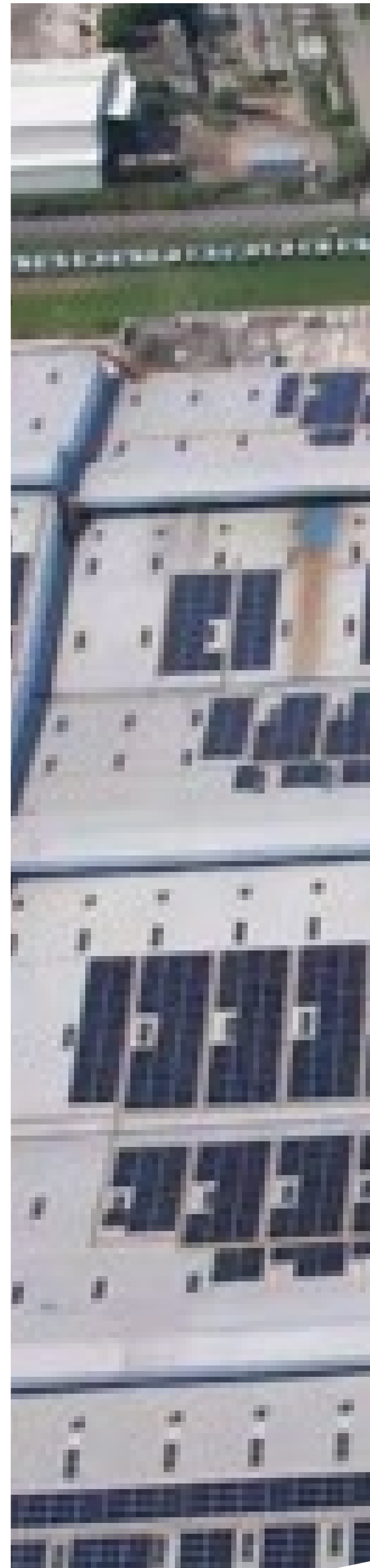
### Team structure

| | ENVIRONMENT | SOCIAL | GOVERNANCE |
|---|---|---|---|
| **Functional Leads** | Lead Plant Managers (North/East/South/West) | Head of Industrial Relations | Chief Risk Officer & Group Company Secretary |
| **Functional Team** | AVP - ESG Quality Head Packaging Head | Central HR Team; Plant HRs | CFO; Taxation Head |
| | Annual Audit DQS | Best Practices DuPont (H&S) | Best Corporate Governance Practices Award under Star of the Industry Awards |

**Our team comprise members from**

- Compliance
- Quality
- Plant manufacturing
- Investor relations
- Finance and taxation
- Packaging and RM sourcing
- Human resources
- Industrial relations
- Sales
- Market equipment management (Visi-coolers)

# ENVIRONMENT

# Committed to a Cleaner, Greener Tomorrow

**At VBL, environmental preservation is a core priority. We are steadfast in our commitment to maintaining the highest environmental standards and best practices across all our activities. This dedication includes vigilant monitoring, transparent reporting of our environmental performance, and conducting regular environmental audits.**

Our proactive engagement with stakeholders reflects our commitment to building trust and collaborating on environmental issues. We are dedicated to minimizing our environmental footprint while maintaining operational excellence. To achieve this, we have implemented a variety of initiatives and mitigation strategies that underscore our commitment to environmental sustainability.

## Key focus areas

- Support biodiversity conservation and protect ecosystems within our sphere of influence
- Improve energy efficiency
- Minimize plastic waste generation and increase recycling rates
- Reduce Greenhouse Gas (GHG) Emissions
- Implement water conservation measures and reduce water consumption

Regular environmental performance reports are prepared by the ESG Committee and presented to the Board of Directors. These reports include progress toward achieving environmental objectives, key performance indicators, and other relevant metrics.

| Initiatives undertaken | Details of the initiative | Outcome of the initiative |
|---|---|---|
| Plastic waste management | Engaged Gem Enviro Management Ltd. for phased implementation (up to 100%) recycling of used plastic waste from end users | Recycling of plastic waste |
| Water conservation | Engaged DQS which verifies water mass balance. We also undertook several other initiatives towards water conservation and water recharge | Reduction in wastage of water and recharge of water |
| Reduced Grammage of Plastic Closures and Preforms (used for PET Bottles) Over the Years | Packaging innovations introduced by PepsiCo India Holding in India through Global R&D and best practices | Reduction in plastic usage |
| Use of Fuels like Biomass for Steam Generation, Usage of Solar Energy | We are proactive in adopting new technologies that use cleaner fuels of energy. Commissioned a solar power at our manufacturing plant at Nuh and Greater Noida and redesigned the power generation units at many locations | Reduction in Greenhouse Gases |
| Installation of Effluent Treatment Plant | Plants have installed online monitoring systems in Effluent Treatment Plant as well as Boiler emissions for all time compliance which is being monitored by CPCB on a real-time basis | Effluents are treated and discharged under prescribed limits thereby remaining well within the prescribed norms and consent conditions |

## Replenishing earth

Water is vital for existence. Unarguably, one of the most precious gifts on Earth, it demands responsible management and preservation.

India receives adequate rainfall every year. Most of the rainwater freely flows back into the ocean without adding much to the Earth's groundwater level. Being an environmental steward, Varun Beverages takes assorted measures to harvest rainwater and replenish the groundwater table.

It has been our constant endeavor to recharge double the water than we consume in producing our beverages, nurturing sustainable balance in Earth's underground reservoirs.

We remain committed to enhance the water recharge levels in proportion to our growth in volume. It will be steered through key emphasis on reducing the water usage ratio, adding to the water bodies and strengthening our portfolio of ponds for rejuvenating, maintenance and upkeep.

### What we achieved

**15.54** bn liters

Of water recharged in CY 2024 against 7.27 Billion liters consumed

### Our target

**2:1**

Sustain 2 times water recharge vs water consumed

# Water Conservation

**Global water levels are depleting due to factors like population growth, rapid economic development, urbanization, and climate change, creating a strain on natural water resources. As a beverage company committed to the fundamental right to water, we prioritize optimizing water efficiency, treating waste water responsibly, restoring fresh water sources, and replenishing more water than we consume in our beverage manufacturing processes.**

## Key highlights 2024

**1.56^ Liters**
Of water per 1 liter of final product for beverage production

**2.14 times**
Water recharge ratio

**15.54 Billion**
Liters of water replenished in 2024

**192**
Water bodies adopted and maintained

^Steady state WUR was 1.54 times in 2023 and 1.50 times in 2024, the differential is on account of stabilization of 2 new greenfield plants in 2023 and 3 new greenfield plants in 2024.

## Key focus areas

We have identified four core areas to realize our water conservation goals. They are:

- Rainwater harvesting
- Adoption and maintenance of ponds & check dams
- Wastewater management
- Process improvements

## Focused initiatives for water stewardship

### Reduce. Reuse. Recycle.

Our comprehensive Reduce, Reuse, Recycle strategy remains central to VBL's water management efforts. Key initiatives in CY 2024 include:

- Reducing water use per liter of beverage produced and minimizing wastage at every stage of operations.
- Enhancing water efficiency through advanced technologies, reuse practices, and multiple process optimizations.
- Replenishing groundwater via extensive rainwater harvesting programs to promote sustainability.

We continue to proactively address water challenges in regions with persistent water scarcity by minimizing reliance on underground reserves while ensuring minimal environmental impact.

### Staying water positive

Sustainable water management lies at the heart of our strategy. In 2024, we remain committed to replenishing more water than we consume, reinforcing our position as a water-positive company. For every liter of water consumed in production, we replenished significantly more, ensuring sustainable reserves for future generations.

### The right to clean water

Access to clean water is essential for all forms of life. VBL is dedicated to using water responsibly and fostering resilience in our value chain. For CY 2024, we are intensifying efforts to:

- Reduce overall water consumption.
- Enhance operational efficiency to ensure responsible water use.
- Strengthen initiatives to safeguard clean water access for local ecosystems and communities.

### Wastewater management

Ensuring the safe return of water to the environment is a priority for VBL. In 2024, we reaffirm our commitment to treating 100% of wastewater generated across all manufacturing facilities in India through advanced effluent treatment plants. This guarantees that the water discharged back into ecosystems meets stringent quality standards, minimizing any potential environmental impact.

23
Manufacturing Plants certified safe for use of surface water by Central Ground Water Authority of India

7
Plants categorized as 'Critical' or 'Over exploited'

6
Plants are categorized as 'Semi-Critical'

### Contribution made to overall production

Out of the 36 plants in India, 7 plants fall in "over-exploited" / "critical" category of Central Ground Water Authority of India which contributed only ~14% of total production in CY 2024. The balance 29 plants contributed ~86% of the total production in CY 2024.

### Water Audit

To monitor our water footprint and validate our efforts and outcome towards water stewardship, water audit is regularly conducted by DQS India. All our manufacturing plants in India are covered under the scope of this audit.

### Audit Report Key Findings

| CY | Water consumption (In Billion Liters) | Beverage production (In Billion Liters) | Water usage ration | Water recharge (In Billion Liters) | Water recharge ratio | No. of water bodies adopted |
|---|---|---|---|---|---|---|
| 2019 | 4.12 | 2.12 | 1.94 times | 7.22 | 1.75 times | 103 |
| 2020 | 3.74 | 1.95 | 1.92 times | 10.19 | 2.72 times | 108 |
| 2021 | 4.86 | 2.57 | 1.89 times | 11.10 | 2.28 times | 110 |
| 2022 | 6.32 | 3.72 | 1.70 times | 12.79 | 2.02 times | 116 |
| 2023 | 6.50 | 4.14 | 1.57^ times | 12.95 | 2.00 times | 124 |
| 2024 | 7.27 | 4.65 | 1.56^ times | 15.54 | 2.14 times | 192 |

^ Steady state WUR was 1.54 times in 2023 and 1.50 times in 2024, the differential is on account of stabilization of 2 new greenfield plants in 2023 and 3 new greenfield plants in 2024.

### Strategic drivers for achieving water sustainability in 2024

**Positive water recharge**

- Adopted 192 water bodies including ponds, check dams, lakes and recharge wells
- 40% water bodies rejuvenated in water-stressed zones

**Reducing water usage**

- Implemented 150+ process improvements
- Connected all filters (ACF / PSF) for water recovery
- Optimized drainage timing at ACF / PSF
- Bottle washer recovery in glass lines
- Reuse ETP water in utilities
- Improved RO efficiency wherever RO recovery is less than designed recovery
- Sensors / Foot operated taps for hand wash at plants

**Water Recharge Ratio***

**2.14** times

**Target 2025 Sustaining above 2.00**

*Water recharged per liter of water consumed

**Water Usage Ratio***

**1.56^**

**Target 2025 1.40x**

*Liters of water consumed per liter of beverage produced

**CDP**

**A- for Water Security**

based on the 2024 scores

# Rejuvenation of Water Bodies (RWB) - a New Initiative

## In association with IIT-IIT, a non-profit foundation we launched the Community-Led Rejuvenation of Water Bodies (RWB) program in 2024 across four key locations: Parner (Maharashtra), Jodhpur (Rajasthan), Nelamangala (Karnataka), and Sangareddy (Telangana).

This initiative follows a community-led approach, where we support the **desilting of water bodies** to restore their capacity while enabling farmers to apply the nutrient-rich silt to their fields. The outcomes have been far-reaching, adding **0.6 Billion liters of water capture capacity**, enriching **2,600+ acres** of farmland while engaging **790 farmers**.

### Extending water security in Rajasthan

In Kishanpur Gram Panchayat, Jodhpur, water scarcity was a daily struggle, especially for women and young girls who walked over 1.5 km, multiple times a day to fetch water, often carrying 10 liters per trip. In summer, water bodies dried up and they solely depend on government water tankers supply. Noticing the rejuvenation work of Kherali Nadi in a neighbouring village, local community member Mangna Ram approached our implementation partner to revive Peepli Nadi of Kishanpur. Today, thanks to this intervention, the water body holds water for 11 months, significantly reducing summer hardships and minimizing the community's reliance on government water tankers.

### Reviving hope in Maharashtra

In Parner, Jamgaon Gram Panchayat, where farmers primarily grow Kharif crops like onion, green gram, and maize since access to water was limited. The rejuvenation of Pan Mala Talao gave them a renewed sense of hope, as they could now plan for a second (Rabi) crop season and shift to other high-value crops like Sugarcane. This milestone was met with a Jal Pooja celebration, where over 200 community members, including women, children, and senior citizens, came together to mark this transformative moment.

### Strengthening livelihoods in Karnataka

In Basavapatna, Shivangage Gram Panchayat (Nelamangala), the rejuvenation of the local water body has significantly improved water retention, increasing availability from six months to over a year. Water levels in wells have risen by 200 feet, enabling a 10% increase in livestock and growing interest in fisheries. Farmers have benefited from reduced water and fertilizer use by 50%, with 25% shifting to high-value crops. Inspired by these gains, the community is now planning to expand storage to 50 Million liters, involve 50+ farmers, and form a women-inclusive management committee, ensuring long-term sustainability.

### Empowering communities in Telangana

In Kalkur and Nalla Cheruvu water bodies, Machireddypalli Gram Panchayat (Sangareddy), water retention has doubled from four to eight months, and water coverage has expanded from 25% to 50%. Water levels in wells have risen by 50-100 feet, giving women better access to water for household needs and sparking interest in fisheries and dairy-based livelihoods. For farmers, silt application has rejuvenated fields, enabling the cultivation of 30 acres of previously fallow land. Building on this progress, the community is now focused on expanding water storage, engaging more farmers, and forming an inclusive management committee with active participation from women, ensuring long-term sustainability and collective ownership.

### Beyond water: A holistic impact

Through the RWB program, we have not only restored water bodies but also unlocked new opportunities for the communities we serve. With improved water availability, farmers can now cultivate a second crop, while the application of nutrient-rich silt has enhanced soil quality, leading to a 30% average increase in yield. Additionally, silt application has reduced irrigation water usage by 10% and fertilizer dependency by 20%, making farming more sustainable. Improved access to water has enhanced sanitation and hygiene, while reducing the time and effort women spend fetching water, allowing them to engage in other productive activities. The program has also started paving the way for water-based livelihoods, such as fisheries and livestock farming, further strengthening rural economies.

### Scaling up: Our commitment for 2025 and beyond

As we move forward, we are committed to expanding the RWB program to four new locations – Kota, Begusarai, Gorakhpur, and Prayagraj – **creating an additional 2.6 Billion liters** of water capture capacity, engaging over **2,500 farmers** and enhancing over **7,000 acres** of farmland.

Further strengthening our role in water stewardship, VBL has taken on the responsibility of Basin Leader for the Yamuna Basin under the India River Basins Collective Action Program (UNCEO Water Mandate). This step reflects our commitment to not just water conservation but also to long-term, collaborative action for sustainable water management.

### Tech-enabled national water program

To enhance the efficiency and impact of our water programs, we leverage the IIT-IIT technology platform (GIS-based) that provides real-time visual management of VBL's water initiatives and assets. At the water body level, it enables accurate measurement of water capture and assessment, while a survey app allows on-demand status updates of any water body. This data-driven approach strengthens decision-making, ensuring targeted interventions and long-term sustainability.

# Water Bodies: Impact Assessment

**As part of our ongoing water conservation initiatives, we have undertaken the maintenance and rejuvenation of 192 water bodies. This report evaluates the current state of these ponds and examines the impact of the Water Rejuvenation Project on local communities, including its influence on their lives and livelihoods at our manufacturing plant in Sandila.**

## Framework

The IRECS Framework (Inclusiveness, Relevance, Expectation, Convergence and Service Delivery) was implemented for impact assessment.

## The Process

### Step 1: Survey

A primary household survey was conducted in nearby villages. It aimed to assess the impact of the intervention at socio-economic and environmental levels.

### Step 2: Questionnaire

A detailed survey questionnaire was prepared based on interactions with the VBL team and secondary references.

### Step 3: Data collection

Survey CTO app, a digital data collection tool with features such as offline data collection, image capturing and geo-tagging, was deployed for efficiency and data was collected from the relevant stakeholders.

### Step 4: Extensive sampling

Interactions held with more than 180 households for ascertaining the project's holistic impact on the community. Deeper insights on socio-economic and environmental impact were gained through unstructured interviews and FGDs.

## The impact

The construction, deepening, and maintenance of ponds by VBL have had a profound socio-economic and environmental impact. These efforts have significantly improved community well-being, provided sustained livelihood opportunities, and contributed to agricultural resilience. Additionally, they have enhanced biodiversity and helped replenish natural water reserves.

### 1. Socio-economic impact

In agrarian communities like ours, ponds play a vital role in irrigation, directly supporting farmers' livelihoods. Beyond agriculture, they aid in groundwater recharge and foster biodiversity, strengthening the region's ecological balance.

#### Efforts towards construction and maintenance of ponds led to –

- Better access to irrigation facilities
- Increase in crop productivity
- Enhanced crop diversification
- Increased area under irrigation
- Better land productivity and soil fertility
- Increase in green cover and biodiversity
- Increase in water storage and conservation
- Increase in level of ground water and surface water level
- Increase in livestock productivity and product yield
- Increase in income and savings of the household

**Impact**

- Sustained management of natural resources
- Climate change mitigation
- Improved quality of life
- Boost to sustainable livelihoods

## Greater earnings. Enriched living

With the additional income generated, communities invested in enhancing their livelihoods, improving their quality of life, and accessing better education and healthcare. This financial stability also fostered stronger interpersonal relationships while increasing savings and asset-building efforts for a more secure future.

**19%**
Savings

**19%**
Investment in additional income generation activities

**56%**
Social & family functions

**10%**
Better food & household consumption

**63%**
Child education

**60%**
Family health & well-being

**31%**
Purchase of household assets

## Small and marginal farmers reaped multiple benefits

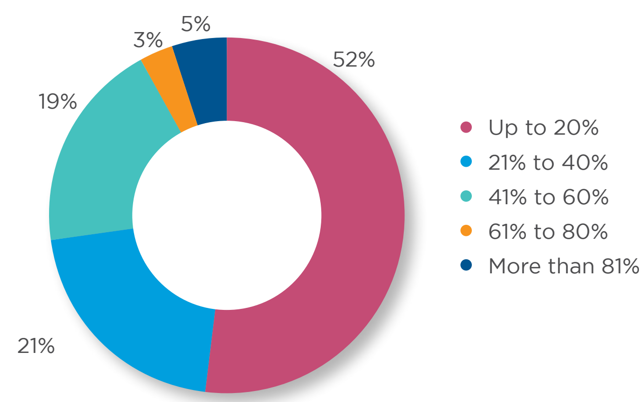
**68%**
Ability to take up water-intensive crop

**93%**
Ability to take-up crops in multiple seasons

**87%**
Increase in variety of crops in same season

**28%**
Increase in household consumption of crops

## Improved crop yield




## Key metric reflecting improved quality of life

**3%**
Experienced personal development

**17%**
Improved inter-personal relations

**31%**
Mental well-being

**95%**
Physical well-being

**52%**
Material well-being

## Change in cropping pattern

| | Before | After |
|---|---|---|
| Spices | 13% | 16% |
| Oilseeds | 54% | 57% |
| Flowers | 3% | 2% |
| Fruits | 4% | 9% |
| Vegetables | 37% | 49% |
| Commercial | 21% | 22% |
| Pulses | 54% | 56% |
| Cereals | 100% | 100% |

**Key takeaways**

- Several farmers took up the practice of cultivating cash crops in pre-monsoon
- Several households took up subsistence farming of fruits and vegetables
- Several farmers adopted farming of commercial crops such as maize and peppermint

## 2. Environmental impact

Ponds provide vital habitats for diverse aquatic species, supporting biodiversity and maintaining ecological balance. Our pond rejuvenation efforts have also led to a notable increase in green cover, improved groundwater levels, reduced soil erosion and sedimentation, and enhanced the local microclimate.

### Efforts towards construction and maintenance of ponds led to –

- Increase in birds and insects
- Increase in riverine/aquatic animals
- Increase in terrestrial animals
- Increase in types of flowers
- Increase in green cover
- Increase in tree/plant species

### Impact

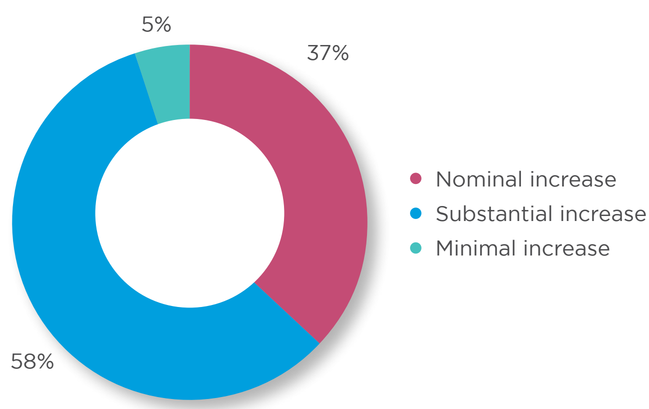
**Improved access to water in ponds**

**Decrease in efforts to access water from handpumps**

**Increase in water levels in well across the year**

**Lesser time required for irrigation from borewells**

### Improvement in groundwater level




### Sources showing increase in water level (in %)

| | |
|---|---|
| Hand pump | 61 |
| Water body | 50 |
| Farm pond | 31 |
| Dug well | 55 |
| Borewell | 81 |

### Sustained water supply throughout the year reaped multiple benefits for farmers

**18%**
Farmers took up cropping in lean season

**44%**
Families stopped migration

**66%**
Households increased area under irrigation

**66%**
Farmers enjoyed reduced cost of irrigation

**43%**
Enjoyed higher cost-efficiency on irrigation

**65%**
Experienced an increase of up to ₹ 50,000 on income

**Positive environmental impact – Key metrics (% response on survey)**

38%
Improved aesthetic beauty

17%
Improvement in micro-climatic condition

46%
Improvement in fertility and quality of soil

93%
Increase in groundwater level

9%
Water conservation

9%
Resilience to water logging/floods during rain

91%
Increase in level of surface water sources

**Key metrics (% response on survey)**

A thriving ecosystem is crucial for health, food security, climate regulation, economic stability, and sustaining life. Our pond rejuvenation initiatives aim to preserve the delicate balance of Earth's interconnected systems, fostering biodiversity and promoting the well-being of both the planet and its people.

39%
Increase in birds and insects

72%
Increase in livestock

31%
Increase in types of flowers

91%
Increase in tree/plant species

15%
Increase in riverine/ aquatic animals

50%
Increase in terrestrial animals

90%
Increase in green cover

## Impact assessment of water ponds and biodiversity: Methodology and sample approach

Our impact assessment of water ponds and biodiversity was conducted using a structured and data-driven approach, ensuring a comprehensive understanding of the socio-economic and environmental benefits of our interventions.

### Framework implementation

- To guide our assessment, we adopted the IRECS Framework (Inclusiveness, Relevance, Expectation, Convergence, and Service Delivery) as the foundation of our study.
- A primary household survey was conducted to evaluate the impact of our initiatives on villages located near our operations.

### Digital data collection tools

- To enhance efficiency and accuracy, we developed a detailed survey questionnaire in collaboration with our team and secondary references.
- The Survey CTO app was selected as our primary data collection tool due to its advanced features, including offline data collection, image capturing, and geo-tagging.

### Pilots and data collection

- Before the full-scale survey, we conducted multiple validation rounds and test surveys in August 2022 to refine the data collection tool.
- The final **household survey commenced on September 1, 2022, utilizing the Survey CTO app. Additionally, Focus Group Discussions (FGDs) and In-Depth Interviews (IDIs)** were conducted with relevant stakeholders to gather deeper insights.

### Sampling methodology

- The primary survey engaged with over 180 households, ensuring a robust and representative dataset.
- To further explore the socio-economic and environmental impact, we incorporated unstructured interviews and FGDs. The study was focused on Sandila in Hardoi District, Uttar Pradesh.

### Data analysis

- A rigorous analytical approach was employed, combining statistical tools and qualitative analysis methods to derive meaningful insights.
- The data was meticulously examined to ensure accurate interpretation and conclusive results.

### Reporting and recommendations

- The findings were compiled into a comprehensive report, integrating survey results, FGDs, and IDIs.
- Actionable recommendations were formulated based on the research outcomes, aligned with the IRECS Framework, to guide future interventions and enhance the impact of our initiatives.

## Promoting water resilience

At Varun Beverages, we recognize that access to clean water is a fundamental human right and an essential pillar of thriving biodiversity. With this understanding, we embrace our responsibility to conserve, reuse, and recycle water across our operations. Our commitment goes beyond regulatory compliance – we strive to ensure that our water management practices contribute to long-term environmental well-being and the prosperity of future generations.

To strengthen our water conservation efforts, we have collaborated with DQS India to obtain water footprint assurance certification, a rigorous validation process that assesses the effectiveness of our initiatives in water conservation and recharge. This comprehensive audit, covering all our manufacturing plants in India, reinforces our dedication to responsible water stewardship.
In previous years, our water management practices were audited by TÜV India Pvt. Ltd., reaffirming our long-standing commitment to transparency and accountability in sustainability.

Engaging with globally recognized certification bodies underscores our focus on measurable impact, ensuring that our efforts in water sustainability are not only effective but also aligned with international best practices. Through these strategic initiatives, we continue to play an active role in securing access to clean water, reducing our environmental footprint, and preserving biodiversity – laying the groundwork for a more sustainable future.

# Plastic Waste Management and Recycling

**Effective plastic waste management is crucial for building a sustainable and livable future for generations to come. Committed to minimizing plastic waste, we focus on retaining its value through responsible handling and circular economy solutions. By integrating the principles of reduce, reuse, and recycle, along with innovative engineering and sustainable practices, we strive to extend the lifespan of plastic and lessen its environmental impact.**

### Fulfilling our strategic priorities – Key enablers

| Weight reduction of preforms | Manufacturing of r-PET | Recycling of plastic waste |
|---|---|---|

1. **Key Enabler: Weight reduction**
   Reduction in weight of pre-forms translates to reduction in material consumption and lower energy requirements, contributing to a long-term impact on sustainability.

### Key contributions

**10-20%**
Weight reduction of pre-forms (Grams) in packs of 600 ml to 2.25 liters (2010-2024)

**20-25%**
Weight reduction of closures (Grams) in packs of CSD/Juices/Waters (2010-2024)

### Weight Reduction of Preforms (In grams)

| Pack size | 2010-14 | 2015-19 | 2020-24 | Net reduction (%) |
|---|---|---|---|---|
| 600 ML | 25.5 | 22.2 | 22.2 | 12.9 |
| 750 ML | 34.7 | 30.7 | 27.1 | 21.9 |
| 1.0 L | 21.0 | 21.0 | 19.0 | 9.5 |
| 1.25 L | 36.0 | 34.7 | 32.5 | 9.7 |
| 2.25 L | 52.5 | 50.7 | 47.0 | 10.5 |

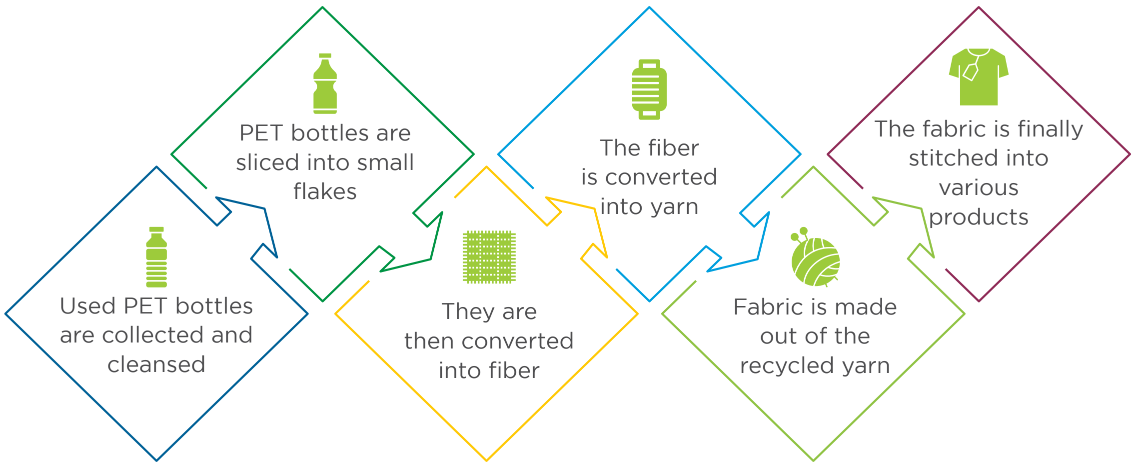
* in selected products

### Weight Reduction of Closures (In grams)

| Pack size | 2010-14 | 2015-19 | 2020-24 | Net reduction (%) |
|---|---|---|---|---|
| 1.25 L | 3.15 | 2.75 | 2.35 | 25.4 |
| 2.25 L | 1.70 | 1.50 | 1.35 | 20.6 |

* in selected products

### Recycling process of plastic waste




### 2. Key enabler: Manufacturing of r-PET

Our commitment to global sustainability takes a significant leap forward with the integration of responsible sourcing practices into our packaging operations – an essential element of our identity as a beverage company. By embedding sustainability into large-scale processes, we reinforce our dedication to environmental stewardship. To further this goal, we have set a target to incorporate 30% r-PET in our total PET packaging by 2025 through a joint venture with Indorama. Additionally, we have introduced 100% recycled PET bottles for Pepsi Black in select sub-territories, marking a key milestone in our sustainable packaging journey.

### 3. Key enabler: Recycling of plastic waste

We view plastic waste recycling as a fundamental environmental responsibility, which is why we go beyond compliance by actively collaborating with specialized pollution-control organizations and government authorities on various initiatives.

### Our progress to CY 2024

- Recycled 5.86 lakh MT of used PET bottles till CY 2024 since 2019
- Implementing 100% phased recycling of used PET bottles and collection from end-users

30% r-PET

To be utilized in total PET packaging by 2025

### Products and packaging reclaimed at end-of-life products

| Input material | CY 2023 | | | CY 2024 | | |
|---|---|---|---|---|---|---|
| | Reused | Recycled | Safely disposed* | Reused | Recycled | Safely disposed* |
| Plastics (in metric tons) | – | 150,982 (86%) | – | – | 181,887 (88%) | – |
| Hazardous waste - Sludge | – | – | 1,426 | – | – | 1,640 |

**Safely disposed through authorized vendors.*

### Category of plastic recycled

| Category | CY 2023 | CY 2024 |
|---|---|---|
| Resin | 119,830 | 164,922 |
| Shrink | 10,442 | 13,931 |
| Label | 5,214 | 7,118 |
| Closure | 12,416 | 17,397 |
| Tetra | 3,080 | 3,315 |

Organized and Managed by TSL THE SOCIAL LAB
PEPSICO
PRESENTS
PLOG RUN

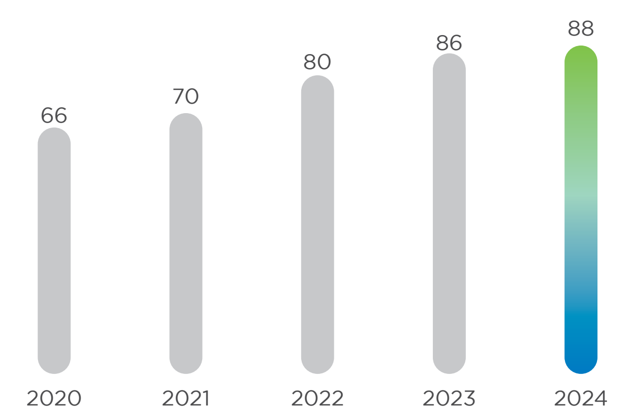
### Plastic Recycling Initiatives taken

- Placed dustbins on direct vending machines
- Enabled direct collection from institutions
- Spread awareness through government agencies
- Collaborated with IDVB Recycling Operations Pvt. Ltd. for recycling of used PET bottles

## Recycling plastic waste: Our progress

In CY 2024, we successfully recycled 88% of the total PET bottles consumed, exceeding the requirements set by the Extended Producer Responsibility (EPR) regulations of the CPCB. During the year, 206,682 MT PET bottles were consumed, with 181,887 MT being recycled within the same period, reinforcing our commitment to sustainable waste management

### Plastic waste recycling




(%)

***Target 2025** 100%

*Plastic waste recycled per Kg of PET sold in finished products. Plastic waste includes PET, shrink film, plastic closures, labels and laminates post consumption

## Best out of waste with GEM Enviro Management

Our partnership with GEM Enviro Management Ltd. advances our goal of achieving 100% recycling of used PET bottles in a phased approach. GEM Enviro, a CPCB-recognized Producer Responsibility Organization (PRO) based in Delhi, specializes in the collection and recycling of packaging waste. The company also promotes recycled green products, transforming used PET bottles and other waste materials into items like T-shirts and bags. This collaboration strengthens our commitment to sustainable waste management and circular economy solutions.

### Impact

- Awareness created for 300+ Ragpickers in CY 2024
- 2,100+ General public sensitized through awareness programs
- Higher waste collection through incentives for ragpickers
- Increased income for ragpickers by establishing seamless connect with buyers requiring recyclable waste
- Safe, clean and plastic-free environment

## VBL & GEM: Driving sustainability together

Together with GEM, we have undertaken the following initiatives to ensure sustained waste management:

- **Direct waste collection:** Waste was collected from end users through reverse vending machines, strategically placed dustbins, and direct pickups from institutions such as hotels, banquet halls, and exhibitions.
- **Plastic waste disposal awareness campaign:** We engaged 2,900+ participants from Nagar Nigam, sanitation staff, ragpickers, and their families across Uttar Pradesh, Rajasthan, and Haryana. The campaign included activities like the Swacchta Abhiyan, informative talks, slogan-writing contests, displays, distribution of recycled PET products, and creative programs to promote responsible plastic disposal.
- **Ragpickers' awareness and support program:** We ensured healthier working conditions and provided fair compensation to ragpickers, fostering sustainable livelihoods and improving their quality of life.
- **General awareness initiatives:** We launched awareness drives on the importance of proper plastic waste disposal, clean cities, and a greener environment.
- **Skill development programs:** Training sessions were conducted to enhance skills, creating long-term opportunities for waste management participants.
- **Distribution of recycled merchandize:** Recycled products such as T-shirts, masks, safety kits, and food items were distributed to encourage recycling practices and showcase the value of waste.
- **Bottle crushing machine installation:** Bottle crushing machines were set up to streamline the recycling process and reduce plastic waste.

# Enhancing Energy Performance

**Energy consumption impacts both our environment and sustainability goals. Aligned with our net-zero commitment, we are increasing the share of renewable energy in VBL's total consumption and expanding our renewable energy portfolio. We are continuously improving energy efficiency across our offices, warehouses, and manufacturing facilities in India, driven by innovation and process enhancements to reduce our environmental footprint.**

### Key enablers for solar / wind energy

- Installing rooftop for solar panels
- Open access RE contracts
- Latest technology energy-efficient machines
- Process improvements

### Progression in 2024

Generated **~79** Million Units of electricity through renewable sources – this is equivalent to annual power consumption of **14,000+*** households

*As per company estimates

Planted **~128,000** tree saplings in 2024 vs **~108,000** saplings in 2023

*As per company estimates

### Boosting energy efficiency through innovation and process optimization

1. Energy Savings through Frequency Drives: Use of frequency drives in ammonia and air compressors for enhanced energy efficiency.
2. Boiler Efficiency: Integration of frequency drives in the ID and FD fans of the boiler system to reduce energy consumption.
3. Heat Recovery: Recovery of heat from hot compressed gases for water heating applications.
4. Syrup Transfer System: Recovery of treated hot water from the three-stage syrup transfer Plate Heat Exchanger (PHE).
5. Power Savings in Beverage Filling: Beverage filling at ambient temperatures, resulting in significant power savings in refrigeration.
6. Lighting Efficiency: Replacing CFL/FTL lamps with energy-efficient LED lamps.
7. Pump Efficiency: Upgrading from low-efficiency pumps to high-energy-efficient models.
8. Optimizing Resources: Improving the efficiency of critical resources like water and energy through water recovery and energy optimization strategies.
9. Automation for Resource Optimization: Using automation and controls to optimize resource consumption and minimize waste.
10. Steam Condensate Recovery: Installation of Steam Operated Pump Traps (SOPT) to improve steam condensate recovery across all units.
11. Direct Coupled High-Pressure Compressors: Implementation of direct-coupled high-pressure compressors (eliminating the need for gearboxes).

12. Efficient Motor Technology: Adoption of IE5 permanent magnet motors for improved energy efficiency.
13. Adiabatic Cooling: Installation of adiabatic cooling towers for more efficient temperature control.
14. Boiler Efficiency Improvement: Enhanced condensate recovery through the installation of SOPT and advanced technology equipment, boosting boiler efficiency.
15. Heat Recovery from Compressors: Recovery of heat from high-pressure air compressors and ammonia refrigeration compressors for energy savings.
16. De-superheater Installation: Use of de-superheaters to enhance thermal management.
17. Optimization of Preform Blow Moulding: Installation of Godrej Control Air-IFC to optimize high-pressure requirements for preform blow moulding machines and Cold CIP operations, eliminating heat requirements during their operation.

### Energy-efficient beverage distribution

To enhance energy efficiency throughout our value chain, we are building a fleet of over 2,000 electric vehicles in collaboration with our distributors. These investments are focused on enabling sustainable last-mile delivery of our beverages, helping us reduce our carbon footprint.

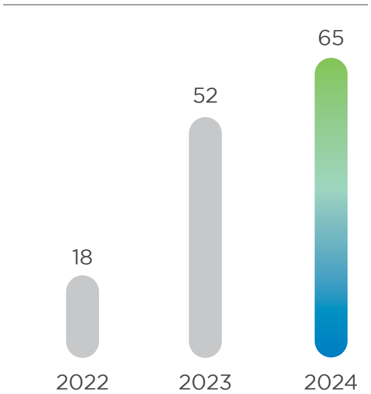
## Energy consumption: An overview

### Renewable and Non-Renewable Sources

| RENEWABLE SOURCES | CY 2023 | CY 2024 |
|---|---|---|
| Electricity consumption | 58 mn kWh | 79 mn kWh |
| Fuel consumption (Briquette, Firewood, LPG, PNG) | 64 mn Kg | 58 mn Kg |

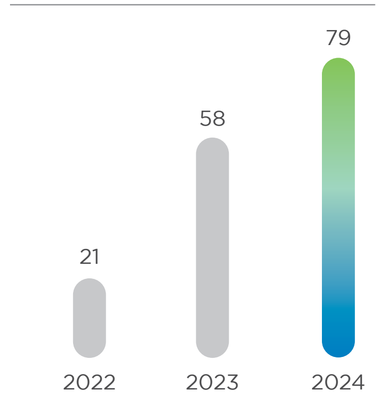
| NON-RENEWABLE SOURCES | | |
|---|---|---|
| Electricity consumption | 382 mn kWh | 424 mn kWh |
| Fuel consumption (HSD Diesel) | 4.4 mn Liters | 3.4 mn Liters |

### Increase in Renewable Power




(in MW)

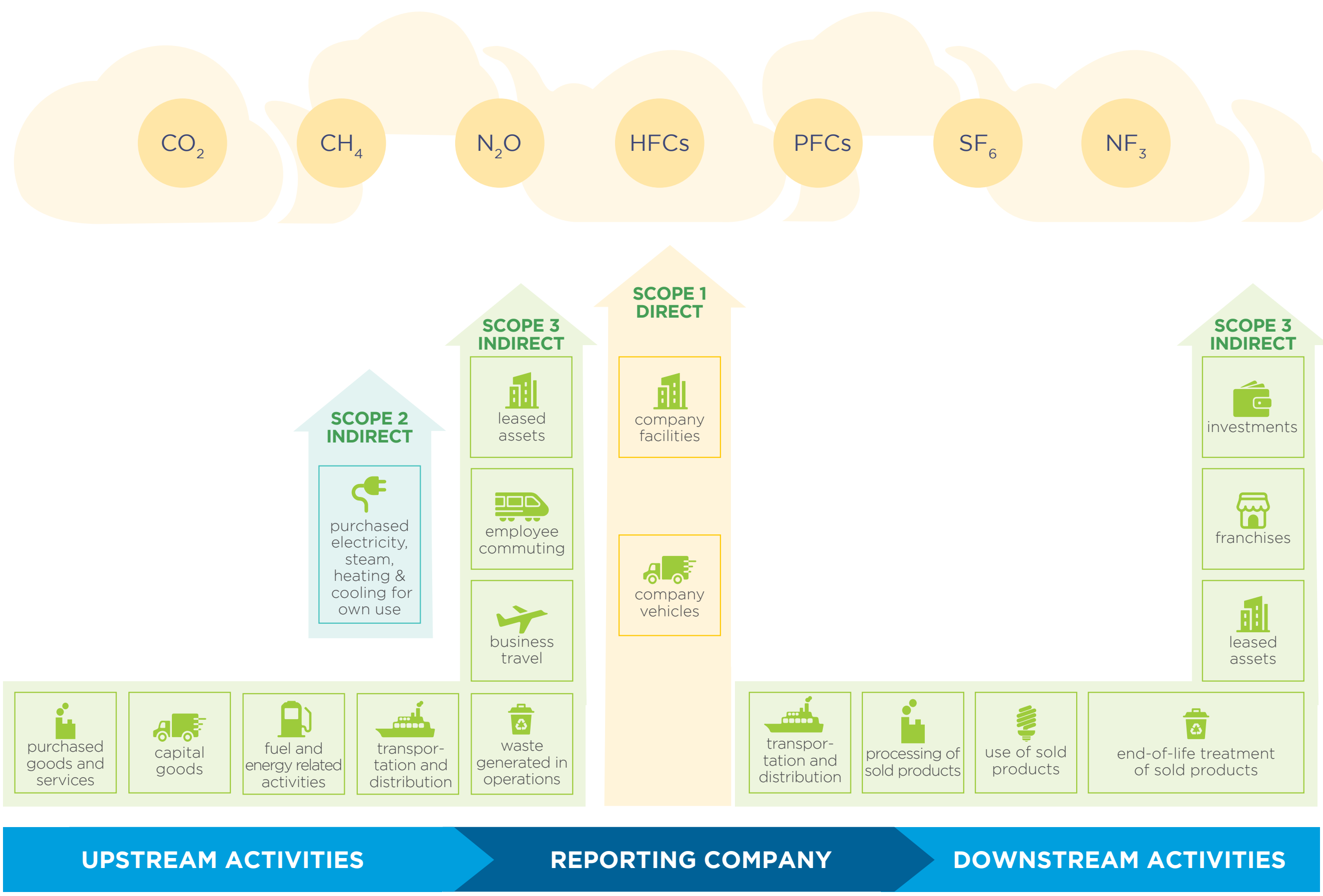
### Renewable Energy Generated




(in Million kWh)

# Sustained Climate Action: Reducing our Carbon Footprint

**As climate change continues to impact our planet and its ecosystems, we remain steadfast in our commitment to create a positive environmental impact through sustained climate action. Our diverse initiatives in energy efficiency, innovation, process optimization, technology adoption, and operational improvements are consistently driving resource conservation and reducing our carbon footprint.**




### GHG Emissions: Snapshot

As part of our commitment to sustainability, we undertook a comprehensive carbon footprint assessment for all our manufacturing facilities across India and International geographies, in partnership with Deutsche Quality Systems (India) Pvt. Ltd. (DQS India). The assessment was conducted in strict adherence to the GHG Protocol and ISO 14064-3:2019 standards.

### Operational boundaries across different scopes

**SCOPE 1**

| 18.97 | 17.93 | 21.67 |
|---|---|---|
| 2024 | 2023 | 2022 |

(Includes direct emissions from fuels and gases consumed by sources owned or controlled by VBL)

**SCOPE 2**

| 75.87 | 73.66 | 83.21 |
|---|---|---|
| 2024 | 2023 | 2022 |

(Includes indirect emissions associated with purchase of electricity)

**SCOPE 3**

| 671.02 | 626.46 | 668.17 |
|---|---|---|
| 2024 | 2023 | 2022 |

(Includes energy consumption, refrigerant emission of visi-coolers placed with retailers and fuel consumption from employee commuting, business travel by air, rail and road, and upstream and downstream transportation)

**TOTAL**

| 765.87 | 718.05 | 773.06 |
|---|---|---|
| 2024 | 2023 | 2022 |

(Total GHG Emissions from Scope 1, 2 & 3)

*Figures in grams of $CO_2e$/liter*

### Intensity of GHG emissions per liter production of beverage - Key observations

| 0.77 $KgCO_2e$/Liter | 0.72 $KgCO_2e$/Liter | 0.77 $KgCO_2e$/Liter |
|---|---|---|
| 2022 | 2023 | 2024 |

Note:

1. We have adopted the SBTi methodology for calculating GHG emissions starting from CY 2024. Consequently, the GHG emissions for CY 2022 and CY 2023 have been restated using this approach.
2. The increase in GHG emissions is attributed to inorganic acquisitions in CY 2024.

## Target

**Net Zero by 2050**

**Increase in Renewable Energy share:**
**~25%** Renewable Energy Mix by 2030

## Goal Enablers

A four-pronged approach is instrumental in achieving our 2030 goal of reducing the absolute greenhouse gas (GHG) emission by 50% and increasing the renewable energy share in electricity by 25%.

| Increasing the use of renewable energy | Optimizing product transportation | Vending and cooling | Tree plantation |
|---|---|---|---|

### 1. Higher renewable energy share

- Expanding the share of renewable energy through rooftop solar installations and open access Power Purchase Agreements (PPAs).
- Lowering emissions by enhancing energy efficiency with advanced, energy-efficient machinery and process improvements that reduce electricity consumption.
- Implementing energy-saving best practices, such as optimizing chillers, air compressors, high-efficiency motors and drives, and LED lighting.

### 2. Optimized downstream transportation

- Optimizing network route: Enhancing service efficiency by reducing miles driven, resulting in lower fuel consumption.
- Optimizing existing fleet: Improving performance through reduced static weight, better aerodynamics, and regular maintenance.
- Using alternative fuels: Transitioning to lower-carbon fuels and adopting electrification with renewable energy sources. Over 2,000 EVs have been deployed for last-mile delivery

### 3. Vending and Cooling

- Since 2023, we have transitioned to energy-efficient visi-coolers using R290 refrigerant.
- Expediting the rollout of visi-coolers with inverter-based technology, enhanced insulation, and green refrigerants.
- Implementing tracking systems to monitor and optimize cooler usage.
- Exploring and introducing renewable energy-powered visi-coolers.

### 4. Tree Plantation

Planting saplings plays a crucial role in climate mitigation by reducing our carbon footprint. Beyond this, the initiative demonstrates our ongoing commitment to biodiversity, environmental resilience, and overall well-being.

### Y-o-Y increase in sapling plantations*

- **~29,000** Saplings planted in 2020
- **~32,000** Saplings planted in 2021
- **~80,000** Saplings planted in 2022
- **~1,08,000** Saplings planted in 2023
- **~1,28,000** Saplings planted in 2024

*Total plantation till date is ~377,000 negating the carbon emissions 9,400+ MT

Through these strategic actions, VBL aims to achieve a significant reduction in energy consumption while reinforcing our commitment to sustainability and responsible resource management.

## Global recognition

Through these strategic initiatives, we have established a clear roadmap for our long-term sustainability journey. As part of this commitment, we have set ambitious Net-Zero targets, which have been officially validated by the Science Based Targets initiative (SBTi). Our goal is to achieve net-zero greenhouse gas emissions across our entire value chain by 2050.

Additionally, we are proud to have been recognized for our efforts in environmental stewardship, securing a position on the prestigious CDP A List based on the 2024 CDP scores for Climate and Water Security. This acknowledgment underscores our dedication to sustainable practices and our ongoing efforts to drive meaningful change.


# VBL's Commitment to Sustainability and Carbon Reduction

**Towards Carbon Reduction**

VBL is dedicated to minimizing its environmental impact through a comprehensive environmental action plan that addresses both direct and indirect emissions. Recognizing the need to contribute to a low-carbon economy, we are actively implementing measures to reduce our carbon footprint. These efforts align with our broader sustainability commitments and our role in combating climate change. By integrating strategic initiatives and sustainable practices, we aim to foster a greener and more resilient future.

Our commitment to reducing carbon emissions underscores our dedication to environmental stewardship and responsible corporate operations.

## Reduction of Energy Consumption (Scope 1 and Scope 2: Emission Reduction Strategy)

Understanding the importance of reducing energy consumption at the source, we are actively implementing various energy efficiency measures, including:

### Energy Efficiency in Buildings and Plant-level Projects:

Enhancing energy efficiency across our infrastructure to optimize consumption.

### Detailed Energy Audits:

Conducting comprehensive energy audits to identify high-consumption areas and implement targeted improvements.

### Electrical Safety Audits:

Assessing electrical systems to detect and mitigate energy leakages, ensuring both safety and efficiency.

### Adoption of Green Industry Practices:

Integrating sustainable and eco-friendly processes into our operations to curb emissions related to business growth.

### Knowledge Exchange, Training, and Awareness Campaigns:

Promoting a culture of energy efficiency through employee training and awareness initiatives.

### Replacement of Outdated Equipment:

Upgrading old equipment with modern, energy-efficient technologies to enhance operational efficiency and reduce energy use.

## Use of Renewable Energy (Scope 2: Emission Reduction Strategy)

To mitigate Scope 2 emissions, we are adopting a combination of strategies that enhance the use of low-carbon and non-carbon energy sources, including:

Installation of Renewable Energy Sources: We are investing in solar panel installations and other renewable energy solutions across our sites to generate clean and sustainable energy.

Power Purchase Agreements (PPAs) with Renewable Energy Providers: We are securing PPAs with renewable energy suppliers through open-access arrangements, ensuring a significant portion of our energy consumption is derived from sustainable sources.

## Reduction of Energy Consumption (Scope 3: Emission Reduction Strategy)

### Optimized Downstream Transportation:

**Optimizing Network Route:**

Enhancing service efficiency by reducing miles driven, leading to lower fuel consumption.

**Optimizing Existing Fleet:**

Improving performance through reduced static weight, better aerodynamics, and regular maintenance.

Using Alternative Fuels: Transitioning to lower-carbon fuels and adopting electrification using renewable energy sources.

$CO_2$

**2,100+**

EV's deployed for last-mile delivery.

**Vending and Cooling:**

Since 2023, we have switched to efficient visi-coolers using R290 refrigerant.

Accelerating the deployment of energy-efficient visi-coolers with inverter-based technology, better insulation, and green refrigerants.

Establishing tracking mechanisms to monitor and optimize cooler utilization.

Exploring and implementing renewable energy-based visi-coolers.

**Tree Plantation:**

Planting saplings as a key climate mitigation strategy to reduce the carbon footprint.

Contributing to biodiversity, environmental resilience, and long-term sustainability.

**3,77,000**

saplings planted since 2020

Through these strategic actions, VBL aims to achieve a significant reduction in energy consumption while reinforcing our commitment to sustainability and responsible resource management.

# Sourcing with Care

**We prioritize responsible sourcing to achieve our sustainability goals. VBL's raw materials are sourced from suppliers who follow strict sustainability practices, reducing our ecological footprint and supporting local communities. Our suppliers are committed to water and energy efficiency, waste management, and transitioning to net-zero, driving long-term growth and positive impact.**

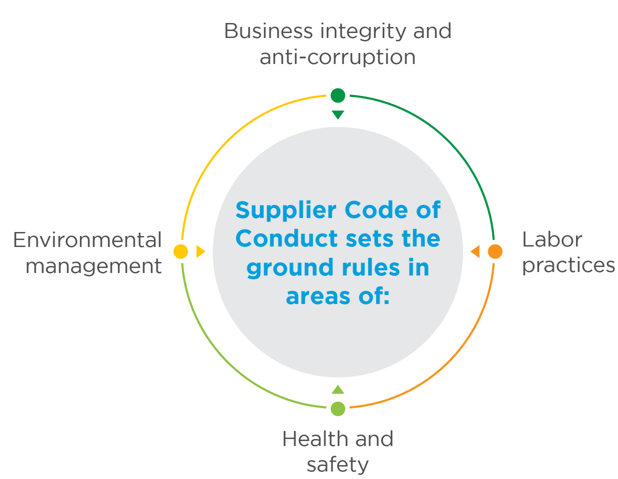
**We closely track the progress of our responsible sourcing goals with key raw material and packaging suppliers, who account for over 90% of our overall purchases. This enables us to align their practices with our sustainability objectives moving forward.**

### Environmental impact assessment

Our suppliers, aligned with the Supplier Code of Conduct, are continuously innovating to source high-quality raw materials in environmentally responsible ways. They prioritize sustainability by adhering to strict guidelines, ensuring compliance with waste disposal and pollution control regulations. Key initiatives include enhancing energy efficiency, transitioning to renewable energy through solar and wind power, and replacing conventional fuels with eco-friendly briquettes. In addition, we promote ongoing plantation efforts for a greener future and fulfill water requirements through third-party suppliers or, where available, groundwater.

### Supplier Code of Conduct

Ethical and responsible sourcing of raw materials is a core aspect of our supply chain management. To support this, we have implemented PepsiCo's Global Supplier Code of Conduct, which applies rigorously to all suppliers, agents, consultants, vendors, and contractors as a condition for doing business with PepsiCo and its affiliates.




### Value chain partners assessed for environmental and social impact

| | |
|---|---|
| 90%+ Raw material suppliers | 90%+ Capex suppliers |

## Key initiatives on responsible sourcing by suppliers

Electricity generation from renewable energy sources like solar power and wind power

Installation of energy-efficient types of machinery in production lines



Installation of water treatment plant

Implementing Pressurized Jet Sprays for cleaning purposes instead of direct water usage

Use of treated water for gardening and sanitation purposes

Adoption of ponds in nearby villages and recharging groundwater

Tree plantation drives to maintain green belts around manufacturing units


Rainwater harvesting to improve groundwater level

Using bagasse cane residue as biofuel for generating steam through boilers

Proper recycling of all kinds of waste like plastic waste, e-waste, hazardous waste

| Supplier | Material Supplied | Initiatives Taken |
|---|---|---|
| PepsiCo India | Concentrate | PepsiCo has taken various initiatives on environment, social and sustainable practices including:<br>• Reduction in energy consumption<br>• Reduction in water usage<br>• Developing rainwater harvesting pits and ponds<br>• Manure machine for recycling of food waste |
| Reliance Industries Limited | PET Resin | As a part of the Net Zero and New Energy plans, Reliance has committed to establishing 20 GW of solar energy generation capacity by 2025, which will be entirely consumed for our captive needs of round-the-clock (RTC) power and intermittent energy for Green Hydrogen. |
| DCM Shriram | Sugar | • Sets rotary dryer for bagasse drying, utilizing waste flue gas from boilers. Fresh bagasse's moisture content of 48% to 50% is reduced to 12% with more efficient utilization of bagasse biofuel. This is a unique, one-of-its-kind initiative to reduce fuel consumption.<br>• Owns Bio-Lab which produces bio-fungicides and bio-pesticides instead of chemical fungicides and pesticides used by farmers for cane crop.<br>• Awarded Best Energy Efficient Plant in sugar sector by Bureau of Energy Efficiency (BEE), for being the lowest power consumption per ton cane. |
| Triveni Engineering | Sugar | Diverts B-category heavy molasses to distillery for ethanol blending in petroleum products. |
| Tetra Pak | Packaging material | Procures 100% paper board from Forest Stewardship Council certified supplier and 100% Aluminum foil from Aluminum Stewardship Initiative member supplier. |
| Tasa Foods | Fruit pulp | Uses dried mango seeds as biofuel and decomposing fruit waste into manure provided to farmers. |
| SIDEL Blowing Services S.A.S. | Manufacturing lines | • Committed to ISO 14001 environmental certification to reduce impact on the environment and promote sustainability development. It is committed to recycling PET (notably with the development of PET recycling line: rPET).<br>• Uses 100% Green energy for all processes. It has taken measures to make energy-efficient equipment to help in reduction of energy consumption. For example, Blowers with 45% energy saving, AQflex conveyors with 70% saving, Shrinkwrapper with 52% saving. |
| HUSKY Injection Molding Systems SA | Packaging Lines | • Supports use of bio-resins in hot runner applications. Optimized hot runner systems to reliably run bio-resins and accommodate challenges arising in production.<br>• Launched UltraMelt platform to lower the risk of melt degradation, oxidation and discoloration; a highly effective solution to meet processing needs of bio-resins consistently. |

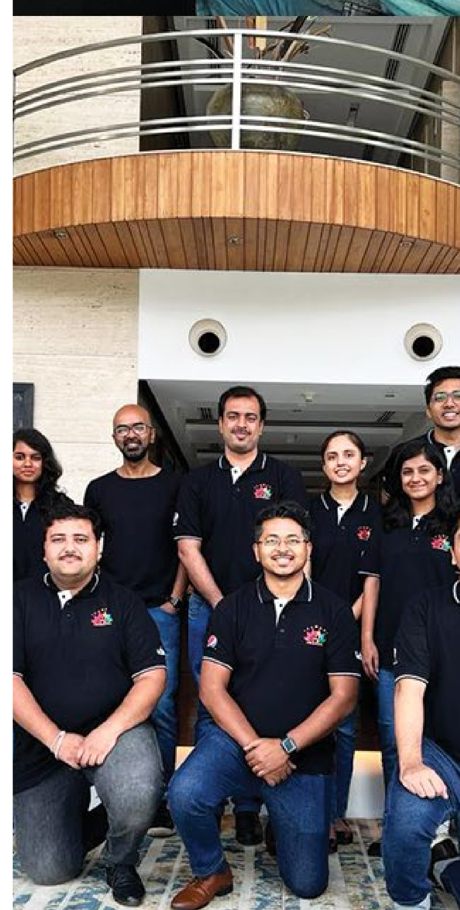
## Social impact assessment

Our suppliers adhere to stringent policies and take firm measures in line with human rights to facilitate a safe, non-discriminatory, and employee-friendly work environment. Few measures adopted to ensure these include:

- Rigorous compliance to policies related to Freedom of Association and Rights to Collective Bargaining, Child and Forced Labor, Gender Equality and Non-discrimination
- Provision of clean, hygienic and friendly work environment
- Maintenance of Occupational Health & Safety Standards
- Well-defined SOP's and policies with easy access to employees
- Limiting the maximum number of working hours as per the Government norms of 48 hours per week (with overtime reimbursement, if required, under special circumstances)
- Quarterly/half-yearly/regular trainings for employees on company policies such as POSH, OHAS and Industrial Hygiene
- Provision of Occupational Health and Safety (OHAS) Management System to ISO 45001:2018 certified suppliers (as specified)
- Support and guidance on prevention of work-related injury and ill health

A few other initiatives taken by suppliers include regular health check-up of employees, providing easy access to dispensary and mobile vans, safety drills to check emergency preparedness in case of mishappening and a special taskforce for employee grievance resolution.

# SOCIAL INITIATIVES



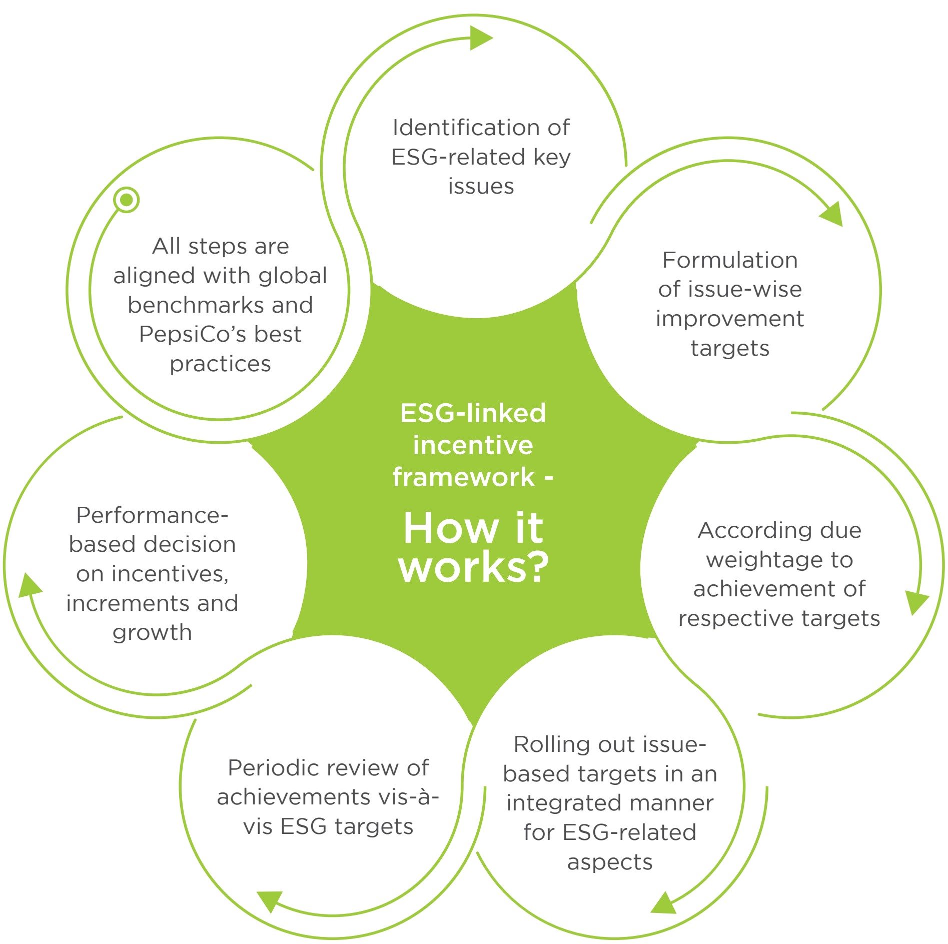

Great Place To Work® Certified FEB 2025-FEB 2026 INDIA ™

# Future-ready Workforce Shaping our Future

**At Varun Beverages, our people are improving with every initiative we have undertaken. We prioritized building a healthy, empowered, and future-ready workforce through welfare programs, skill development, career growth opportunities, and an inclusive culture. By investing in their well-being and growth, we drive sustainable success for our organization and industry.**

## Integrating ESG with employee performance

At VBL, ESG principles are not just values but are integral to our operations and decision-making. To align our ESG goals with employee performance, we have implemented a strategic framework that incorporates sustainability into business practices. Recognizing the critical role employees play in advancing ESG objectives, the Board has approved a policy to establish an ESG-linked incentive framework. This policy applies to all employees, including KMPs and Board members, underscoring our focus on integrating sustainability into every aspect of our organization.



## Nurturing a culture of growth and positivity

Our inclusive culture prioritizes growth, learning, and well-being, fostering an environment that inspires trust, respect, and transparency. Open communication enables constructive feedback, while our holistic approach to employee empowerment attracts top talent, boosts satisfaction, and drives unparalleled success.

**100%**

Return to work and retention rate for permanent employees and workers that took maternity leaves

## Continuous training and development

We invest in building a learning culture through robust training programs. By upskilling and reskilling our employees, we help them achieve career growth while positioning ourselves for accelerated business success.

## Career development and training metrics

| | CY 2023 | CY 2024 |
|---|---|---|
| Employees covered for Career development | 100% | 100% |

(in manhours)

| | CY 2023 | CY 2024 |
|---|---|---|
| Health & Safety | 217,102 | 238,813 |
| Skill Upgradation | 81,413 | 89,555 |
| Others (includes training related to Environment and Governance) | 244,240 | 268,664 |
| **Total** | **542,755** | **597,032** |

## Turnover rate (%)

| | CY 2022 | CY 2023 | CY 2024 |
|---|---|---|---|
| **Permanent employees** | | | |
| Male | 20% | 19% | 20% |
| Female | 18% | 15% | 20% |
| Others | Nil | Nil | 9% |
| **Permanent workers** | | | |
| Male | 5% | 4% | 8% |
| Female | 3% | Nil | 3% |
| Others | Nil | Nil | Nil |

## Inclusion and diversity

Our commitment to diversity and inclusion is anchored by ESG-linked targets, enhancing innovation and creativity. We focus on hiring across genders and differently-abled individuals, benefiting from diverse perspectives and enriched experiences.

Targeting
**10%**
Diversity mix by 2025

| Diversity | CY 2023 | CY 2024 |
|---|---|---|
| Permanent | 5.4% | 6.2% |
| Other than permanent | 7.3% | 7.7% |
| Overall | 6.6% | 7.2% |

## Induction of Graduate Engineer Trainees

# Performance Evaluation

| Category | CY 2024 (Current Financial Year) | | | CY 2023 (Previous Financial Year) | | |
|---|---|---|---|---|---|---|
| | Total (A) | No. (B) | % (B/A) | Total (A) | No. (B) | % (B/A) |
| **Employees** | | | | | | |
| Male | 6,838 | 6,838 | 100% | 6,260 | 6,260 | 100% |
| Female | 627 | 627 | 100% | 488 | 488 | 100% |
| Others | 22 | 22 | 100% | 14 | 14 | 100% |
| **Total** | **7,487** | **7,487** | **100%** | **6,762** | **6,762** | **100%** |
| **Workers** | | | | | | |
| Male | 3,521 | 3,521 | 100% | 3,175 | 3,175 | 100% |
| Female | 33 | 33 | 100% | 36 | 36 | 100% |
| **Total** | **3,554** | **3,554** | **100%** | **3,211** | **3,211** | **100%** |

| Category | CY 2024 (Current Financial Year) | | | | | CY 2023 (Previous Financial Year) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | Equal to minimum wages | | More than minimum wages | | Total (A) | Equal to minimum wages | | More than minimum wages | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (B) | % (B/A) | No. (C) | % (C/A) |
| **Employees** | | | | | | | | | | |
| **Permanent** | | | | | | | | | | |
| Male | 6,838 | 0 | 0.00% | 6,838 | 100.00% | 6,260 | 0 | 0.00% | 6,260 | 100.00% |
| Female | 627 | 0 | 0.00% | 627 | 100.00% | 488 | 0 | 0.00% | 488 | 100.00% |
| Other | 22 | 0 | 0.00% | 22 | 100.00% | 14 | 0 | 0.00% | 14 | 100.00% |
| **Other than Permanent** | | | | | | | | | | |
| Male | 7,091 | 0 | 0.00% | 7,091 | 100.00% | 6,867 | 0 | 0.00% | 6,867 | 100.00% |
| Female | 250 | 0 | 0.00% | 250 | 100.00% | 146 | 0 | 0.00% | 146 | 100.00% |
| **Workers** | | | | | | | | | | |
| **Permanent** | | | | | | | | | | |
| Male | 3,521 | 0 | 0.00% | 3,521 | 100.00% | 3,175 | 0 | 0.00% | 3,175 | 100.00% |
| Female | 33 | 0 | 0.00% | 33 | 100.00% | 36 | 0 | 0.00% | 36 | 100.00% |
| **Other than Permanent** | | | | | | | | | | |
| Male | 10,249 | 5,670 | 55.32% | 4,579 | 44.68% | 9,006 | 4,956 | 55.03% | 4,050 | 44.97% |
| Female | 883 | 485 | 54.93% | 385 | 45.07% | 826 | 455 | 55.08% | 371 | 44.92% |
| Other | 26 | 0 | 0.00% | 26 | 100.00% | 0 | 0 | 0.00% | 0 | 0.00% |

(₹ in Million)

| | Male | | Female | | Others | |
|---|---|---|---|---|---|---|
| | Number | Median remuneration/ salary/wages of respective category | Number | Median remuneration/ salary/wages of respective category | Number | Median remuneration/ salary/wages of respective category |
| Board of Directors (BOD) | 3 | 67.18 | - | - | 0 | 0 |
| Key Managerial Personnel | 2 | 11.79 | - | - | 0 | 0 |
| Employees other than BOD and KMP | 6,833 | 0.47 | 627 | 0.40 | 22 | 0.36 |
| Workers | 3,521 | 0.33 | 33 | 0.26 | 0 | 0 |

**Note:** Since Independent Directors received no remuneration, except sitting fee for attending Board/Committee meetings, the required details are not applicable. Further, for the purpose of calculation of median remuneration of KMP, remuneration paid to Mr. Lalit Malik has not been considered due to cessation as KMP with effect from May 13, 2024.

## Employee wellness experience

At VBL, we focus on building a workplace that prioritizes employee well-being and growth. We have introduced full-body medical check-ups and doctor consultations to support physical health, along with the Visit Health App, making healthcare easily accessible to all employees. To address mental well-being, we provide coaching and wellness programs aimed at fostering a healthy and supportive environment. Additionally, we ensure compliance with safety regulations by covering all workers under the Factories and Food Safety Acts. These initiatives reflect our commitment to the health, safety, and overall experience of our employees, enabling them to perform and grow effectively.

### Key enablers

1) **Comprehensive medical check-ups and consultations**
   - Introduced full-body medical check-ups to promote preventive healthcare among employees.
   - Enabled regular access to doctor consultations, ensuring support for health concerns and overall well-being.

2) **Visit health app for seamless healthcare access**
   - Launched the Visit Health App, providing employees with a convenient platform to book medical check-ups and consultations.
   - Leveraged technology to enhance healthcare accessibility and prioritize employee wellness.

3) **Mental health and wellness programs**
   - Acknowledged the significance of mental health and introduced coaching programs for emotional well-being.
   - Designed initiatives to address mental health concerns, fostering a holistic approach to employee wellness.

4) **Compliance with Factories and Food Safety Acts**
   - Ensured all workers are covered under the Factories and Food Safety Acts to uphold regulatory standards.
   - Reinforced our commitment to workplace safety and the well-being of the workforce.

## VBL's first all female distribution centre

# Employees

## Benefits gained

### Provident fund coverage:

- All employees are entitled to Provident Fund benefits under the EPF & Miscellaneous Provisions Act.
- Compliance with statutory regulations ensures employees receive mandated benefits.

### Employee State Insurance (ESI):

- Employees are covered under the Employee State Insurance Act, providing additional social security benefits.
- We adhere to all statutory requirements to support the well-being of our workforce.

### Defined benefit gratuity plan:

- A defined benefit gratuity plan is governed by the Payment of Gratuity Act, 1972.
- A Gratuity Trust has been established, with contributions and an insurance policy in place to meet gratuity obligations.

### Accumulated leave:

- Accumulated leave expected to be used within 12 months is treated as a short-term benefit.
- Leave policies are aligned with standards to support employee efficiency and well-being.

### Insurance for gratuity payments:

- An insurance policy is secured to cover gratuity payments for employees.
- Annual funding valuations by the insurance provider ensure any deficits are addressed.

### Trade union for non-permanent employees:

- Non-permanent employees, including contractual workers, have the right to form trade unions.
- This fosters a fair and inclusive workplace by providing a collective voice for non-permanent staff.

### Short-term employee benefits:

- Benefits payable within 12 months of service, including salaries, wages, and bonuses, are classified as short-term benefits.
- These are recorded in the Consolidated Statement of Profit and Loss during the period the service is rendered.

### Company contributions to retirement plans:

- Contributions to defined benefit and retirement plans may reach up to 12% of an employee's annual basic salary, depending on the plan.
- Certain plans also allow employees to contribute a percentage of their annual basic salary.

### Health and accidental insurance:

- All employees and workers are provided with health and accidental insurance coverage.
- This comprehensive coverage highlights our commitment to their well-being and financial security.

**100%**

Of female employees are covered under the maternity scheme.

| Category | CY 2024 (Current Financial Year) | | | CY 2023 (Previous Financial Year) | | |
|---|---|---|---|---|---|---|
| | Total employees/ workers in respective category (A) | No. of employees/ workers in respective category, who are part of Association(s) or Union (B) | % (B/A) | Total employees/ workers in respective category (A) | No. of employees/ workers in respective category, who are part of Association(s) or Union (B) | % (B/A) |
| **Total Permanent Employees** | | | | | | |
| Male | 6,838 | 0 | 0.00% | 6,260 | 0 | 0.00% |
| Female | 627 | 0 | 0.00% | 488 | 0 | 0.00% |
| Others | 22 | 0 | 0.00% | 14 | 0 | 0.00% |
| | **7,487** | **0** | **0.00%** | **6,762** | **0** | **0.00%** |
| **Total Permanent Workers** | | | | | | |
| Male | 3,521 | 1,514 | 43.00% | 3,175 | 1,586 | 49.95% |
| Female | 33 | 14 | 42.42% | 36 | 14 | 38.89% |
| Others | 0 | 0 | 0.00% | 0 | 0 | 0.00% |
| | **3,554** | **1,528** | **42.99%** | **3,211** | **1,600** | **49.95** |
| **Total** | **11,041** | **1,528** | **13.84%** | **9,973** | **1,600** | **16.04** |

## Nurturing leaders of tomorrow

### Varun Beverages competency framework: Key aspects

| Category | CY 2024 (Current Financial Year) | | | | | CY 2023 (Previous Financial Year) | | | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | On Health & Safety Measures | | On Skill Upgradation | | Total (A) | On Health & Safety Measures | | On Skill Upgradation | | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | | Number (B) | % (B/A) | Number (C) | % (C/A) | |
| **Employees** | | | | | | | | | | | |
| Male | 6,838 | 6,066 | 88.71% | 5,498 | 80.40% | 6,260 | 2,886 | 46.10% | 5,607 | 89.57% | - |
| Female | 627 | 627 | 100.00% | 627 | 100.00% | 488 | 221 | 45.29% | 330 | 67.62% | - |
| Others | 22 | 22 | 100.00% | 22 | 100.00% | 14 | 4 | 28.57% | 1 | 7.14% | - |
| **Total** | **7,487** | **6,715** | **89.69%** | **6,147** | **82.10%** | **6,762** | **3,111** | **46.01%** | **5,938** | **87.81%** | **-** |
| **Workers** | | | | | | | | | | | |
| Male | 3,521 | 3,370 | 95.71% | 3,100 | 88.04% | 3,175 | 3,146 | 99.09% | 2,856 | 89.95% | - |
| Female | 33 | 33 | 100.00% | 33 | 100.00% | 36 | 34 | 94.44% | 36 | 100.00% | - |
| | 3,554 | 3,403 | 95.75% | 3,133 | 88.15% | 3,211 | 3,180 | 99.03% | 2,892 | 90.07% | - |
| **Total** | **11,041** | **10,118** | **91.64%** | **9,280** | **84.05%** | **9,973** | **6,291** | **63.08%** | **8,830** | **88.54%** | **-** |

### Awareness and capacity building

Our workforce is central to our success, and we prioritize continuous learning through upskilling and reskilling initiatives. By fostering a culture of ongoing development, we enhance performance, adaptability, and overall business growth.

Our comprehensive training programs focus on technical, behavioral, and functional skills, preparing employees for both current roles and future challenges. Employees have shown a remarkable 100% participation rate in critical policy training sessions covering POSH, Code of Conduct, Insider Trading Regulations, Whistle blower Policies, and the Foreign Corrupt Practices Act (FCPA). These sessions follow a 'train the trainer' model, ensuring uniform knowledge dissemination across our operations.

# Employees

### Total number of employees that participated in training

| | |
|---|---|
| **CY 2024** | **11,041** |
| CY 2023 | 9,973 |
| CY 2022 | 8,636 |

### Average hours of training

| | |
|---|---|
| **CY 2024** | **54** |
| CY 2023 | 54 |
| CY 2022 | 57 |

### Average hours of training per employee category-wise

53
Average female/ others training hours

54
Average male training hours

### Emphasis on talent management

Placing the right people with the right skills in the right roles is key to achieving our business goals. Our talent management strategy ensures this by:

- Assessing employees' strengths and performance
- Identifying their developmental needs
- Enhancing their potential through targeted training
- Mapping career opportunities for future growth

### Performance management

Our robust performance management framework provides a structured approach to evaluating and enhancing employee performance. It enables teams to adapt swiftly to evolving consumer and business needs while identifying growth opportunities. This framework helps leaders set goal-based priorities and gain performance insights, facilitating regular feedback sessions for continuous improvement.

### Hiring from transgender (TG) community

We are committed to building a diverse and inclusive workplace by creating meaningful employment opportunities for the transgender community. Our journey began in 2023 with a pilot plant in Mahul, Mumbai, hiring eight transgender employees. Encouraged by its success, we expanded to Greater Noida and Nelamangala, growing our team to 20+ members.

To foster inclusivity, we carefully selected plant locations, built gender-neutral facilities, and conducted sensitization workshops for all employees. Beyond employment, we provide onboarding support and sponsor gender-affirming surgeries. As we move forward, we aim to extend these efforts across more locations and functions in 2025.

## DEI Commitments:

### Equal opportunities

We are committed to promoting equal opportunities for all employees, ensuring fair treatment and actively working to eliminate discrimination and barriers to career advancement.

### Respect for differences

We foster a culture that respects and values the rights and unique contributions of each individual, recognizing and appreciating the diversity they bring to the organization.

### Merit-based employment

Our employment decisions are rooted in merit, focusing on an individual's skills, qualifications, and capabilities, rather than irrelevant factors.

### Leadership accountability

Senior leadership and managers at all levels are accountable for upholding and implementing these DEI policies, ensuring their seamless integration into daily operations.

### Performance-based opportunities

Development and promotion opportunities are based on individual performance, capability, and potential, aligning with business needs and objectives.

### Zero tolerance

We adopt a zero-tolerance approach to violations of our PoSH and Diversity & Inclusion policies, addressing any misconduct with the utmost seriousness and subjecting it to disciplinary action when necessary.

## Workforce ratio for CY 2024

- The basic salary and remuneration ratio of women to men stands at 0.85:1 for employees.
- For workers, the ratio is 0.79:1.

These figures underscore our commitment to gender pay equity and reflect our ongoing efforts to foster an inclusive and fair workplace. We remain dedicated to building a diverse culture where every individual can thrive and contribute to our collective success.

# Employees

## Employees and workers (including differently abled):

| S. No. | Particulars | Total | Male | | Female | | Others | |
|---|---|---|---|---|---|---|---|---|
| | | (A) | No. (B) | % (B/A) | No. (C) | % (C/A) | No. (D) | % (D/A) |
| | | | | **Employees** | | | | |
| 1 | Permanent (E) | 7,487 | 6,838 | 91.33% | 627 | 8.37% | 22 | 0.29% |
| 2 | Other than Permanent (F) | 7,341 | 7,091 | 96.59% | 250 | 3.41% | 0 | 0.00% |
| **3** | **Total Employees (E+F)** | **14,828** | **13,929** | **93.94%** | **877** | **5.91%** | **22** | **0.15%** |
| | | | | **Workers** | | | | |
| 4 | Permanent (G) | 3,554 | 3,521 | 99.07% | 33 | 0.93% | 0 | 0.00% |
| 5 | Other than Permanent (H) | 11,158 | 10,249 | 91.85% | 883 | 7.91% | 26 | 0.23% |
| **6** | **Total workers (G+H)** | **14,712** | **13,770** | **93.60%** | **916** | **6.23%** | **26** | **0.18%** |

## Differently abled employees and workers:

| S. No. | Particulars | Total | Male | | Female | | Others | |
|---|---|---|---|---|---|---|---|---|
| | | (A) | No. (B) | % (B/A) | No. (C) | % (C/A) | No. (D) | % (D/A) |
| | | | | **Differently Abled Employees** | | | | |
| 1 | Permanent (E) | 2 | 2 | 100.00% | 0 | 0.00% | 0 | 0.00% |
| 2 | Other than Permanent (F) | 27 | 26 | 96.30% | 1 | 3.70% | 0 | 0.00% |
| **3** | **Total Differently Abled Employees (E+F)** | **29** | **28** | **96.55%** | **1** | **3.45%** | **0** | **0.00%** |
| | | | | **Differently Abled Workers** | | | | |
| 4 | Permanent (G) | 0 | 0 | 0.00% | 0% | 0.00% | 0 | 0.00% |
| 5 | Other than Permanent (H) | 267 | 247 | 92.51% | 20 | 7.49% | 0 | 0.00% |
| **6** | **Total Differently abled Workers (G+H)** | **267** | **247** | **92.51%** | **20** | **7.49%** | **0** | **0.00%** |

## Employees and workers who have been provided training on human rights issues and policies of the entity

| Category | CY 2024 (Current Financial Year) | | | CY 2023 (Previous Financial Year) | | |
|---|---|---|---|---|---|---|
| | Total (A) | No. of Employees/ Workers Covered (B) | % (B/A) | Total (A) | No. of Employees/ Workers Covered (B) | % (B/A) |
| | | | **Employees** | | | |
| Permanent | 7,487 | 7,487 | 100% | 6,762 | 3,111 | 46% |
| Other than Permanent | 7,341 | 5,139 | 70% | 7,013 | 3,013 | 43% |
| **Total Employees** | **14,828** | **12,626** | **85%** | **13,775** | **6,124** | **44%** |
| | | | **Workers** | | | |
| Permanent | 3,554 | 3,554 | 100% | 3,211 | 3,180 | 99% |
| Other than Permanent | 11,158 | 7,253 | 65% | 9,832 | 5,113 | 52% |
| **Total Workers** | **14,712** | **10,807** | **73%** | **13,043** | **8,293** | **64%** |

### Nurturing internal talent

We prioritize the growth and development of our internal talent by offering opportunities for career advancement. Through structured talent management programs, we identify strengths, assess development needs, and create pathways for future growth, ensuring a dynamic and skilled workforce.

### Our talent management programs

**Understanding our people**

We analyze employees' strengths, skills, and potential to gain deeper workforce insights, enabling informed talent development strategies.

**Assessing development needs**

Through structured evaluations, we identify key areas for growth, aligning individual aspirations with organizational goals.

**Actionable growth plans**

We create dynamic, personalized action plans to foster continuous employee development and career progression.

### New hires in CY 2024

| Particulars | Male | Female | Others | Total |
|---|---|---|---|---|
| Age <30 years | 1,346 | 205 | 8 | 1,559 |
| 30-50 years | 1,248 | 67 | 3 | 1,318 |
| >50 years | 13 | 1 | - | 14 |
| **Total** | **2,607** | **273** | **11** | **2,891** |

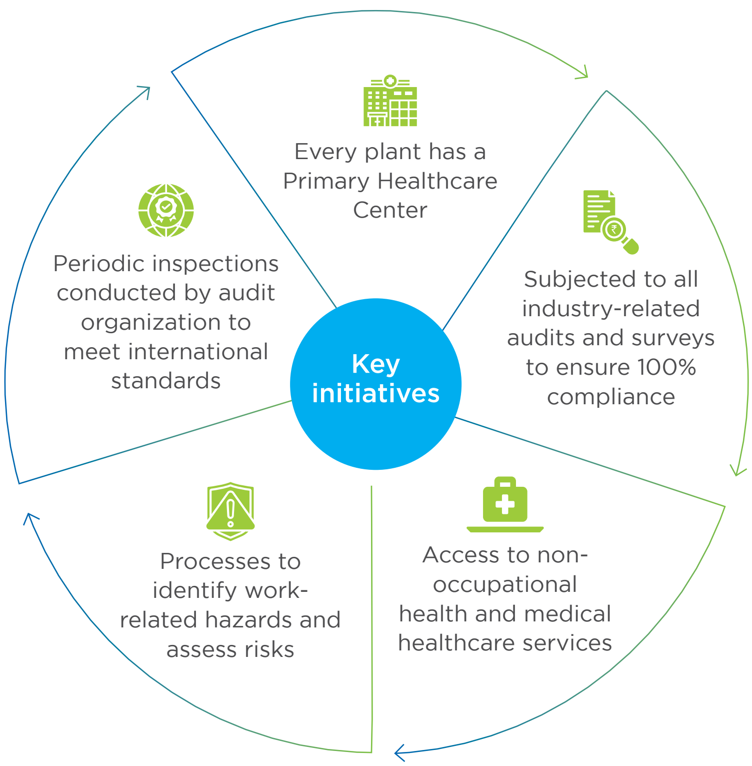
# Employee Health and Safety

**At Varun Beverages, creating a safe and healthy workplace is a top priority. Our strong governance framework, including Steering Committees and Corporate Sub-Committees, ensures the effective implementation of safety initiatives.**

### Key Safety Highlights

**36**
Plants employees/contractors participated in the Safety Perception Survey.

**Zero Fatalities**




### Safety: Our top priority

We aim for zero workplace injuries and fatalities, ensuring everyone returns home safely every day.

#### Our approach includes:

- Building a culture of safety leadership.
- Implementing comprehensive safety strategies.
- Conducting continuous training programs.

# Employees

## How do we do it


### Work at height and general safety rules

The safety guidelines for working at heights (1.8 meters or more) are designed to mitigate potential hazards. These include reporting safety hazards, injuries, incidents, emergency preparedness, handling hazardous materials and chemicals, following special procedures, and maintaining good housekeeping. The system also addresses hazard identification, risk assessment, planning and preparation, use of protective equipment, training and certification, inspections, and compliance with specific requirements.

### Incident management system

To ensure an injury-free workplace, nominated members from each plant undergo training in the Incident Management System. This system outlines injury types, a communication matrix for information sharing, incident investigation procedures, roles, and timelines for resolving incidents.

### Safety interaction system

The Safety Management System standard was successfully implemented with comprehensive training for nominated members from each plant. It establishes a process for leadership engagement with employees and contractors on safety matters. Additionally, the schedule and frequency for safety discussions on the shop floor, along with tracking and trend analysis of observations, were finalized.

### Employee passport and contractor safety management

The Employee Passport and Contractor Safety Management system helps track and ensure the completion of safety training for contractors. This structured approach aims to reduce risks associated with contractor safety. It covers processes for contractor selection, contract preparation and award, orientation and training, work coordination, auditing, and contract evaluation.

### Major achievements in safety

- Conducted Leadership Workshop on Leading Safety Efforts for Senior Leaders
- Set up governance structure for Steering Committee, Corporate Sub-Committees, and Plant APEX Committees
- Ensured control measures by implementing Incident Management and Safety Interaction Systems
- Driving Work at Height and General Safety Rules for basic safety improvements at all plants
- Implemented Employee Passport System to track and improve training needs for contractors and employees
- Enabled structured approach for reducing risks associated with Contractor Safety Management
- A Safety Perception Survey was carried out among employees and contractors, revealing that 24 out of 29 perceptions have shown improvement.

### For Sub-Committees

- Approved charters and deliverables for each sub-committee
- Action plan made for functioning of all sub-committees
- Finalized standards for Incident Management, Safety Interactions, General Safety Rules, Work at Height, Document Control, Contractor Safety Management
- Completed training on Incident Management
- Completed 2-day training on Safety Interaction

### For APEX Committees

- Finalized charters for all plant committees
- Conducted plant/cluster leadership workshops for 150+ employees in 6 plants
- Ensured functioning of all committees with action items

| Safety Incident/Number | Category | CY 2024 (Current Financial Year) | CY 2023 (Previous Financial Year) |
|---|---|---|---|
| Lost Time Injury Frequency Rate (LTIFR) (per one Million person hours worked) | Employees | 0.12 | 0 |
| | Workers | 0.096 | 0.003 |
| Total Recordable work-related injuries | Employees | 2 | 1 |
| | Workers | 3 | 1 |
| No. of fatalities | Employees | 0 | 0 |
| | Workers | 0 | 2 |
| High consequence work-related injury or ill health (excluding fatalities) | Employees | 0 | 0 |
| | Workers | 0 | 0 |

# Employees

We have implemented a structured approach to minimize risks associated with contractor safety and ensure a safe working environment, aligned with our ESG goals. This approach includes the careful selection of contractors, preparation of contracts that outline safety performance expectations, awarding contracts after thorough due diligence, providing orientation and training for contractor employees, overseeing contract work, and conducting evaluations to ensure compliance and safety standards are met.

### Contractor Selection

Contractor selection is a process of screening the available and known source through a process of evaluation of his technical, financial, quality background and equal safety records.

### Orientation and Training

Before contracted work begins, it is important for VBL to provide a health and safety orientation to familiarize contractor employees with essential health and safety information and to communicate hazards posed by VBL operations.

### Contract Preparation

The tender bid package should be developed to include safety performance expectations and conditions for execution of the work.

### Work Coordination and Auditing

The contract administrator shall establish a process so that contractor work is administered to meet the contract's mandatory health and safety requirements.

### Contract Award

The contract administrator shall confirm that the contractor's proposal meets the bid package's mandatory requirements. Confirmation shall include collection and review of the contractor's health and safety documents.

### Contract Evaluation

Plant shall establish a process for consistently evaluating contractor safety performance. The process should identify which contracted work activities should be evaluated and at what frequency.

# Augmenting Product Safety and Quality

**Refreshing billions of people worldwide comes with the great responsibility of ensuring top-notch product quality that is safe to consume. We strive to achieve this through comprehensive management systems and policies marked to highest global standards.**

## Key enablers

- Responsible sourcing and manufacturing
- Quality assurance
- Stringent labelling standards
- Sustainable marketing & sales


## Responsible sourcing and manufacturing

Ensuring quality during sourcing of raw materials and manufacturing of beverages is fundamental to our sustainability goals. Responsible sourcing through PepsiCo approved suppliers, who successfully undergo comprehensive screening and certification by PepsiCo, is a key enabler in achieving this.

Constant efforts are also made towards enhancing VBL's food safety capability and improving processes and quality system across the supply chain. Risk-based controls systems also play a significant role in mitigating potential hazards and risks in the manufacturing and support processes and complying with our food management standards.

## A promise for superior quality

Our promise for food safety and quality is fulfilled through extensive measures taken by internal and external quality teams across all manufacturing and logistics centers. These include:

- Maintenance of own food safety manufacturing system at every site. This must conform to PepsiCo's global standards and regulatory requirements in India
- Strict adherence to PepsiCo's Global Food Safety Policy within all VBL's production facilities. The policy covers raw material sourcing, manufacturing process, storage, shelf life, etc.
- Daily incorporation of food safety principles into manufacturing processes across all manufacturing sites
- Regular Food Safety Audits by third party
- Regular internal Food Safety Audits

## Product labelling

Labelling is an integral part of fostering consumer awareness, building trust and loyalty amongst them, and ensuring regulatory compliance for the Company. We strive to continually improve our labelling standards and provide clear and accurate information about the product. We also aim to provide essential information about the nutritional value of our product and look forward for more opportunities to educate our customers, in collaboration with industry, governments, and other stakeholders.

PepsiCo's Global Labelling Policy, FSSAI guidelines, and other applicable laws and regulations for labelling within India are duly followed for all products at Varun Beverages.

## VBL's labelling policy

Our products provide on the side or back of our packaging nutrition information on the amount of energy (as calories, kilocalories or kilojoules), protein, carbohydrate, total sugars, total fat, saturated fat and sodium per 100g/ml or per serving. Additionally, we will include nutrition information for nutrients for which a health or nutrition claim is made.

Our products include information on energy (as calories, kilocalories or kilojoules) per 100g/ml or per serving.

We provide the percentage of the official Guideline Daily Amounts, Daily Values or equivalents for energy, total fat, saturated fat, sodium/salt and total sugars on either the front, side or back of pack in countries where such values are available.

## Sustainable marketing and sales

Our commitment extends beyond manufacturing tasty and refreshing beverages; it encompasses our responsibility to spread awareness about our products and promote responsible consumption, helping our consumers to make healthy and informed choices. To ensure this, we:

- Adhere to PepsiCo's Policy on Responsible Advertising and Marketing to Children
- Adhere to PepsiCo's Global Policy on the Sale of Beverages to Schools
- Adhere to all relevant laws and regulations in India
- Conduct employee trainings to ensure compliance with these laws and policies

As per the franchise agreement with PepsiCo, above the line (ATL) marketing activities are PepsiCo's responsibility.

### PepsiCo's advertising and marketing strategy

No products, regardless of its nutritional profile, will be advertised by PepsiCo to children under the age of 6

Children are special and any product needs to be advertised to them with care. Considering them as special audience, PepsiCo takes special care in developing advertisements for children under 13 years of age

Additionally, only plain water, fruit or vegetable juice, and dairy-based beverages may be marketed, consistent with the International Council of Beverages Associations (ICBA) Marketing to Children Guidelines

With the objective to encourage consumption of healthy food and beverage amongst global audience under 13, PepsiCo exclusively advertises products that meet the International Food and Beverage Alliance (IFBA) Common Nutrition Criteria

# Consumer Health and Nutrition

**Today's consumers seek nutrient-rich food and beverages, and Varun Beverages is well-equipped to meet their evolving preferences. With a well-balanced portfolio, we offer products that cater to both taste and nutrition, supporting global consumers in their refreshment and wellness goals. Our commitment to transparent labeling and clear nutritional information strengthens trust among billions across 14 countries.**

## Key enablers

### Assorted nutrient-rich portfolio mix

A beverage for every mood, age and nutritional need. Choose from our assorted health-based, fruit-pulp and juice-based drinks, energy and sports drinks, dairy-based beverages as well as packaged and purified drinking water.

### Nutrition information

Providing clear nutrient information about our products help consumers to make informed and right choices, relevant to their health requirements.

## Evolving to meet consumer expectations

Tastes and nutritional needs of consumers are ever changing. As a global beverage company, we recognize the need to evolve with the changing preferences and continually align our products to scale, grow and satisfy consumer expectations.

## 1. Cutting back on sugar

By optimizing sugar content in our products, we are keeping pace with the changing health preferences of our aspirational consumers.

### Low Sugar (LS) Products


Sting

Gatorade


Mirinda


Lipton

### LS/NS Volume Mix %

CY 2024

| | |
|---|---|
| Consolidated | 53% |
| India | 44% |
| South Africa w.e.f. 27 Mar 2024 | 100% |
| DRC w.e.f. 31 Aug 2024 | 100% |
| Morocco | 89% |
| Sri Lanka | 69% |
| Zimbabwe | 65% |
| Zambia | 29% |
| Nepal | 4% |

### No Sugar (NS) Products


7up zero


Gatorade zero


Pepsi Black


Tropicana 100%


Aquafina


Evervess


### 2. Prioritizing nutrition

To deliver higher nutrient value across our product categories, PepsiCo is guided by the PepsiCo Nutrition Criteria (PNC), which is also followed by Varun Beverages.

PNC enables our products to maintain a high nutrition value by guiding the Company on (a) standards of nutrients to limit, (b) standards for food groups to encourage, and (c) standards for nutrients to encourage.

## PepsiCo Nutrition Criteria (PNC)

### Standards for Nutrients to Limit

Nutrients that have been well-established as dietary factors that can contribute to the risk of certain non-communicable diseases, when consumed in excess.

For nutrients to limit, the criteria is based on a model diet of 2,000 kcal per day, with saturated fat and added sugars at or below 10% of total energy, sodium at or below 2,000 mg per day, and no industrially produced partially hydrogenated oils (PHOs).

### Standards for Food Groups to Encourage

Food groups that have been well-established as contributing to healthier diets.

### Standards for Nutrients to Encourage

Nutrients that have been identified as being commonly under-consumed in a given population. They can vary by market or region, and are often called "shortfall nutrients" contributing to healthier diets.

### Guidelines on Sugar Content:

1. **WHO -** 10% of total energy contribution.
2. **The Healthy Choice Standards -** Less than 4.5g/100g.
3. **Beverages category for PepsiCo -** 1g-7g/100 ml (assuming 1cc liquid weighs 1g)

https://www.pepsico.com/docs/default-source/policies/pepsico-nutrition-criteria.pdf?sfvrsn=54fa599a_3

## Customer Satisfaction and GRM

We are committed to prioritizing consumer satisfaction through our Consumer Response Program. This program is designed to swiftly address and resolve consumer concerns and grievances, ensuring a courteous and timely response. The mechanism employed by us fosters a consumer-centric approach, establishing a top down commitment to building trust and enhancing transparency in addressing queries and concerns.

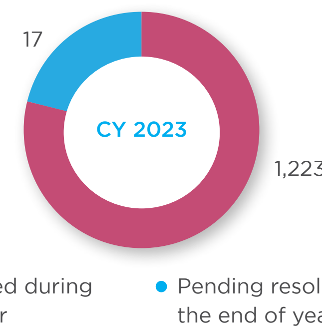
Consumers can lodge their complaints through the Toll-Free number available on product labels and crowns. The PepsiCo Consumer Response System (CRS) representative manages and organizes these complaints, forwarding them to us through the Wilke portal. Our Plant team, along with the Consumer Care/ Complaint Management System (CCMS) coordinator, reviews the auto-generated email containing relevant complaint details. The investigation involves collaboration between our Plant team, Regional Quality Coordinator (RQC), and CCMS coordinator. Customer Relationship Executives (CRE) promptly address the concerns reported.

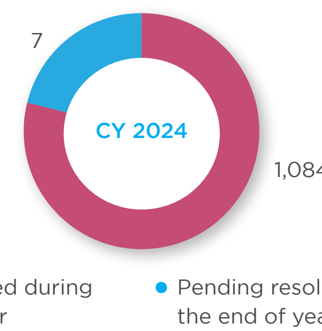
A detailed analysis of each reported complaint is conducted by all plants, leading to root cause analysis. Corrective and preventive actions are implemented by the plant team, initiating an improvement plan to prevent the reoccurrence of concerns and ensuring consumer satisfaction. This comprehensive approach reflects our commitment to continuous improvement and responsiveness to consumer feedback.

**Feedback:**

Feedback is sent to PepsiCo CRS team by CCMS coordinator, and Pepsi International (PI) Team connects and responds to consumers, subsequently on SOS basis. The complaints are tracked and reviewed monthly on the basis of its nature, flavour, category and plant.

### No. of Complaints Received Through PepsiCo Customer Care




**We have registered no incidents of data loss, leaks or thefts of customer data in CY 2024**

# GOVERNANCE


# Embedding ESG in our Corporate DNA

**At VBL, strong corporate governance continues to serve as the foundation for achieving our evolving ESG goals. Guided by a culture of integrity, accountability, and ethical practices, we remain committed to driving sustainability across our value chain. Under the visionary guidance of our leadership team, we are positively shaping the environmental and social landscapes in which we operate.**

A blend of top-down leadership and bottom-up innovation has been instrumental in embedding ESG into every aspect of our governance framework. This balanced approach ensures alignment with organizational goals, fosters adaptability, and provides deeper insights into on-ground challenges, helping us deliver impactful results.

## Corporate governance awards


**PepsiCo's International Bottler of the Year 2022**

PepsiCo's **Best Bottler** in the Africa-Middle East-South Asia region 2022

PepsiCo's **'Better'** category award 2023

**Best Corporate Governance Practices** Award - 2024

**Pep+** Leadership on Overall Sustainability Culture in 2024


**Amesa Bottler Conference** 2024 Pep+ Climate Award

**Best Corporate Governance Practices** - Varun Beverages Limited Award under Business Brand Awards 2023


**Business Excellence** (Corporate Governance) of The Year 2022 Award by Prime Time Research Media Pvt. Ltd.

**Business Leader** of the Year Awards for Best Corporate Governance Practices (FMCG) - 2022

**Business Brand** Award for Best Corporate Governance Practices - 2022

**Golden Peacock National Quality Award** - 2022


CFI.CO (UK) for **Best FMCG Corporate Governance** (India) 2022

**India Achievers'** Award 2022 for Best Corporate Governance

**Responsible Business** Award for Best Corporate Governance (FMCG) - 2022

**PepsiCo's Best Bottler** in AMESA Sector for the year 2021


**CFI.CO (UK for Best FMCG Corporate Governance** (India) - 2021

**Golden Peacock Award for Excellence in Corporate Governance** - 2021

**Award for Achievement** in Continuous Improvement - 2021


**Global Best Employer** - 2020

**PepsiCo's Best Bottler** in AMESA Sector for the year 2020

**PepsiCo's Best Bottler** of the year - 2019

**PepsiCo's Best Bottler** of the year - 2014

## Board Skills and Expertise

| Member | Icons of Committee they are members of | Area of Expertise |
|---|---|---|
| **Ravi Jaipuria**<br>Promoter & Non-Executive Chairman | M M | L S I G F C |
| **Varun Jaipuria**<br>Promoter, Executive Vice Chairman & Whole-time Director | M M C | L S I G C |
| **Raj Gandhi**<br>Whole-time Director | M M C C M | L S I G F C |
| **Rajinder Jeet Singh Bagga**<br>Whole-time Director | M M | L S I G C |
| **Dr. Naresh Trehan**<br>Non-Executive Non-Independent Director | – | L S G F C |
| **Abhiram Seth**<br>Independent Director | – | L S I G C |
| **Dr. Ravi Gupta**<br>Independent Director | C M | L S F C |
| **Anil Kumar Sondhi**<br>Independent Director | – | L S I C |
| **Rashmi Dhariwal**<br>Independent Director | M M C C M M | L S F C |
| **Sita Khosla**<br>Independent Director | M C | L S F C |

- Audit, Risk Management and Ethics Committee
- Stakeholders' Relationship Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Investment and Borrowing Committee
- Share Allotment Committee
- Environment, Social and Governance Committee

C Chairperson  M Member

L Leadership  S Strategic Planning  I Industry  G Global Business  F Finance & Legal  C Corporate Governance

## Key managerial personnel

| Sr. No. | Name | Designation |
|---|---|---|
| 1 | Raj Gandhi | Whole-time Director |
| 2 | Rajesh Chawla | Chief Financial Officer |
| 3 | Ravi Batra | Chief Risk Officer and Group Company Secretary |

## Training for Board of Directors in CY 2024

| Name | Attendance |
|---|---|
| Code of Conduct, Insider Trading, FCPA, POSH, Anti-bribery, regulatory changes/updates, sustainability initiatives, review of policies, confirmation of statutory filings on time & other important matters. | 100% |

## Board Committees

### Audit, Risk Management and Ethics Committee

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

### Stakeholders' Relationship Committee

To consider and resolve the grievances of securityholders of the Company including but not limited to complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends and review of services rendered by the Registrar and Share Transfer Agent.

### Nomination and Remuneration Committee

- Formulating the criteria for determining the qualifications, positive attributes, and independence of a director and recommendations to the Board of Directors a policy relating to the remuneration of directors, key managerial personnel, and other employees, as well as the evaluation of the performance of independent directors and the Board of Directors;
- Devising a policy on diversity of the Board of Directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board of Directors their appointment and removal, and specify the manner for effective evaluation of performance of Board, its committees and individual Directors and review its implementation and compliance;
- Determine whether to extend or continue the term of appointment of the independent directors on the basis of the report of performance evaluation of independent directors; and
- Framing suitable policies and systems to ensure that there is no violation by an employee as well as by the Company of any applicable laws in India or overseas, including:

    (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

    (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

### CSR Committee

To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, recommend the amount of expenditure to be incurred on the CSR activities and monitor the CSR Policy of the Company from time to time.

### Environment, Social and Governance Committee

- Approve the Company's ESG strategy including related targets and incentives;
- Provide oversight of the execution of the ESG Strategy and the Company's progress on its long-term ESG commitments and targets;
- Provide oversight of the key policies and programs required to implement the ESG Strategy;
- Provide advice and direction to the Company's management on implementation of the Company's ESG Strategy;
- To identify opportunities and risks to the Company's operations, its reputation and its corporate responsibility.

## Our Policies

### Remuneration Policy

This Policy includes, inter-alia, the criteria for determining qualifications, positive attributes, independence of a Director, appointment and remuneration of Directors, KMPs, Senior Management Personnel and other employees of the Company.

### POSH Policy

This policy applies to all individuals, whether employed directly or indirectly, on various employment terms working at any VBL location. It addresses sexual harassment occurring both within and outside the company premises in connection with their employment including during work-related travel or stay arrangements provided by the company.

### Anti-Bribery Policy

Officials are prohibited from giving or receiving bribes to any Government Officials or any other person or entity, including any person or entity in the private or commercial sector, if the payment is intended to induce the recipient to misuse his or her position and thereby give an unfair advantage to VBL.

### Risk Management Policy

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

### Vigil Mechanism Policy

The Company has adopted a Vigil Mechanism/ Whistle Blower Policy to provide a platform to the Directors and Employees of the Company to raise concerns regarding any irregularity, misconduct or unethical matters/dealings within the Company. The Policy provides for adequate safeguards against victimization of Directors and Employees who avail of the vigil mechanism and also provides a direct access to the Vigilance Officer or the Chairperson of the Audit, Risk Management and Ethics Committee, in exceptional cases.

### Archival Policy

This Policy deals with the retention and archival of corporate records of the Company in compliance with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Policy on Diversity of the Board of Directors

The Company recognizes the benefits of diversity on the Board and believes that a diverse Board can make significant contribution towards achievement of Company's strategic and commercial objectives more efficiently and effectively. The Company believes that Board with diverse representation is better equipped to leverage benefits emerging through members with diverse thoughts, perspective, knowledge, experience and gender and is well equipped to perform its functions and give strategic guidance to the Company. The Company remains committed to ensuring that a transparent nomination process is followed where appointments will be made on merits in order to strengthen the corporate governance, achieve business results, ensure sustainable development for benefit of all stakeholders and enhance the reputation of the Company.

## Ethical Business Conduct and Other Policies

To comply with the provisions of Regulation 17(5) of SEBI (LODR) Regulations, we have adopted "Code of Conduct for Board of Directors and Senior Management". Code is available on the website of the Company at https://varunbeverages.com/wp- content/uploads/2023/03/19-Code-Of-Conduct- For-Board-Of-Directors-and-Senior-Management- Revised.pdf

On the basis of declarations received from Board Members and Senior Management Personnel, the Executive Vice Chairman & Whole-time Directors have given a declaration that the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code during the CY 2024.

At VBL, we promote diversity, inclusiveness, and treating all employees with respect. Encouraging an environment where every individual can develop, we steadfastly pledge to provide a workplace free from discrimination, harassment, and abuse.

In 2024, we are pleased to announce that none of our suppliers were involved in any instances of forced or child labour. We are dedicated to procuring raw ingredients and packaging materials exclusively from PepsiCo's approved suppliers. PepsiCo conducts a rigorous certification process for all of our suppliers, and we are no exception.

## Anti-corruption and Anti-bribery

We consistently monitor and communicate with our employees to raise awareness about avoiding involvement in any corrupt practices. These communications are regularly disseminated through internal channels and are also published on our official website as part of our policies. The policy commitments extend to all organizational activities and are communicated to stakeholders via email and the official website.

While we do not offer transition assistance programs for continued employability post-retirement or termination, we invest in training sessions for senior and middle-level employees. These individuals play a crucial role in developing processes and procedures to prevent corrupt practices within the organization.

To fortify our commitment against corruption, we have established anti-corruption policies and procedures, which are effectively communicated to our business partners. In our risk assessment, 100% of operations are thoroughly evaluated for corruption-related risks, and the assessment did not identify any significant risks. Our unwavering commitment to ethical business practices and compliance with relevant laws and regulations is further ensured through the following practices:

## Communication and Transparency

Effectively communicating our anti-corruption policies and procedures to all business partners, including suppliers and third parties, is a pivotal measure in cultivating a culture of transparency and integrity. By making these policies publicly accessible on our website, we underscore our unwavering commitment to transparency in our operations.

## Non-disclosure Agreements (NDAs)

Requiring third parties to sign Non-disclosure Agreements (NDAs) that mandate compliance with our anti-corruption policies is a prudent and proactive measure to safeguard our organization against potential corruption risks. These NDAs serve as legally binding agreements, providing a robust framework to reinforce our expectations for ethical behavior.

## Due Diligence

It is crucial to undertake thorough due diligence on our business partners, particularly those operating in high-risk areas or industries. This diligent approach ensures that our partners align with and uphold our steadfast commitment to anti-corruption measures and ethical business practices. By rigorously assessing and vetting our business partners, we strengthen the foundation of integrity and reinforce our dedication to fostering a business environment built on ethical conduct.

## Fostering inclusion and diversity

We aspire to build a culture that brings together people of all ages, gender and capacities on one common platform and empowers them to unleash their full potential. Gender, age and differently abled therefore comprise our core priority to foster an inclusive and diverse workforce.

Constant efforts are also being made to empower women employees with special emphasis on incorporating their ideas and perspectives across our business processes and strategies.

- To maintain awareness and comply with all applicable laws and regulations of the countries of operation
- To maintain confidentiality of all PepsiCo's and its partners information
- To compete fairly for PepsiCo's business and conduct all such business on behalf of PepsiCo in a lawful manner
- To encourage a diverse workforce and provide a workplace free from discrimination, harassment or any other form of abuse
- To treat employees fairly, including with respect to wages, working hours and benefits
- To prohibit all forms of forced or compulsory labor
- To prohibit use of child labor
- To respect employees' right to freedom of association and collective bargaining Principles of Business Conduct of PepsiCo
- To provide safe and healthy working conditions
- To carry out operations with care for the environment and to comply with all applicable environmental laws and regulations
- To maintain accurate financial books and business records
- To deliver products and services meeting applicable quality and food safety standards
- To support compliance with Supplier Code of Conduct
- To observe policies regarding gifts and entertainment and conflicts of interest
- To ensure that all land acquisitions meet IFC Performance Standards
- To report suspected violations of the Code

## Business continuity plan

Considering the highly volatile and unpredictable nature of environmental and ecological disasters, Business continuity is one of the utmost priorities for any organization in the event of occurrence of any natural disaster, pandemic, or any other likely event.

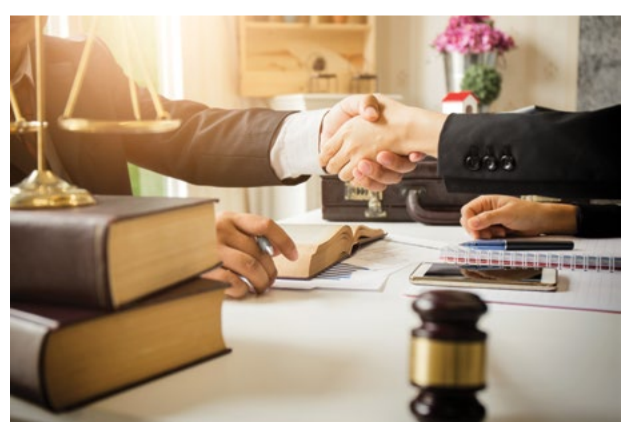
In case of any high risk event, to ensure there is no disruption in the major business operations including sales, production and financial related functions, we have a detailed Business Continuity Plan in place to implement the mitigation plan immediately, restore the impacted operations within the defined time limits and ensure all functions are operating well like back-up IT servers, office facilities, raw material suppliers, etc.

Crisis Management teams are formed which will be in immediate action at the time of any disaster.

Regular training is provided to them to ensure the clarity of roles and responsibilities of all the teams for quick response. Also, mock drills are conducted to check the preparedness to tackle such situations.

### We have formulated a detailed risk management policy which includes:

- Framework for identification of internal and external risks
- Measures for risk mitigation including systems and processes for internal control of identified risks
- Business continuity plan
- Evaluate and review the risk management plan, the risk management system, including risk policy, risk process (risk identification, assessment, mitigation and monitoring), cyber security processes and risk registers laid down by the management
- Recommendation for appointment, removal and terms of remuneration of the Chief Risk Officer



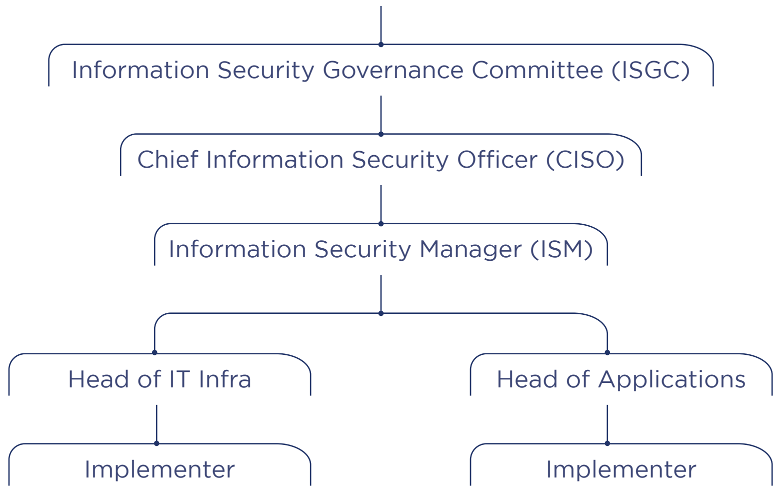
# Information System and VBL Code of Conduct

**In our unwavering commitment to information security, we have strategically implemented an Information Security framework designed to establish, execute, monitor, and continually enhance our organization's information security posture. This comprehensive framework not only sets explicit objectives but also provides a holistic direction for action. It reflects our management's resolute commitment to information security, carefully considering business requirements, legal and regulatory implications, and contractual obligations.**

Aligned with industry best practices, our framework encompasses the intricate interplay of business processes, human resources, and technology. It operates under the guidance of meticulous policies and procedures, ensuring robust governance and adherence to the highest standards in the industry. By integrating industry best practices, we fortify our information security framework, making it a dynamic and resilient safeguard against evolving threats.

It's noteworthy that our commitment to information security has resulted in zero complaints from external entities, attesting to our proactive approach to safeguarding data privacy and cyber security. This achievement is not only a testament to our dedication but also positions us as a leader in adopting industry-best practices for securing sensitive information.

### Information Security Organization Structure




Information, a precious asset for VBL, holds intrinsic value, regardless of its origin or nature. The triad of confidentiality, integrity, and availability forms the bedrock of trust and confidence, pivotal for both our customers and the informed decision-making process. In a steadfast commitment to safeguarding our information and information systems, we have instituted an Information Security Management System (ISMS) in accordance with ISO/IEC 27001, meticulously documented in our Information Security Manual.

The overarching objective of our ISMS is intricately aligned with the broader business objectives of the organization. We ensure that our SMART (Specific, Measurable, Achievable, Realistic, and Time-bound) objectives for ISMS are clearly defined, providing a roadmap for success. Regular reviews and adjustments to these objectives are conducted as necessary, reflecting our commitment to adaptability and continuous improvement.

By adhering to international standards and maintaining a dynamic ISMS, we have not only secured our information but also aligned our information security practices with the strategic goals of the organization, fostering a resilient and adaptive approach to safeguarding our invaluable information assets.

When an individual violates the established rules and regulations, disciplinary action can be implemented to ensure accountability and maintain a productive and ethical environment. The specific disciplinary actions at VBL are determined based on the nature and severity of the violation.

| Code of conduct encourages employees to | Code of conduct refrain employees from |
|---|---|
| ✓ Respect employees' right to freedom of association and collective bargaining<br>✓ Maintain accurate financial books and business records<br>✓ Deliver products and services meeting applicable quality and food safety standards | × Practicing any sort of bribery<br>× Violation of any provision of the Code |

### Disciplinary Action

**When an individual violates the established rules and regulations, disciplinary action is implemented to ensure accountability and maintain a productive and ethical environment. The specific disciplinary actions at VBL are determined based on the nature and severity of the violation.**

# CSR Initiatives: Making a Sustainable Difference

**We are committed to uplift the less privileged communities through focused CSR initiatives in the areas of education, environmental sustainability and rural development.**

### Imparting knowledge with Shiksha Kendra

We collaborated with Shishka Kendra School, a social initiative by the Delhi Public School (Gurgaon) to impart education to the underprivileged children. The objective of the initiative is to help them become confident, knowledgeable and responsible citizens of India and fetch a better standard of living for themselves and their families. The beneficiaries under this initiative are entitled to avail the benefits of DPS infrastructure and its other resources including books, uniform and transportation.

~34,000

Students availed free education since 2003

Sponsored evening schools at Delhi Public Society for economically weaker sections

### Vision

To predominantly offer free healthcare support to the underprivileged and economically weaker sections of the society by providing easy access to medical care.

### Mission

To provide free access to medical assistance i.e., access to medical consultation, essential medicines, pathology and diagnostic tests to people in the community and villages close to the plants, with an aim to improve the overall health index of the communities.

## Sustainable healthcare through AARU clinic

Access to sustainable healthcare is a fundamental need, yet many marginalized communities in India face significant challenges in receiving essential medical services. Committed to making a meaningful impact, we support the AARU Care initiative by RJ Foundation, which provides quality healthcare to economically weaker sections in rural areas. Through AARU Clinics, we offer free consultations, medicines, and diagnostic tests, ensuring accessible and holistic care. Till 2024 we have served over 3.4 lakh patients, addressing critical healthcare needs and improving community well-being. Our efforts reflect a deep commitment to inclusive healthcare and social responsibility.

**3,40,000+**
Patients benefited in CY 2024

**11**
Operational clinics in India (6 in Uttar Pradesh, 2 in Rajasthan and 1 each in Madhya Pradesh, Punjab and Assam)


## VBL Water Distribution Programme – A Drop of Hope

In the heart of drought-affected regions, where parched lands and dry wells tell a story of struggle, VBL stepped forward with a mission—ensuring access to clean drinking water for those in need.

As intense heatwaves swept across the country, thousands of families found themselves battling severe water scarcity. With lakes drying up and handpumps running empty, the necessity of water became an urgent crisis. Recognizing this dire need, VBL, through RJ Foundation, launched an extensive Drinking Water Distribution Drive, reaffirming its commitment to community service and sustainability.


Through a well-coordinated effort, over 5.7 million liters of clean drinking water were distributed across 10 states, reaching 150 villages and positively impacting more than 150,000 families. The initiative brought not only relief but also a renewed sense of hope to those struggling to access this basic necessity.

VBL employees played a crucial role in the execution of this drive. From identifying the most affected regions to ensuring seamless distribution, their dedication was evident. As expressed by team members, witnessing the smiles on the faces of villagers was an immensely fulfilling experience.

**5.7** Million Liters
Drinking water distributed

**150,000**
Families benefitted

## Pravah: Building skills for a sustainable future

Unemployment of youth is a grave challenge that India faces, having far-reaching socio-economic impact. Pravah Skill Development Centre, by upliftment of unemployed youth in the marginalized sections of the society, is an attempt to mitigate this challenge. Its structured, sustainable and scalable framework enables skill development and facilitates an enriching learning experience to the underprivileged youth. With an objective to bring them into mainstream, Pravah aspires to become a leading skill development center. The initiative is aligned with center's mission to train maximum skilled workforce to meet domestic regional requirements of a growing economy.

### Courses offered by Pravah Skill Development Centre

**Computer Course**
To acquaint students with basic knowledge of computers

**Fashion Designing**
To make students learn to stitch all types of garments related to men, women and children

**Beauty Care**
To give women an opportunity to pursue their interests

**English Communication Skills**
To help participants understand various aspects of communication and refresh their communication skills

**Job Assistance**
To help students get placed in respective jobs through assistance in job placement

**Graphic Designing Course**
In a graphic design course, students learn how to use design software such as Adobe Photoshop.

**Tally**
The Tally ERP course is designed to help students understand the principles.

**17,000+**
Upliftment of Unemployed Youth

# Risk and Opportunities Management

**Risks are inherent in business, emphasizing the need for a robust risk assessment and mitigation policy. At Varun Beverages, a reliable risk management process is constantly engaged in identifying, evaluating and managing potential and actual business risks.**

Our risk management process is operational across all our functions (production and distribution), facilities and countries we operate in. Early assessment of risk and their seamless management drives better decision-making and fosters preventive measures for impact control, ensuring business continuity and sustained growth.

## Components of Risk Management Framework

- Risk identification
- Risk analysis
- Measure and monitor risk
- Risk controls and mitigation

### Risk Identification

Develop a comprehensive reporting system to proactively identify potential risks.

Gather insights from stakeholders, incorporating historical data and industry benchmarks.

### Risk Assessment

Systematically classify key risks and analyze their root causes.

Align risk assessment targets with business objectives, identifying potential opportunities and threats.

### Risk Controls and Mitigation

Implement control measures to mitigate identified risks effectively.

Establish clear action plans to address risks while optimizing resource allocation.

### Monitoring and Reporting

Continuously monitor risks and refine mitigation strategies based on performance.

Regularly update and share risk reports to ensure transparency and informed decision-making.

## Key risks and mitigation plan

| Risk | Description | Mitigation Plan |
|---|---|---|
| **Demand Risk** | The risk of slowdown in the Company's target markets and adverse impact on its sales velocity caused by a cyclical downturn. | Varun Beverages strategic approach to provide the right brand featuring right products at the right price and through the right channels, has enabled the Company to grow consistently in its sales volumes. An extensive portfolio, comprising a wide range of products, helps it to cater to the varying tastes and preferences of diverse consumer segments. Steady growth is also attributed to presence in relatively underpenetrated markets with favorable demographics, growing population, and advantageous climate. |
| **Business Agreement Risk** | The Company relies on strategic relationships and agreements with PepsiCo. Termination of agreements or less favorable renewal terms could adversely affect profitability. | Varun Beverages has steadily strengthened its partnership with PepsiCo over the past three decades, solidifying its market ties, expanding its territories and sub-territories, and diversifying its production and distribution capabilities across a broader array of PepsiCo beverages. These factors, along with the Company's focus on adding multiple SKUs into the portfolio and developing a stronger distribution network, has helped it to win a larger market share for PepsiCo, garnering its trust and continued patronage. The bottling appointment and trademark license agreement for India with PepsiCo India has been extended till April 30, 2039, from October 2, 2022, earlier, signifying strong partnership, built on the foundation of mutual trust and support. Collaborating as active development partners, investing in joint projects and business planning on strategic issues ensures a close and mutual beneficial relationship between the Company and PepsiCo. |
| **Regulatory Risk** | Regulatory risks to the Company include new and evolving regulations on consumer health. Business is also at the risk of adverse impact on account of Company's products being targeted for discriminatory tax and packaging waste recovery. | Sustainability is at the core of all business decisions and operations within Varun Beverages. Along with PepsiCo, the Company takes proactive steps to collaborate with the government and other regulatory authorities to ensure clear understanding of the facts and prevent unfair singling out of its products. VBL, along with the NGO's, communities it operates in, and other stakeholders, is continuously focused on establishing and implementing sustainability solutions in the areas of environment, social and governance. Eco-friendly manufacturing practices are consistently adhered to and strong emphasis is placed on addressing issues related to packaging waste recovery / recycling, water management and greenhouse gases emissions. As a part of its sustainability commitment and for phased implementation of 100% recycling of used PET bottles, VBL has collaborated with GEM Enviro Management Ltd. Measurement and improvement in the Company's carbon footprint and water footprint assurance is further achieved through alliance with Deutsch Quality Systems (India) Private Limited. The Company also aligns with PepsiCo's strategy of introducing healthier and "zero sugar" variant of products, solidifying its position as a responsible brand that cares for its consumers. |

| Risk | Description | Mitigation Plan |
|---|---|---|
| **Business Viability Risk** | Business viability risk amounts to the financial and/or performance risk stemming from Company's inability to integrate the operations of newly acquired territories and sub-territories or derive potential operating and cost efficiencies from them. | VBL's straightforward strategic approach and financial need ensures that any future acquisitions or partnerships comply with the Board's acquisition guideline and bring value to the Company. Performance of the newly acquired territories and business viability is ensured by the Company through concentrated efforts and initiatives. This includes significant financial investment and considerable time spent by the management to develop local market strategies that are capable of mitigating possible cultural and language barriers as well as incorporating existing business practices into new activities. |
| **Consumer Preference Risk** | Inability to adjust with the evolving consumer health trends and failure in clarifying misunderstandings about the health impacts of consuming soft drinks could harm demand. | Close collaboration with PepsiCo enables the Company to regularly evaluate the evolving habits of its consumers and align its product innovation with the changing demand, therefore augmenting its range of products and remaining relevant in the competitive business landscape. PepsiCo's new and healthy product plan with greater focus on zero / limited calorie content and sugar content also augurs well for VBL. |
| **Raw Material Risk** | An interruption in the supply or significant increase in the price of raw materials or packaging materials may adversely affect the Company's business prospects, results of operations and financial condition. | A series of initiatives and programs are implemented at VBL to optimize cost and operational efficiencies. Concentrated efforts, including backward integration and consolidated procurement of raw materials, are constantly made to reduce the cost of goods sold and increase the Company's cash flows. The Company also enjoys a good bargaining power with its suppliers owing to its scale of operation, resulting in better work-ing capital management. Other than this, the Company is consistently committed to optimize its asset management and utilization, leading to higher operating efficiency and amortization of overheads costs on a wider case. Innovative solutions further augment VBL's process efficiency ensuring consolidated operational data from production, scheduled sourcing, and superior monitoring of the supply of goods from manufacturers to the retail point of sale. |
| **Sustainable packaging costs and market availability** | The cost of recyclable materials, such as recycled PET (rPET) and aluminum, can affect packaging costs. Increased prices may impact our sustainability efforts, especially if these materials are essential for eco-friendly packaging. In areas with high plastic consumption, inadequate collection and recycling infrastructure can be a challenge. This may affect our ability to source recycled materials or manage our packaging waste effectively. Supply constraints or high costs can pose challenges to access to high quality recycled materials (like rPET) at reasonable prices | We are making substantial progress toward achieving our Mission 2025 commitment of 100% recycling rates. This includes efforts to increase the overall packaging collection rate, indicating a commitment to responsible waste management. Additionally, we are focused on increasing the use of recycled PET in our PET bottle packs, emphasizing a shift towards more sustainable packaging materials. Our target is to achieve 30% usage of r-PET in our total plastic consumption. We are working with GEM Enviro Management Ltd for recycling plastic waste, conducting awareness programmes for communities, uplifting the lives of ragpickers, etc. |

| Risk | Description | Mitigation Plan |
|---|---|---|
| **Water usage and replenishment** | Managing packaging-related emissions and waste is vital for achieving sustainability commitments, such as Net Zero. To maintain a positive brand image and meet customer expectations as consumer preferences are increasingly leaning towards environmentally friendly products and packaging. Identifying regions and areas that are experiencing water scarcity due to factors like population growth, climate change, and over extraction of water resources. Analyzing the impact of climate change on water availability, including changes in precipitation patterns and the frequency of droughts and floods. Recognizing the importance of maintaining water availability for local communities' water requirements in overexploited and critical zones as per CWGB. Increased concentrations of greenhouse gases in the atmosphere trap heat, resulting in global warming. | Exploring and implementing 150+ process improvements and solutions for efficient water usage. We have set the target to reduce our usage ratio 1.40x by 2025. We have to meet regulatory requirements related to water replenishment, ensuring they contribute to overall water resource conservation. However, we are very much ahead of the regulations. We have adopted 192 water bodies in the vicinity of our manufacturing plants which help to replenish groundwater reserves. We are committed to keeping our groundwater recharge twice the total water we use for our beverage production. Industries may implement sustainable sourcing practices to reduce their water footprint and use resources more efficiently. |
| **Carbon Footprint Management** | Climate change driven by carbon emissions can disrupt ecosystems and threaten biodiversity. Governments may use carbon footprint assessments to set emission reduction targets, implement regulations, and incentivise greener practice. Changing perceptions of community about greenwashing. | Aligning our future business growth targets with our carbon footprint initiatives. Increasing sustainable packaging mix to reduce usage of future requirements. Engaging with stakeholders, including employees, suppliers, and communities, is often a crucial part of successfully implementing carbon footprint commitments.<br><br>We have set our target to achieve Net Zero by 2050 over base year 2023 under our strategic sustainability approach. |

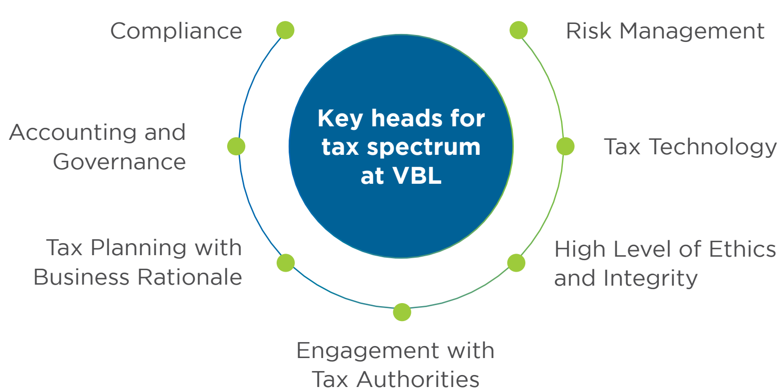
## Climate risks and opportunities

### Transition risks

| Risk | Description | Mitigation plan |
|---|---|---|
| **Temperature** | Higher temperatures can lower manufacturing efficiency, increase cooling costs, and pose heat stress risks, impacting worker health and productivity. | Invest in energy-efficient cooling systems and insulation to combat rising temperatures. Protect workforce health by creating heat-resistant work environments, offering flexible hours, providing hydration and electrolytes, and conducting heat stress assessments. High-stress jobs can be managed with frequent job rotations to ensure safety and maintain productivity. |
| **Water availability** | Water availability challenges include droughts, which can lead to water scarcity and disrupt production dependent on significant water usage. Groundwater depletion also poses risks, particularly for sites reliant on it, potentially increasing water costs. Additionally, floods caused by excessive rainfall can damage infrastructure, disrupt operations, and impact supply chains. | To address water challenges, companies can implement advanced water management systems focused on recycling and conservation to use water more efficiently. Additionally, investing in technologies that tap into alternative water sources, such as desalination and rainwater harvesting, can further ensure sustainable water availability. |
| **Weather events** | The rising frequency and intensity of cyclones and storms can disrupt supply chains, damage infrastructure and cause operational shutdowns. | To mitigate risks, strengthen infrastructure to endure extreme weather with resilient designs and backup power systems. Additionally, diversify supply chains to lessen dependence on regions vulnerable to extreme weather events. |
| **Water sources** | Glacial melt can alter water availability, impacting regions that rely on glacialfed water sources. | To address glacial melt, improve water efficiency to reduce reliance on glacialfed sources and implement monitoring systems to anticipate and adapt to changes in water availability. |
| **Land degradation** | Desertification, leading to the loss of arable land, can disrupt agricultural supply chains and drive up raw material costs. | To mitigate the impact of desertification, companies can source raw materials from regions less vulnerable to it and invest in land restoration projects to combat soil degradation, ensuring continued agricultural productivity. |

# Sustainable Tax Practice: Furthering our ESG Commitment

**Tax compliance and implementing sustainable tax practices has been central to our business priorities. Adhering to tax regulatory compliances reflects our commitment to ESG and corporate governance.**




### Compliance

VBL strictly adheres to all tax regulatory compliances, periodical filings, and reporting for all the applicable tax laws. We express zero-tolerance to any non-compliance, supported by our efficient compliance tracking tool that features a pre-defined escalation matrix for instant flag off.

### Accounting and governance

Taxes on all fronts – input, output, corporate and withholding taxes are properly accounted for in alignment with applicable laws and accounting standard through a dedicated team of tax experts. In case of any change in existing tax laws, our internal team of tax experts evaluate the changes and its implications on our business transactions. An updated SOP is then circulated to implement the changes amongst relevant stakeholders.

### Tax planning with business rationale

A transparent process of tax risk assessment and management, integral to tax planning at VBL, is implemented. In compliance with our zero-tolerance for non-compliance of tax regulations or tax evasions, we refrain from taking any aggressive tax positions. Only those tax incentives, that are aligned with our overall business objective are availed in respective jurisdictions.

### Engagement with tax authorities

We strive to stand out as 'the most trusted and tax compliant company' in our operational areas. To ensure this, we provide full support and actively engage with the tax authorities to understand the business model and tax positions.

### Risk management

Risks within VBL across the key risk areas are constantly monitored and mitigated. An internal risk control process continually identifies, measures, analyzes and manages such risks. A comprehensive review mechanism is also set up to keep all transactions tax compliant and ensure that they fall within no risk or low risk categories. The responsibility for such review is vested with the Audit, Risk Management & Ethics Committee, Internal Auditors and Statutory Auditors.

## Tax technologies

Digital recording and reporting of all tax transactions is becoming a norm with the advancement in online governance and tax technology. VBL has made adequate investments towards this to ensure accurate and faster reporting.

| Vendor Management | Identification and recording in correct ledger | System generated Sale Invoices, E-invoices and E-way bills | GST portal reporting |
|---|---|---|---|
| Strong vendor management process with robust KYC documentation & verification of historical compliances under GST laws | Powerful SAP-based identification process enabling issuance of PO using correct HSN/SAC and tax code | VBL SAP is integrated with the E-invoicing portal and E-way bill portal of the government | Filing of GST returns for all outward supplies basis system-generated sales register |
| Vendor mapping with correct HSN/SAC code and GST rates | System-based transaction identification by an internal team | System configuration restricts invoice generation without an E-invoice and E-way bill (as prescribed under the GST laws) | This ensures that all the recorded outward supplies get reported along with the correct tax liability |
| Vendor mapping with correct withholding tax codes for proper deduction of withholding tax while recording transactions | Controlling of the input tax entitlement through the system to ensure that the input tax credit is not availed wrongly (not permitted as per GST laws) | | |

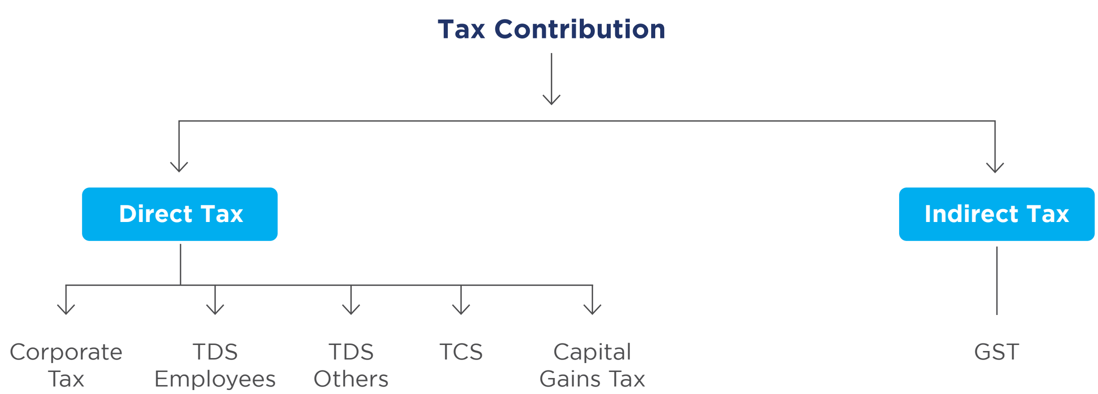
## Integrity and ethical conduct

Ethical conduct and integrity is upheld across the organization and supported by strong and transparent accounting principles. Unethical behavior by any of our employees and/or third-party working in or behalf of the company is not tolerated and strict policy measures are implemented against them. The company has a zero-tolerance policy on integrity in place, which is applicable for all VBL's dealings with vendors, customers, third-party consultants and government authorities.

## Corporate Taxes, TDS, TCS, Capital Gains Tax and Dividend Distribution Tax

Over the years, VBL has made a significant contribution to the exchequer by way of Corporate Tax, TDS on Employees, TDS on others, TCS, Capital Gains and the Dividend Distribution Tax. Given an increase in turnover in the last five years, its Corporate Income Tax has increased – from ₹ 934.5 Million in FY 2019-20 to 5,974.5 Million in FY 2023-24.

### Contribution to Exchequer




**Tax trends in the last five years:**

(₹ Million)

| Description | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
|---|---|---|---|---|---|
| Corporate Tax (Excluding Interest u/s 234A/234B/234C) | 934.5 | 347.2 | 1,383.9 | 4,988.9 | 5,974.5 |
| TDS on Employees (As per Tax Audit Report) | 430.1 | 454.9 | 561.0 | 769.0 | 750.4 |
| TDS on Others (As per Tax Audit Report) | 310.6 | 245.7 | 484.7 | 770.1 | 857.5 |
| TCS (As per Tax Audit Report) | 2.6 | 29.6 | 72.2 | 118.1 | 130.0 |
| Dividend Distribution Tax | 91.7 | - | - | - | - |
| Capital Gains Tax (Including in Corporate Tax mentioned above) | 0.1 | 1.2 | 0.1 | 2.2 | 1.0 |

Note: For taxation purpose, FY refers to Financial Year defined as per the Income Tax Act, 1961 i.e. April 1 to March 31.

## Indirect Tax - GST

The key product of VBL is taxable at a higher rate of 28% GST with 12% cess. In the last five years, the total payment of Gross GST on outward supplies stands at ₹ 163,646.8 Million. This has increased from ₹ 23,280.4 Million in Financial Year 2019-20 to ₹ 53,970.1 Million in Financial Year 2023-24.

**Tax trends in the last five years:**

(₹ in Million)

| Financial Year | Gross Tax Payable (₹) | Paid through Cash (₹) | Paid through ITC (₹) |
|---|---|---|---|
| 2019-20 | 23,280.4 | 12,024.5 | 11,255.9 |
| 2020-21 | 24,690.8 | 12,309.6 | 12,384.1 |
| 2021-22 | 31,918.9 | 15,639.0 | 16,276.9 |
| 2022-23 | 53,067.0 | 26,194.6 | 26,872.4 |
| 2023-24 | 53,970.1 | 28,708.3 | 25,261.8 |

# INTERNATIONAL TERRITORIES



pepsi

# Growing Stronger in the International Business

**Crossing boundaries to create the right ESG impact, our ESG strategy drives meaningful action and global growth. We champion sustainability through inclusive practices that create lasting impact. By integrating environmental stewardship, social responsibility, and strong governance, we foster positive change across our operations and communities, reinforcing our commitment to a better future.**

## Varun Beverages South Africa

### Environment

- Reduction in PET blowing pressure
- Implementation of post-blowing air recovery systems across all plants
- Assessment of steam traps and optimization of condensate return recovery
- Exploration of solar power adoption across all plants
- Installation of flow meters in key areas across all plants
- Installation of water recovery systems on the blender in all plants
- Optimization of CIP water usage
- Implementation of cut-off switches for hand wash stations
- Partnership with regional recycling companies for the collection of used PET bottles

0.25 kWh/case
Electricity consumed in 2024

1.81 Liters
Water consumed per liter of beverage production in 2024

### Social

- Social media campaign for Women's Month
- Launch of Reboost Pink in affiliation with Women's Month gatherings
- Collaborative initiatives with Bethany House to support women affected by domestic violence
- Updated contractor management system
- Enhanced Permit to Work system with a special focus on improving frontline awareness of risk mitigation

28%
Diversity in CY 2024

### Governance awards and achievement

#### Compliance

- Ensuring strict adherence to corporate policies and applicable laws.
- Conducting regular audits to uphold the highest standards of ethical conduct.

#### Training

Conducted various compliance training programs.

# Varun Beverages Morocco

## Environment

- Installed flow meters for precise water usage monitoring and optimization.
- Enhanced RO efficiency in areas where recovery rates were below the designed capacity.
- Implementing solar power panels to minimize reliance on conventional energy sources.

**0.27** kWh/case
(~13% reduced from 2023)
Electricity consumed in 2024

**1.99** Liters
Water consumed per liter of beverage production in 2024

**1.6** MW
Rooftop solar power capacity

**11%**
Renewable Energy Mix




## Social

- Promoting gender diversity by integrating women into the workforce to foster inclusion within the organization.
- Supporting employee well-being and engagement through initiatives like pilgrimage programs, sports activities, summer camps, and team-building events.
- Contributed social aid to earthquake victims in the Al Haouz region.
- Launched recruitment campaigns in rural areas to create livelihood opportunities for local residents.

**7.2%**
Diversity in CY 2024

**Employer of the year**
By EFE Morocco in 2024

## Governance awards and achievement

**Training**
Conducted various compliance training programs

## Varun Beverages Zimbabwe

### Environment

- Installed a water treatment plant to minimize water wastage
- Set up solar power plants to reduce reliance on conventional energy sources
- Lowered carbon emissions by reducing coal usage with lighter grammage per 8 oz
- Participated in National Tree Planting Day in collaboration with NMB Bank and the City of Harare
- Replaced diesel/petrol forklifts with electric vehicles (EVs)
- Introduced EVs for last-mile delivery to further reduce environmental impact

**0.32** kWh/case
(~13% reduced from 2023)
Electricity used in 2024

**1.60** Liters
(~10% reduced from 2023)
Water utilized for per liter of beverage production in 2024

**3.5** MW
Rooftop solar power capacity
Renewable Energy Mix ~10%

**1,600+**
Trees planted in 2024

## Social

- Empowering marginalized women, including those from economically disadvantaged backgrounds, individuals with special needs, and war widows, by providing sustainable livelihood opportunities.
- Supporting education for underprivileged students through sponsorship programs.
- Contributing to community well-being by extending aid and support during the Cholera outbreak.

**6,700** push carts

Deployed to create employment for women in rural, semi-urban, and urban areas, with an initiative launched by the President of Zimbabwe

**Sponsored first PHD student program**

For higher education in India

**18%**

Diversity in CY 2024

**Sponsored several school children**

From underprivileged backgrounds

**Most socially responsible and society friendly company**

In Zimbabwe

## Governance awards and achievement

### Compliance

Varun Beverages Zimbabwe operates in full compliance with applicable laws, policies, and regulations.

### Training

Conducted various compliance training programs.

# Varun Beverages Nepal

## Environment

- Established a 2MW solar power plant at the manufacturing facility.
- Installing active harmonic filters at plants to reduce power consumption.
- Partnering with NGOs and local organizations to plant trees within the plants and surrounding parks.
- Enhancing the water recovery system for bottle washing operations to improve efficiency.
- Installing bag filters at manufacturing sites to reduce carbon and other gas emissions.
- Phased transition from diesel forklifts and staff buses to electric vehicles.
- Exploring plastic waste collection and recycling initiatives with third-party vendors.

**0.45** kWh/case
(2% reduced from 2023)
Electricity consumed in 2024

**1.59** Liters
(3% reduced from 2023)
Water consumed per liter of beverage production in 2024

## Social

- Promoting diversity and inclusion across our workforce and supply chain.
- Committed to fair labor practices and prioritizing the well-being of our employees.
- Supporting education and community initiatives to create a positive societal impact.
- Undertaking CSR efforts in healthcare, community development, and collaborations with local law enforcement.
- Established the AARU Clinic in Kathmandu for healthcare access.
- Offering free medical checkups for the community.
- Contributing to the Birat Eye Clinic to support eye care.
- Constructing a temple in Ramgram, near Navalparasi, Nepal.
- Ensured employee engagement through various team-building programs.

**20%**
Diversity in CY 2024


## Governance awards and achievement

### Compliance

- Ensuring strict adherence to corporate policies and applicable laws.
- Conducting regular audits to uphold the highest standards of ethical conduct.

### Training

Conducted various compliance training programs.

# Varun Beverages Zambia


## Environment

- Implemented initiatives like CIP conservation, RO water recovery, and equipment optimization to enhance water savings.
- Optimized energy use through automation, solar and LED lighting, and photo sensor installations.
- Exploring plastic waste collection and recycling in partnership with third-party vendors.

**0.27** kWh/case
(~16% reduced from 2023)
Electricity used in 2024

**2.03** Liters
(~15% reduced from 2023)
Water utilized for per liter of beverage production in 2024

## Social

- Collaborated with World Vision to implement various CSR initiatives.
- Partnered with Project Concern Zambia (PCZ) for reforestation, safe drinking water access, and the Strong Zambia Project empowering young girls.
- Conducted multiple employee training and recognition programs.

**27%**
Diversity in CY 2024

## Governance awards and achievement

### Compliance

- Varun Beverages Zambia ensures compliance with applicable regulations through dedicated legal teams, regular audits, and employee training programs.
- Committed to ethical business practices, strengthening its reputation as a responsible corporate entity while mitigating legal risks for sustainable growth.

### Training

Conducted various compliance training programs.

## Varun Beverages Sri Lanka

### Environment

- Installed timers to automatically stop the ammonia compressor pump after use.
- Replaced CFL and FTL lamps with energy-efficient LED lighting.
- Repaired LP air leakage points and established an SMT for weekly audits and corrective actions.
- Installed water flow meters at key consumption points for accurate monitoring and control.
- Repurposed rejected RO water for JAR washing, enhancing resource efficiency and reducing waste.
- Launched the "Clean Green Sri Lanka" initiative to tackle PET plastic waste by collecting and recycling used plastic through dedicated collection bins.

**0.62** kWh/case

Electricity used in 2024

**1.75** Liters

(~5% reduced from 2023)
Water utilized for per liter of beverage production in 2024

### Social

- Promoted paddy field cultivation to support farmers' growth and uplift the community.
- Provided on-the-job training to enhance employees' operational skills and situational awareness.

**7%**

Diversity in CY 2024

### Governance awards and achievement

#### Compliance

Varun Beverages Sri Lanka ensures compliance with applicable regulations through dedicated legal teams, regular audits, and employee training programs.

• Committed to ethical business practices, strengthening its reputation as a responsible corporate entity while mitigating legal risks for sustainable growth.

#### Training

Conducted various compliance training programs

# Awards and Recognition

**We are honored to be recognized with awards and accolades for our commitment to excellent corporate governance, strong business processes, and sustainable growth. These achievements reflect our dedication to meeting both our business objectives and our social and environmental sustainability goals.**

## 2024

- Best Corporate Governance Practices Award, Pep+ Sustainability award, ABC 2024 Pep+ Climate Award

## 2023

- PepsiCo's 'Better' category award for our sustainability endeavors
- PepsiCo's International Bottler of the Year 2022
- PepsiCo's Best Bottler in the Africa-Middle East-South Asia region
- Business Excellence (Corporate Governance) of The Year 2022 Award by Prime Time Research Media Pvt. Ltd.
- Best Corporate Governance Practices - Varun Beverages Limited Award under Business Brand Awards

## 2022

- PepsiCo's Best Bottler in the Africa-Middle East-South Asia region
- Golden Peacock National Quality Award
- Golden Peacock award for Excellence in Corporate Governance
- CFI.CO (UK) for the 4th Consecutive Year for Best FMCG Corporate Governance (India)
- Business Brand Award for Best Corporate Governance Practices
- CNBC TV18 - Incredible Brands of India Awards for Best Corporate Governance of the Year

## 2021

- Winner of Best FMCG Corporate Governance India 2021 awarded by Capital Finance International (UK) (third successive year)

## 2020

- Winner of Best FMCG Corporate Governance India 2020 awarded by Capital Finance International (UK)
- Winner of Bottler of the Year, 2019 by PepsiCo in AMESA sector (Africa, Middle East and South Asia) received in 2020

## 2019

- Varun Beverages Limited – Bottler of the Year 2019 by PepsiCo in South Asia Region
- Winner of Best FMCG Corporate Governance India 2019 awarded by Capital Finance International (UK)
- Varun Beverages Limited – Global Best Employer Award

## 2018

- National Best Employer Award by ET Now, in collaboration with World HRD Congress
- Distinguished Entrepreneurship Award in the PHD Annual Awards for Excellence 2018 to Mr. Ravi Jaipuria

## 2016

- VBL India – FOBO Unit of the Year
- Varun Beverages Lanka (Private) Limited – FOBO Country of the Year

## 2017

- Varun Beverages (Nepal) Private Limited – Best Unit of the Year
- Varun Beverages Lanka (Private) Limited – Donald M Kendall Award by PepsiCo for Small Developed Markets
- VBL Sonarpur Plant – Best Plant of the Year
- VBL Sonarpur Plant – CII Award for Food Safety

## 1997

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

# Corporate Information

## Board of Directors

| Category | Name of Directors |
|---|---|
| Non-Executive Chairman | Mr. Ravi Jaipuria* |
| Executive Vice Chairman & Whole-time Director | Mr. Varun Jaipuria* |
| Executive / Whole-time Directors | Mr. Raj Gandhi<br>Mr. Rajinder Jeet Singh Bagga |
| Non-Executive, Non-Independent Director | Dr. Naresh Trehan |
| Non-Executive, Independent Directors | Dr. Ravi Gupta<br>Mr. Abhiram Seth<br>Mr. Anil Kumar Sondhi<br>Ms. Rashmi Dhariwal<br>Ms. Sita Khosla |

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

### Chief Financial Officer

Mr. Rajesh Chawla

### Chief Risk Officer & Group Company Secretary

Mr. Ravi Batra

### Joint Statutory Auditors

**M/s. J.C. Bhalla & Co**
Chartered Accountants,
New Delhi

**M/s. O.P. Bagla & Co LLP**
Chartered Accountants,
New Delhi

### Corporate Office

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

### Registered Office

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

### Registrar and Share Transfer Agent

**KFin Technologies Limited**
Selenium Tower B, Plot Nos. 31 & 32,
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad – 500 032
**Toll Free No. :** 1800 309 4001
**Email:** einward.ris@kfintech.com
**Website:** www.kfintech.com
**SEBI Registration No.:** INR000000221

### List of Bankers

1 Axis Bank Limited
2 HDFC Bank Limited
3 IndusInd Bank Limited
4 ICICI Bank Limited
5 JP Morgan Chase Bank N.A.
6 YES Bank Limited
7 The Hongkong and Shanghai Banking Corporation Limited
8 The Federal Bank Limited
9 Kotak Mahindra Bank Limited
10 RBL Bank Limited
11 IDFC FIRST Bank Limited
12 Standard Chartered Bank
13 DBS Bank India Limited

# GRI Index

| GRI content index | |
|---|---|
| Statement of use | VBL has reported the information cited in this GRI content index for the period January 1, 2024 to December 31, 2024 in accordance with the GRI Standards. |
| GRI 1 used | GRI 1: Foundation 2021 |

| GRI Standard/ Other Source | Disclosure | Page Number | Location | Explanation |
|---|---|---|---|---|
| **GRI 2: General Disclosures 2021** | 2-1 Organizational details | 03-07 | Future Ready, Eco-steady. A Step Ahead Already | Varun Beverages Limited (VBL) a public listed company having its headquarters in India.<br>Country of Operations: Pouring Refreshments across Borders, Expansion in a World of Refreshment Refer page (18-19) |
| | 2-2 Entities included in the organization's sustainability reporting | 18-19 | Pouring refreshments across borders, Expanding a world of refreshment | |
| | 2-3 Reporting period, frequency and contact point | 36-37 | About the ESG Report | |
| | 2-4 Restatements of information | 36-37 | About the ESG Report | Page 72-73: The company adopted the SBTi methodology for calculating GHG emissions starting from CY 2024. Consequently, the GHG emissions for CY 2022 and CY 2023 have been restated using this approach. |
| | 2-5 External assurance | 36-37 | About the ESG Report | |
| | 2-6 Activities, value chain and other business relationships | 78-81 | Sourcing with Care | |
| | 2-7 Employees | 84-91 | Future-Ready Workforce Shaping our Future | |
| | 2-8 Workers who are not employees | 84-91 | Future-Ready Workforce Shaping our Future | |
| | 2-9 Governance structure and composition | 104-111 | Embedding ESG in Our Corporate DNA | |
| | 2-10 Nomination and selection of the highest governance body | 104-111 | Embedding ESG in Our Corporate DNA | |
| | 2-11 Chair of the highest governance body | 104-111<br>32-33 | Embedding ESG in Our Corporate DNA<br>Our Board: Enriched by diversity, focused on value | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | 104-111<br>32-33 | Embedding ESG in Our Corporate DNA<br>Our Board: Enriched by diversity, focused on value | |

| GRI Standard/ Other Source | Disclosure | Page Number | Location | Explanation |
|---|---|---|---|---|
| | 2-13 Delegation of responsibility for managing impacts | 104-111 | Embedding ESG in Our Corporate DNA | |
| | 2-14 Role of the highest governance body in sustainability reporting | 38-39 | Message from Executive Vice Chairman: Building a Future That's Ready and Steady | |
| | | 50-51 | Leading the charge for a sustainable tomorrow | |
| | 2-15 Conflicts of interest | 104-111 | Embedding ESG in Our Corporate DNA | There have been no complaints of conflict of interest. |
| | 2-16 Communication of critical concerns | 104-111 | Embedding ESG in Our Corporate DNA | The Vigil Mechanism encourages directors and employees to report genuine concerns regarding unethical behavior, fraud, leakage of sensitive information, or policy violations. The company upholds the highest ethical and legal standards and assures protection to those reporting misconduct. It also allows access to the Chairperson of the Audit and Risk Management Committee in exceptional cases. However, it doesn't excuse breaches of confidentiality or false allegations. |
| | 2-17 Collective knowledge of the highest governance body | 104-111 | Embedding ESG in Our Corporate DNA | |
| | 2-18 Evaluation of the performance of the highest governance body | 104-111 | Embedding ESG in Our Corporate DNA | ESG-linked Incentive Policy under Sustaining an Empowered Workforce |
| | 2-19 Remuneration policies | 104-111 | Embedding ESG in Our Corporate DNA | ESG-linked Incentive Policy under Sustaining an Empowered Workforce |
| | 2-20 Process to determine remuneration | 104-111 | Embedding ESG in Our Corporate DNA | |
| | 2-21 Annual total compensation ratio | 104-111 | Embedding ESG in Our Corporate DNA | |
| | 2-22 Statement on sustainable development strategy | 38-39 | Message from Executive Vice Chairman | |
| | 2-23 Policy commitments | 104-111 | Embedding ESG in Our Corporate DNA | |
| | 2-24 Embedding policy commitments | 104-111 | Embedding ESG in Our Corporate DNA | |
| | 2-25 Processes to remediate negative impacts | 104-111 | Embedding ESG in Our Corporate DNA | |

| GRI Standard/ Other Source | Disclosure | Page Number | Location | Explanation |
|---|---|---|---|---|
| | 2-26 Mechanisms for seeking advice and raising concerns | 104-111 | Embedding ESG in Our Corporate DNA | |
| | 2-27 Compliance with laws and regulations | 104-111 | Embedding ESG in Our Corporate DNA | |
| | 2-28 Membership associations | 27 | List of the top trade and industry chambers and associations provided | |
| | 2-29 Approach to stakeholder engagement | 42-43<br>44-46 | Focusing More on Empowering our Pillars<br>Prioritizing What Matters | |
| | 2-30 Collective bargaining agreements | 104-111<br>84-91 | Embedding ESG in Our Corporate DNA<br>Future-Ready Workforce Shaping our Future | |
| **Material topics** | | | | |
| **GRI 3: Material Topics 2021** | 3-1 Process to determine material topics | 44-46 | Prioritizing what Matters | |
| | 3-2 List of material topics | 44-46 | Prioritizing what Matters | Our materiality matrix includes all our material issues, and they are integrated within the different sections of the Sustainability Report |
| **Economic performance** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 44-46 | Prioritizing what Matters | |
| **GRI 201: Economic Performance 2016** | 201-1 Direct economic value generated and distributed | 28-31 | Driving Consistent Results Year after Year | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 117-121 | Risk and Opportunities Management | |
| | 201-3 Defined benefit plan obligations and other retirement plans | 84-91 | Future-Ready Workforce Shaping our Future | |
| | 201-4 Financial assistance received from government | 28-31 | Driving Consistent Results Year after Year | No share of any government in the shareholding structure |
| **Market presence** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 108<br>84-91 | Diversity policy under Embedding ESG in Our Corporate DNA<br>Future-Ready Workforce Shaping our Future | |
| **GRI 202: Market Presence 2016** | 202-1 Ratios of standard entry level wage by gender compared to local minimum wage | 108<br>84-91 | Diversity policy under Embedding ESG in Our Corporate DNA<br>Future-Ready Workforce Shaping our Future | |
| | 202-2 Proportion of senior management hired from the local community | 104-111 | Embedding ESG in Our Corporate DNA | All the senior management of the company are hired from the local community |
| **Indirect economic impacts** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 42-43<br>44-46 | Focusing more on empowering our pillars<br>Prioritizing what matters | |

| GRI Standard/ Other Source | Disclosure | Page Number | Location | Explanation |
|---|---|---|---|---|
| **GRI 203: Indirect Economic Impacts 2016** | 203-1 Infrastructure investments and services supported | 28-31 | Driving Consistent Results Year after Year | |
| | | 114-116 | CSR Initiatives: Making a Sustainable Difference | |
| | 203-2 Significant indirect economic impacts | 28-31 | Driving Consistent Results Year after Year | |
| | | 114-116 | CSR Initiatives: Making a Sustainable Difference | |
| **Procurement practices** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 78-81 | Sourcing with care | |
| **GRI 204: Procurement Practices 2016** | 204-1 Proportion of spending on local suppliers | 78-81 | Sourcing with care | |
| **Anti-corruption** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 104-111 | Embedding ESG in Our Corporate DNA | |
| | | 84-92 | Future-Ready Workforce Shaping our Future | |
| **GRI 205: Anti-corruption 2016** | 205-1 Operations assessed for risks related to corruption | 104-111 | Embedding ESG in Our Corporate DNA | |
| | 205-2 Communication and training about anti-corruption policies and procedures | 104-111 | Embedding ESG in Our Corporate DNA | |
| | 205-3 Confirmed incidents of corruption and actions taken | 104-111 | Embedding ESG in Our Corporate DNA | |
| **Anti-competitive behavior** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 104-111 | Whistleblower/Vigil Policy, Anti-bribery and corruption policy under Embedding ESG in Our Corporate DNA | |
| **GRI 206: Anti-competitive Behavior 2016** | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 104-111 | Embedding ESG in Our Corporate DNA | |
| **Tax** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 122-125 | Sustainable Tax Practice: Furthering Our ESG Commitment | |

| GRI Standard/ Other Source | Disclosure | Page Number | Location | Explanation |
|---|---|---|---|---|
| **GRI 207: Tax 2019** | 207-1 Approach to tax | 122-125 | Sustainable Tax Practice: Furthering Our ESG Commitment | |
| | 207-2 Tax governance, control, and risk management | 117-121 | Risk and Opportunities Management | |
| | | 122-125 | Sustainable Tax Practice: Furthering our ESG commitment | |
| | | 104-111 | Vigil mechanism policy | |
| | 207-3 Stakeholder engagement and management of concerns related to tax | 117-121 | Risk and Opportunities Management | |
| | | 122-125 | Sustainable Tax Practice: Furthering our ESG commitment | |
| | | 104-111 | Vigil mechanism policy | |
| | 207-4 Country-by-country reporting | 122-125 | Sustainable Tax Practice: Furthering Our ESG Commitment | We will report country by country taxation in next sustainability report |
| **Materials** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 54-55, | Committed to a Cleaner, Greener Tomorrow | |
| | | 66-69 | Plastic Waste Management and Recycling | |
| | | 42-43 | Focusing More on Empowering our Pillars | |
| | | 117-121 | Risk and Opportunities Management | |
| **GRI 301: Materials 2016** | 301-1 Materials used by weight or volume | 66-69 | Plastic Waste Management and Recycling | |
| | 301-2 Recycled input materials used | 66-69 | Plastic Waste Management and Recycling | |
| | 301-3 Reclaimed products and their packaging materials | 66-69 | Plastic Waste Management and Recycling | |
| **Energy** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 54-55, | Committed to a Cleaner, Greener Tomorrow | |
| | | 70-77 | Enhancing Energy Performance | |
| **GRI 302: Energy 2016** | 302-1 Energy consumption within the organization | 70-77 | Enhancing Energy Performance | |
| | 302-2 Energy consumption outside of the organization | 70-77 | Enhancing Energy Performance | |
| | 302-3 Energy intensity | 70-77 | Enhancing Energy Performance | |
| | 302-4 Reduction of energy consumption | 70-77 | Enhancing Energy Performance | |
| | 302-5 Reductions in energy requirements of products and services | 70-77 | Enhancing Energy Performance | |

| GRI Standard/ Other Source | Disclosure | Page Number | Location | Explanation |
|---|---|---|---|---|
| **Water and effluents** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 54-55 | Committed to a Cleaner, Greener Tomorrow | |
| | | 56-65 | Water Conservation Rejuvenation of Water Bodies (RWB) - A New Initiative, Water Bodies: Impact Assessment | |
| **GRI 303: Water and Effluents 2018** | 303-1 Interactions with water as a shared resource | 56-65 | Water Conservation Rejuvenation of Water Bodies (RWB) - A New Initiative Water Bodies: Impact Assessment | |
| | 303-2 Management of water discharge-related impacts | 56-65 | Water Conservation Rejuvenation of Water Bodies (RWB) - A New Initiative Water Bodies: Impact Assessment | |
| | 303-3 Water withdrawal | 56-65 | Water Conservation Rejuvenation of Water Bodies (RWB) - A New InitiativeWater Bodies: Impact Assessment | |
| | 303-4 Water discharge | 56-65 | Water Conservation Rejuvenation of Water Bodies (RWB) - A New InitiativeWater Bodies: Impact Assessment | |
| | 303-5 Water consumption | 56-65 | Water Conservation Rejuvenation of Water Bodies (RWB) - A New InitiativeWater Bodies: Impact Assessment | |
| **Biodiversity** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 54-55 | Committed to a Cleaner, Greener Tomorrow | |
| | | 60-65 | Water Bodies: Impact Assessment | |
| | 304-3 Habitats protected or restored | 60-65 | Water Bodies: Impact Assessment | |
| **Emissions** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 54-55 | Committed to a Cleaner, Greener Tomorrow | |
| | | 72-77 | Sustained Climate Action: Reducing our Carbon Footprint | |

| GRI Standard/ Other Source | Disclosure | Page Number | Location | Explanation |
|---|---|---|---|---|
| **GRI 305: Emissions 2016** | 305-1 Direct (Scope 1) GHG emissions | 72-77 | Sustained Climate Action: Reducing our Carbon Footprint | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 72-77 | Sustained Climate Action: Reducing our Carbon Footprint | |
| | 305-3 Other indirect (Scope 3) GHG emissions | 72-77 | Sustained Climate Action: Reducing our Carbon Footprint | |
| | 305-4 GHG emissions intensity | 72-77 | Sustained Climate Action: Reducing our Carbon Footprint | |
| | 305-5 Reduction of GHG emissions | 72-77 | Sustained Climate Action: Reducing our Carbon Footprint | |
| | 305-6 Emissions of ozone-depleting substances (ODS) | 72-77 | Sustained Climate Action: Reducing our Carbon Footprint | |
| | 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | 72-77 | Sustained Climate Action: Reducing our Carbon Footprint | |
| **Waste** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 54-55 | Committed to a Cleaner, Greener Tomorrow | |
| | | 66-69 | Plastic Waste Management and Recycling | |
| **GRI 306: Waste 2020** | 306-1 Waste generation and significant waste-related impacts | 66-69 | Plastic Waste Management and Recycling | |
| | 306-2 Management of significant waste-related impacts | 66-69 | Plastic Waste Management and Recycling | |
| | 306-3 Waste generated | 66-69 | Plastic Waste Management and Recycling | |
| | 306-4 Waste diverted from disposal | 66-69 | Plastic Waste Management and Recycling | |
| | 306-5 Waste directed to disposal | 66-69 | Plastic Waste Management and Recycling | |
| **Supplier environmental assessment** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 54-55 | Committed to a Cleaner, Greener Tomorrow | |
| | | 78-81 | Sourcing with Care | |
| **GRI 308: Supplier Environmental Assessment 2016** | 308-1 New suppliers that were screened using environmental criteria | 78-81 | Sourcing with Care | All our suppliers are screened through a comprehensive certification process suggested by PepsiCo and we are committed to sourcing raw materials as well as packaging materials only from the suppliers which are following sustainable practices. |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | 78-81 | Sourcing with Care | |

| GRI Standard/ Other Source | Disclosure | Page Number | Location | Explanation |
|---|---|---|---|---|
| **Employment** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 42-43 | Focusing More on Empowering our Pillars | |
| | | 44-47 | Prioritizing What Matters | |
| | | 84-92 | Future-Ready Workforce Shaping our Future | |
| **GRI 401: Employment 2016** | 401-1 New employee hires and employee turnover | 84-92 | Future-Ready Workforce Shaping our Future | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 84-92 | Future-Ready Workforce Shaping our Future | |
| | 401-3 Parental leave | 84-92 | Future-Ready Workforce Shaping our Future | |
| **Labor/management relations** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 42-43 | Focusing More on Empowering our Pillars | |
| | | 44-47 | Prioritizing What Matters | |
| | | 84-92 | Future-Ready Workforce Shaping our Future | |
| **GRI 402: Labor/ Management Relations 2016** | 402-1 Minimum notice periods regarding operational changes | 84-92 | Future-Ready Workforce Shaping our Future | Notice period are provided into three categories i.e. 30 days, 60 days and 90 days as per the employee grade defined also notice period related to corrective bargaining are included in the agreements |
| **Occupational health and safety** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 42-43 | Focusing More on Empowering our Pillars | |
| | | 44-47 | Prioritizing What Matters | |
| | | 93-96 | Employee Health & Safety | |
| **GRI 403: Occupational Health and Safety 2018** | 403-1 Occupational health and safety management system | 93-96 | Employee Health & Safety | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 93-96 | Employee Health & Safety | |
| | 403-3 Occupational health services | 93-96 | Employee Health & Safety | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 93-96 | Employee Health & Safety | |
| | 403-5 Worker training on occupational health and safety | 93-96 | Employee Health & Safety | |
| | 403-6 Promotion of worker health | 93-96 | Employee Health & Safety | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 93-96 | Employee Health & Safety | |
| | 403-8 Workers covered by an occupational health and safety management system | 93-96 | Employee Health & Safety | |
| | 403-9 Work-related injuries | 93-96 | Employee Health & Safety | |
| | 403-10 Work-related ill health | 93-96 | Employee Health & Safety | |

| GRI Standard/ Other Source | Disclosure | Page Number | Location | Explanation |
|---|---|---|---|---|
| **Training and education** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 42-43 | Focusing More on Empowering our Pillars | |
| | | 44-47 | Prioritizing What Matters | |
| | | 84-92 | Future-Ready Workforce Shaping our Future | |
| | | 104-111 | Embedding ESG in Our Corporate DNA | |
| **GRI 404: Training and Education 2016** | 404-1 Average hours of training per year per employee | 84-92 | Future-Ready Workforce Shaping our Future | |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 84-92 | Future-Ready Workforce Shaping our Future | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 84-92 | Future-Ready Workforce Shaping our Future | |
| **Diversity and equal opportunity** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 42-43 | Focusing More on Empowering our Pillars | |
| | | 44-47 | Prioritizing What Matters | |
| | | 84-92 | Future-Ready Workforce Shaping our Future | |
| | | 104-111 | Embedding ESG in Our Corporate DNA | |
| **GRI 405: Diversity and Equal Opportunity 2016** | 405-1 Diversity of governance bodies and employees | 84-92 | Future-Ready Workforce Shaping our Future | |
| | 405-2 Ratio of basic salary and remuneration of women to men | 84-92 | Future-Ready Workforce Shaping our Future | |
| **Non-discrimination** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 42-43 | Focusing More on Empowering our Pillars | |
| | | 44-47 | Prioritizing What Matters | |
| | | 84-92 | Future-Ready Workforce Shaping our Future | |
| | | 104-111 | Embedding ESG in Our Corporate DNA | |
| **GRI 406: Non-discrimination 2016** | 406-1 Incidents of discrimination and corrective actions taken | 84-92 | Future-Ready Workforce Shaping our Future | There is no incident of discrimination reported during the year |
| | | 104-111 | Embedding ESG in Our Corporate DNA | |
| **Freedom of association and collective bargaining** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 84-92 | Future-Ready Workforce Shaping our Future | |
| | | 104-111 | Embedding ESG in Our Corporate DNA | |
| **GRI 407: Freedom of Association and Collective Bargaining 2016** | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 84-92 | Future-Ready Workforce Shaping our Future | |
| | | 104-111 | Embedding ESG in Our Corporate DNA | |
| | | 78-81 | Sourcing with Care | |

| GRI Standard/ Other Source | Disclosure | Page Number | Location | Explanation |
|---|---|---|---|---|
| **Child labor** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 84-92 | Future-Ready Workforce Shaping our Future | |
| | | 104-111 | Embedding ESG in Our Corporate DNA | |
| | | 78-81 | Sourcing with Care | |
| **GRI 408: Child Labor 2016** | 408-1 Operations and suppliers at significant risk for incidents of child labor | 84-92 | Future-Ready Workforce Shaping our Future | There is no incident of child labor reported during the year |
| | | 104-111 | Embedding ESG in Our Corporate DNA | |
| | | 78-81 | Sourcing with Care | |
| **Forced or compulsory labor** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 84-92 | Future-Ready Workforce Shaping our Future | |
| | | 104-111 | Embedding ESG in Our Corporate DNA | |
| | | 78-81 | Sourcing with Care | |
| **GRI 409: Forced or Compulsory Labor 2016** | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | 84-92 | Future-Ready Workforce Shaping our Future | There is no incident of forced or compulsory labor reported during the year |
| | | 104-111 | Embedding ESG in Our Corporate DNA | |
| | | 78-81 | Sourcing with Care | |
| **Security practices** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 104-111 | Embedding ESG in Our Corporate DNA | |
| **GRI 410: Security Practices 2016** | 410-1 Security personnel trained in human rights policies or procedures | 104-111 | Embedding ESG in Our Corporate DNA | |
| **Rights of indigenous peoples** | | | | |
| **GRI 411: Rights of Indigenous Peoples 2016** | 411-1 Incidents of violations involving rights of indigenous peoples | 84-92 | Future-Ready Workforce Shaping our Future | No such incidents reported relating to violations involving the rights of indigenous peoples during the reporting period. |
| **Local communities** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | | | |
| **GRI 413: Local Communities 2016** | 413-1 Operations with local community engagement, impact assessments, and development programs | 84-92 | Future-Ready Workforce Shaping our Future | We give priority to hire the candidate at all levels from the locations of operations to capture local community talent who are well aware of the situations of these areas and can easily get onboarded and serve the organization. |
| | | 114-116 | CSR Initiatives: Making a Sustainable Difference | |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | 84-92 | Future-Ready Workforce Shaping our Future | |
| | | 114-116 | CSR Initiatives: Making a Sustainable Difference | |
| **Supplier social assessment** | | | | |

| GRI Standard/ Other Source | Disclosure | Page Number | Location | Explanation |
|---|---|---|---|---|
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 78-81 | Sourcing with care | |
| **GRI 414: Supplier Social Assessment 2016** | 414-1 New suppliers that were screened using social criteria | 78-81 | Sourcing with care | |
| | 414-2 Negative social impacts in the supply chain and actions taken | 78-81 | Sourcing with care | |
| **Public policy** | | | | |
| **GRI 415: Public Policy 2016** | 415-1 Political contributions | 104-111 | Embedding ESG in Our Corporate DNA | |
| **Customer health and safety** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 42-43 | Focusing More on Empowering our Pillars | |
| | | 44-47 | Prioritizing What Matters | |
| | | 97-98 | Augmenting Product Safety and Quality | |
| | | 99-101 | Consumer Health and Nutrition | |
| **GRI 416: Customer Health and Safety 2016** | 416-1 Assessment of the health and safety impacts of product and service categories | 97-98 | Augmenting Product Safety and Quality | |
| | | 99-101 | Consumer Health and Nutrition | |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | 97-98 | Augmenting Product Safety and Quality | There is no such incident reported during the year |
| | | 99-101 | Consumer Health and Nutrition | |
| **Marketing and labeling** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 42-43 | Focusing More on Empowering our Pillars | |
| | | 44-47 | Prioritizing What Matters | |
| | | 97-98 | Augmenting Product Safety and Quality | |
| | | 99-101 | Consumer Health and Nutrition | |
| **GRI 417: Marketing and Labeling 2016** | 417-1 Requirements for product and service information and labeling | 97-98 | Augmenting Product Safety and Quality | |
| | | 99-101 | Consumer Health and Nutrition | |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | 97-98 | Augmenting Product Safety and Quality | |
| | | 99-101 | Consumer Health and Nutrition | |
| | 417-3 Incidents of non-compliance concerning marketing communications | 97-98 | Augmenting Product Safety and Quality | |
| | | 99-101 | Consumer Health and Nutrition | |
| **Customer privacy** | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 99-101 | Consumer Health and Nutrition | |
| **GRI 418: Customer Privacy 2016** | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 99-101 | Consumer Health and Nutrition | |

# Management Discussion & Analysis Report

## Economic Overview & Outlook

### Indian Economy

In 2024, India continued to demonstrate strong economic performance, maintaining its position as one of the world's fastest-growing major economies. The International Monetary Fund (IMF) maintained India's GDP growth forecast at 6.5% for both FY2026 and FY2027, reflecting confidence in the nation's economic trajectory. This stable outlook is supported by strong private consumption, particularly in rural areas, and substantial public infrastructure investments.

Despite global economic challenges, including geopolitical tensions and inflationary pressures, India's economic outlook remains positive. India is poised to sustain its growth trajectory, supported by structural reforms and advancements in technology. While certain sectors face hurdles such as high inflation and slowing consumption, these challenges create opportunities for policy interventions to stimulate demand and ensure inclusive growth. The government's proactive measures in fiscal policy and infrastructure development are expected to mitigate these issues, fostering a resilient and dynamic economic environment.

*Source: IMF – World Economic Outlook*

## Soft Drinks Market Overview & Outlook

The Indian soft drinks industry navigated a challenging landscape in 2024. Despite being a traditionally high-growth market driven by increasing urbanization, a growing middle class, and evolving consumer preferences, demand remained subdued due to unexpected weather patterns and weakened consumption trends. The unseasonal rains in several parts of the country significantly impacted sales, particularly during the peak summer months, a critical period for the sector.

On the supply side, while the industry displayed resilience with robust distribution networks and innovative product launches, the benefits were limited by the macroeconomic environment. Brands attempted to mitigate challenges by offering value-for-money packs, introducing new flavors, and leveraging digital platforms for marketing. However, these efforts could not fully offset the dip in overall volumes.

Looking ahead, the industry remains cautiously optimistic. The upcoming summer season, coupled with strategic marketing campaigns and an expanding portfolio of products, is expected to drive growth in the Indian soft drinks market. The adoption of sustainable packaging and the introduction of low-sugar and no-sugar variants continue to align with evolving consumer preferences, creating a strong foundation for long-term growth.

Improved infrastructure has enhanced cold storage and distribution capabilities, which are essential for the beverage industry. The increasing deployment of Visi Coolers in under-penetrated regions has played a key role in improving product availability and market reach. These advancements have facilitated access to chilled beverages in emerging markets, driving consumption and positioning the industry to tap into new growth opportunities.

## Soft Drinks – Key Growth Drivers and Opportunities

The soft drinks market in India is poised for substantial growth, driven by several key factors:

**Urban Growth and Increasing Spending Power:** Rapid urbanization and a growing middle class have driven higher consumption of convenience foods and beverages, including soft drinks. With higher disposable incomes, consumers are increasingly spending on-the-go beverage options, enhancing demand for a diverse range of products. Additionally, growing participation of women joining the workforce is contributing to higher household incomes, further enhancing consumer spending capacity.

**Youth Demographic:** India's large young population is a significant driver of demand for trendy and innovative beverages. Young consumers are more inclined to experiment with new flavors, limited-edition variants, and international brands, making this demographic critical for industry growth.

**Unlocking Growth in Rural India:** Rural India presents significant opportunities for growth, offering a vast, untapped market. Strengthening last-mile distribution networks, introducing smaller and more affordable SKUs, and launching localized marketing campaigns are strategies that can drive deeper penetration and unlock new growth avenues. Additionally, expanding chilling infrastructure, such as Visi Coolers, to underserved locations remains crucial. Improved access to cold storage ensures better availability of chilled beverages, enabling brands to cater effectively to consumer demand in rural and remote areas while driving consistent growth.

**Location:** India's diverse climatic conditions, with a significant portion of the population living in regions characterized by hot, dry, or moderate weather, create a natural demand for refreshing beverages. The rising temperatures and prolonged summer seasons in many parts of the country are expected to drive higher consumption of soft drinks.

**Innovative Products:** Indian market has a large young population that has been driving the demand for new and unique flavors. To meet this trend, the industry is continuously focusing on expanding its product offerings and introducing innovative options, such as new and creative flavors and packaging solutions.

**Health Trends Shaping Demand:** The growing focus on health is driving demand for low-sugar, zero-calorie, and functional beverages enriched with vitamins and probiotics. Brands are innovating with organic and natural ingredient-based drinks to cater to these evolving consumer preferences.

## Business Overview – A Key Player in the Beverage Industry

### VBL's Presence

Varun Beverages Limited ("VBL" or the "Company") is a key player in India's beverage industry and the second largest franchisee of PepsiCo in the world (outside US) with operations spanning across 10 countries with franchise rights and additional 4 countries with distribution rights. India is the largest market and contributed ~72% of revenues from operations (net) in Fiscal 2024.

### Symbiotic Relationship with PepsiCo

VBL continues to enjoy a longstanding, collaborative, and highly synergistic partnership with PepsiCo, a relationship that spans over three decades since PepsiCo's entry into the Indian market. The Company accounts for more than 90% of PepsiCo's sales volumes in India, highlighting the significance of this collaboration. Leveraging an extensive manufacturing infrastructure and a well-established distribution network, VBL produces, markets, and distributes a diverse range of PepsiCo products, including carbonated soft drinks, carbonated juice-based beverages, juice-based beverages, energy drinks, sports drinks, and packaged drinking water.

The portfolio of PepsiCo CSD brands produced and sold by VBL include Pepsi, Pepsi Zero, Mountain Dew, Sting, Seven-Up, Mirinda, Seven-Up Nimbooz Masala Soda and Evervess. PepsiCo NCB brands produced and sold by the Company include Slice, Tropicana Juices (100% and Delight), Seven-Up Nimbooz, Gatorade as well as packaged drinking water under the brand Aquafina.

The Company has built a strong sales team that collaborate closely with PepsiCo on local advertising and marketing campaigns. Additionally, the Company has also been granted franchise rights for several PepsiCo products in India's 26 States and 6 Union Territories, as well as Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa, Lesotho, Eswatini & DRC and distribution rights for Namibia, Botswana, Mozambique and Madagascar.

The partnership has expanded into new avenues with the growing snacks business, further strengthening VBL's role within PepsiCo's ecosystem. The exclusive rights to manufacture and distribute PepsiCo snack brands, such as Cheetos in Morocco, Zimbabwe, and Zambia, mark a significant step in enriching VBL's portfolio and leveraging synergies with its existing infrastructure.

**Demand Delivery**

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


**Demand Creation**

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

**Business Model**

The Company manufactures and distributes a wide range of carbonated soft drinks ("CSD"), as well as a large selection of non-carbonated beverages ("NCB"), including packaged drinking water. With its end-to-end execution capabilities, VBL oversees every aspect of the value chain – from manufacturing and distribution to warehousing, customer management, cash flow optimization, and driving future growth. PepsiCo provides brands, concentrates, and marketing support, while VBL manages manufacturing, supply chain processes, and capital allocation strategies, ensuring market share gains and cost efficiencies.

VBL's extensive experience in the beverage industry includes navigating the complexities of logistics and packaging across diverse territories. While the operational framework remains consistent across markets, each region presents unique challenges such as electricity reliability, refrigeration, logistics infrastructure, demographic diversity, and socioeconomic conditions. VBL addresses these challenges with tailored strategies to ensure operational efficiency and responsiveness.

The Company's well-established distribution network spans urban, semi-urban, and rural markets, enabling it to meet the demands of a wide consumer base. Strategically located distribution centers maximize market penetration across licensed territories in India and international markets. VBL's solid production capabilities and distribution network enable it to effectively respond to competitive pressures, market demand and evolving consumer preferences across targeted territories.

As of December 31, 2024, the Company has 48 state-of-the-art manufacturing facilities (36 in India & 12 in international territories). Further, it has a robust supply chain with 130+ depots, 2,600+ owned vehicles, 2,800+ primary distributors and presently installed 1.15 Million+ visi-coolers across various markets. These assets ensure seamless product availability and enhanced market reach, particularly in under-penetrated regions.

Over the years, VBL has grown its operations through both organic and inorganic expansions. Inorganic growth has been achieved through the acquisition of additional territories directly from PepsiCo as well as previously franchised territories. Supported by a dedicated and skilled sales team, the Company remains focused on driving growth and increasing market share across categories within its licensed territories. VBL employs a range of customer-focused strategies, including localized promotions, in-store activations, customer relationship management, merchandising, personalized account management, and identifying high-demand areas for the strategic placement of vending machines and visi-coolers.

To enhance operational excellence, VBL has implemented backward integration initiatives and centralized raw material sourcing. The Company has established in-house production facilities for preforms, crowns, plastic closures, corrugated boxes, corrugated pads, plastic crates, and shrink-wrap films. These initiatives ensure consistent quality standards, operational efficiency, and cost optimization, further strengthening VBL's competitive edge in the beverage industry.

## Key Business Developments – 2024

**Acquisition of South Africa and neighboring territories:**

- On March 26, 2024, VBL consummated the acquisition of The Beverage Company Proprietary Limited, South Africa along with its wholly-owned subsidiaries ("BevCo"). Accordingly, Bevco became the subsidiary of the Company
- This acquisition allowed the Company to consolidate its presence in franchised territories in South Africa, Lesotho, and Eswatini, as well as territories with distribution rights in Namibia, Botswana, Mozambique, and Madagascar

**Acquisition of Tanzania and Ghana territories:**

- On November 13, 2024, your Company entered into share purchase agreements with Tanzania Bottling Company SA and Ghana Bottling Company Limited to acquire 100% share capital of SBC Tanzania Limited and SBC Beverages Ghana Limited respectively, subject to regulatory and other approvals, including but not limited to PepsiCo Inc. at an Equity value of ~ USD 154.50 Million for Tanzania and ~ USD 15.06 Million for Ghana

**Exclusive Snacks Franchising Appointment with PepsiCo for Morocco, Zimbabwe and Zambia:**

- Varun Beverages Morocco SA (a wholly-owned subsidiary of the Company) entered into an Exclusive Snacks Appointment Agreement to manufacture and package Cheetos in the territory of Morocco. This appointment is in addition to the existing distribution agreement for PepsiCo's snacks portfolio consisting of Lays, Cheetos, Doritos in the territory of Morocco
- Varun Zimbabwe and Varun Zambia (subsidiaries of the Company) entered into an Exclusive Snacks Franchising Appointment with Premier Nutrition Trading LLC, Dubai (subsidiary of PepsiCo Inc.) to manufacture, distribute, and sell "Simba Munchiez" in the territory of Zimbabwe & Zambia
- Distribution in Zimbabwe and Zambia has started w.e.f. February 1, 2025. Manufacturing facilities are expected to be operational for Morocco on or before May 1, 2025, Zimbabwe on or before October 1, 2025 and for Zambia on or before April 1, 2026

**Commencement of Commercial Production at 4 Greenfield facilities:**

- For CY 2024 season, the Company commissioned 3 new greenfield production facilities with backward integration in India at Supa, Maharashtra; Gorakhpur, Uttar Pradesh; and Khordha, Odisha and 1 new greenfield production facility in Kinshasa, Democratic Republic of Congo

- Further, VBL set up and expanded backward integration facilities at the Guwahati plant in India, as well as at plants in Morocco, Zambia, and Zimbabwe in international regions

**Qualified Institutions Placement (QIP) Issue:**

- The Company raised ~ ₹ 75,000 Million through fresh issue of 132,743,362 equity shares
- The utilization of QIP proceeds (net of issue expenses) is primarily towards repayment of debt as well as acquisitions

**Sub-division/split of existing equity shares of the Company:**

- The Company on September 12, 2024 ("Record Date"), sub-divided/split of existing Equity Shares of the Company from 1 (one) equity share having face value of ₹ 5 each, fully paid-up, into such number of equity shares having face value of ₹ 2 each fully paid-up

**Dividend:**

- The Company's Board of Directors formalized a dividend strategy in line with good corporate governance practices with the Company's listing in November 2016.

## Salient Features –

- Endeavor to maintain a dividend payout in the range of 10-30% of annual profit after tax on standalone financials.

- Consider financial parameters like earnings outlook, future capex requirements, organic growth plans, capital restructuring, debt reduction, cash flows, etc.

- Consider external parameters like macro-economic environment, regulatory changes, technological changes, statutory and contractual restrictions, etc.

- For a detailed perspective, please refer to the Company's website at www.varunbeverages.com/

- Furing the year under review, the Board of Directors in their meeting held on July 30, 2024 declared an interim dividend of ₹ 1.25 per Equity Share (face value of ₹ 5/- per Equity Share) to the eligible equity shareholders of the Company. Further, the Board of Directors have also recommended a final dividend of ₹ 0.50 per Equity Share (face value of ₹ 2/- per Equity Share) for the Current Year 2024.

## Financial Summary

**P&L**

| Particulars (₹ in Million) | 31-Dec-24 | 31-Dec-23 | YoY (%) |
|---|---|---|---|
| 1. Income | | | |
| (a) Revenue from operations | 204,813.28 | 163,210.63 | 25.5% |
| (b) Excise Duty | 4,736.78 | 2,784.82 | 70.1% |
| **Net Revenues** | **200,076.50** | **160,425.81** | **24.7%** |
| (c) Other income | 1,212.68 | 793.59 | 52.8% |
| 2. Expenses | | | |
| (a) Cost of materials consumed | 82,937.43 | 70,264.61 | 18.0% |
| (b) Purchase of stock-in-trade | 6,859.21 | 4,626.96 | 48.2% |
| (c) Changes in inventories of FG, WIP and stock-in-trade | (749.40) | (842.69) | 11.1% |
| (d) Employee benefits expense | 18,850.26 | 14,465.87 | 30.3% |
| (e) Finance costs | 4,503.86 | 2,680.99 | 68.0% |
| (f) Depreciation, amortization and impairment expense | 9,473.86 | 6,809.06 | 39.1% |
| (g) Other expenses | 45,068.29 | 35,816.21 | 25.8% |
| **Total expenses** | **166,943.51** | **133,821.01** | **24.8%** |

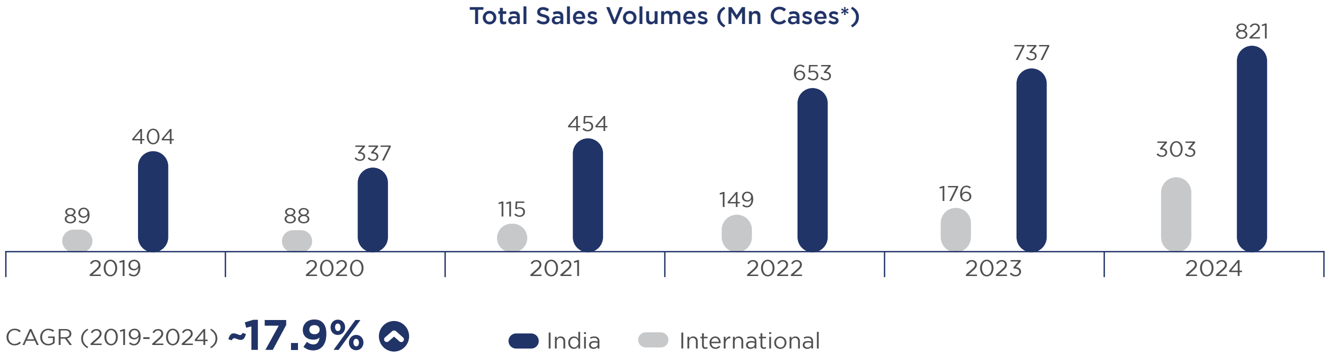
| Particulars (₹ in Million) | 31-Dec-24 | 31-Dec-23 | YoY (%) |
|---|---|---|---|
| **EBITDA** | **47,110.71** | **36,094.85** | **30.5%** |
| 3. Profit before share of loss of associate and joint venture (1-2) | 34,345.67 | 27,398.39 | 25.4% |
| 4. Share of loss of associate and joint venture | (14.78) | (4.79) | -208.6% |
| **5. Profit before tax (3+4)** | **34,330.89** | **27,393.60** | **25.3%** |
| 6. Tax expense | 7,988.04 | 6,375.47 | 25.3% |
| **7. Net profit after tax (5-6)** | **26,342.85** | **21,018.13** | **25.3%** |

## Balance Sheet

| Particulars (₹ in Million) | 31-Dec-24 | 31-Dec-23 |
|---|---|---|
| **Equity and liabilities** | | |
| **Equity** | | |
| (a) Equity share capital | 6,763.02 | 6,496.07 |
| (b) Other equity | 159,335.27 | 62,868.91 |
| (c) Non-controlling interest | 1,298.07 | 1,481.55 |
| **Total equity** | **167,396.36** | **70,846.53** |
| **Liabilities** | | |
| **Non-current liabilities** | | |
| (a) Financial liabilities | | |
| i. Borrowings | 8,406.89 | 31,889.38 |
| ii. Other financial liabilities | 3,570.86 | 1,978.85 |
| (b) Provisions | 1,894.34 | 2,126.44 |
| (c) Deferred tax liabilities (Net) | 4,879.09 | 3,430.11 |
| (d) Other non-current liabilities | 47.31 | 68.40 |
| **Total non-current liabilities** | **18,798.49** | **39,493.18** |
| **Current liabilities** | | |
| (a) Financial liabilities | | |
| i. Borrowings | 15,235.76 | 20,054.49 |
| ia. Lease liabilities | 1,049.03 | 390.38 |
| ii. Trade payables | 15,604.27 | 7,582.48 |
| iii. Other financial liabilities | 7,043.41 | 7,638.39 |
| (b) Other current liabilities | 4,916.55 | 4,650.93 |
| (c) Provisions | 739.00 | 825.43 |
| (d) Current tax liability (Net) | 656.23 | 390.02 |
| **Total current liabilities** | **45,244.25** | **41,532.12** |
| **Total liabilities** | **64,042.74** | **81.025.30** |
| **Total equity and liabilities** | **231,439.10** | **151,871.83** |

| Particulars (₹ in Million) | 31-Dec-24 | 31-Dec-23 |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| (a) Property, plant and equipment | 106,225.51 | 68,031.32 |
| (b) Capital work in progress | 11,623.43 | 19,222.22 |
| (c) Right of Use of Assets | 13,631.22 | 10,347.07 |
| (d) Goodwill | 3,009.37 | 242.30 |
| (e) Other intangible assets | 11,151.26 | 5,471.00 |
| (f) Intangible assets under development | 43.69 | - |
| (g) Investment in associates and Joint Venture | 534.47 | 179.32 |
| (h) Financial assets | 1,266.68 | 654.18 |
| (i) Deferred Tax Assets (Net) | 196.31 | - |
| (j) Other non-current assets | 5,117.42 | 5,368.12 |
| **Total non-current assets** | **152,799.36** | **109,515.53** |
| **Current assets** | | |
| (a) Inventories | 27,912.34 | 21,505.33 |
| (b) Financial assets | | |
| i. Trade receivables | 8,458.42 | 3,593.85 |
| ii. Cash and cash equivalents | 22,662.83 | 2,422.12 |
| iii. Other bank balances | 1,837.71 | 2,176.50 |
| iv. Others | 8,356.16 | 7,388.23 |
| (c) Current tax assets (Net) | 48.72 | 3.11 |
| (d) Other current assets | 9,363.56 | 5,267.16 |
| **Total current assets** | **78,639.74** | **42,356.30** |
| | | |
| **Total assets** | **231,439.10** | **151,871.83** |

### Sales Volume




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

Varun Beverages reports its financials on a calendar yearly basis. Given that the soft drinks business is in season, with the bulk of sales occurring during the summer season, it is best to track the Company's performance on an annual basis. Revenues and profits follow a bell-curve with a significant portion accruing in the April-June quarter.

In CY 2024, VBL delivered a robust performance, driven by a combination of organic volume expansion, an improved product mix, and contributions from recent acquisitions. Consolidated sales volume increased by 23.2%, while the net realization per case rose by 1.3%, leading to revenue growth of 24.7% and PAT growth of 25.3%.

Net revenue from operations reached ₹ 200,076.5 Million in CY 2024, surpassing ₹ 160,425.8 Million recorded in CY 2023. Total sales volumes for CY 2024 stood at 1,124.4 Million cases, up from 912.9 Million cases in the previous year. The company registered double-digit growth in both Indian and international operations, with India growing by 11.4% and consolidated volumes rising by 23.2%. However, organic volume growth in international markets stood at 6.3%, impacted by the transition to a zero-sugar portfolio following the implementation of a sugar tax in Zimbabwe. In CY 2024, CSD accounted for 74.2% of total sales volumes, JBD at 6.2%, and Packaged Drinking Water at 19.6%. Realization per case increased by 1.3% to ₹ 177.9 for the year.

During the fiscal year, gross margins improved by 165 basis points to 55.5%, compared to 53.8% in the previous year. This expansion was primarily driven by the strategic procurement and storage of PET chips to avail price benefits, along with efforts to reduce sugar content and increased backward integration. As a result, EBITDA increased by 30.5% to ₹ 47,110.7 Million, with EBITDA margins improving by 105 basis points to 23.5% in CY 2024. However, this was partially offset by the consolidation of the South African market and the fixed costs associated with new capital expenditures, which are yet to be fully utilized.

Depreciation recorded a 39.1% increase in CY 2024, while finance costs rose by 68.0%, primarily due to the acquisition of BevCo and the establishment of four new production facilities in India and the Democratic Republic of the Congo (DRC). PAT saw a notable increase of 25.3%, reaching ₹ 26,342.8 Million in CY 2024, compared to ₹ 21,018.1 Million in CY 2023, driven by volume growth and improved margins.

As of the end of CY 2024, the company's net capital expenditure stood at approximately ₹ 45,000 Million, with ₹ 24,000 Million spent in CY 2023. Of the total capex, ₹ 32,000 Million was allocated for the establishment of four greenfield production facilities, distributed as follows: Supa (Maharashtra) ~₹ 10,000 Million, Gorakhpur (Uttar Pradesh) ~₹ 11,000 Million, Khordha (Odisha) ~₹ 5,000 Million, and DRC ~₹ 6,000 Million. An additional ₹ 8,000 Million was invested in international markets, including backward integration. The remaining capex was for future years, including visi-coolers, glass bottles, pallets, vehicles, etc.

Investments made over the past two years have significantly expanded production capacity in India, the annual production capacity in India increased during the season of CY 2024 by ~45% over the capacity of season CY 2022. This expansion strengthens the company's ability to meet growing demand and drive future growth.

As of December 31, 2024, capital work-in-progress (CWIP) and capital advances stood at approximately ₹ 16,500 Million, primarily for new greenfield facilities in Prayagraj, Damtal, Buxar, and Meghalaya. An estimated ₹ 16,000 Million in additional capital expenditure is required, with the balance earmarked for the following year. This includes investments in the snacks segment in international markets and brownfield expansions in India (Sricity), rPET facilities in India and expansion in DRC.

During the year, VBL became net debt-free following the repayment of loans using proceeds from the QIP issue. While the company's financial position has strengthened, efforts to enhance operational efficiencies remain ongoing. Despite inorganic expansion into new markets, including South Africa and DRC, working capital days improved to approximately 31 days as of December 31, 2024, compared to 34 days in the previous year.

## Growth Outlook

### Volume Gains

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

### Acquisitions

- Penetrate newer geographies.
- Identify strategic consolidation opportunities in South Asia / Africa

### Strengthen Balance Sheet

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

### Operating Leverage

- Contiguous territories/ markets offer better operating leverage and asset utilization - economies of scale.
- Production and logistics optimization
- Packaging synchronization and innovations
- Technology use to improve sales and operations processes.

### Diversified Portfolio

- To periodically launch innovative products in select markets in line with changing consumer preferences.
- Focus on non-cola carbonated beverages and NCB's.
- Bottled water provides significant growth opportunity.

VBL is well-positioned to sustain its growth trajectory, driven by its comprehensive business model, robust operational infrastructure, and strategic alignment with PepsiCo. The Company's end-to-end execution capabilities, from manufacturing to distribution, ensure seamless operations across diverse and complex markets. VBL continues to enhance its portfolio with innovative product offerings and localized strategies, enabling it to address evolving consumer preferences and capture emerging demand across its licensed territories.

The Company's recent expansion into international markets, including the integration of The The Beverage Company Proprietary Limited (BevCo) in South Africa and acquisitions in Tanzania and Ghana, has further strengthened its global footprint. These developments underscore VBL's commitment to broadening its footprint and the expansion into African territories provides the Company with new opportunities to drive long-term growth and solidify its position in key international markets.

In India, VBL is well-placed to leverage favorable demographic trends and the growing spending power of its expanding middle class. Investments in infrastructure, such as Visi Coolers in under-penetrated rural regions, enhance the Company's ability to reach a broader consumer base and ensure consistent product availability. Additionally, VBL's focus on backward integration, centralized sourcing, and sustainability initiatives ensures operational excellence and cost efficiencies. Complemented by the growing snacks business under exclusive PepsiCo partnerships, VBL is poised to deliver sustainable value to stakeholders and capitalize on growth opportunities in both domestic and international markets.

## Threats, Risks, and Concerns

The risks and opportunities inherent to all corporations are inseparable elements. The directors and management of the Company make constructive decisions to protect the interests of stakeholders. The Company has implemented a Risk Management Policy which is continuously monitored and reviewed under the guidance of Audit, Risk Management and Ethics Committee. The Committee convenes periodically to identify processes exposed to risks, determine risk mitigation strategies, and oversee their implementation.

| Risk | Description | Mitigation |
|---|---|---|
| 1. Demand Risk | A cyclical downturn can result in a slowdown in the Company's target markets, affecting its sales velocity. | Over the years, the Company has demonstrated its ability to drive significant growth in sales volumes by focusing on delivering the right brand, the right price, the right product, and the right channel. Additionally, the business operates in relatively under-penetrated markets with favorable demographics, climatic conditions and a growing population, indicating steady demand growth. Further, its wide range of product portfolio enables it to cater to diverse consumer segments. |
| 2. Business Agreement Risk | The Company relies on strategic relationships and agreements with PepsiCo. Termination of agreements or less favorable renewal terms could adversely affect profitability. | Over the past thirty years, the Company has nurtured a strong partnership with PepsiCo, expanding market ties by venturing into new territories and sub-territories. This partnership involves an expanded production and distribution of a wider array of PepsiCo beverages, integrating multiple SKUs into our portfolio, and broadening our distribution network. The business has demonstrated its effectiveness in significantly boosting PepsiCo's market share, establishing itself as a reliable partner. The collaborative relationship is symbiotic, with both entities actively engaged as development partners. Together, they invest in joint projects and business planning, with a primary focus on strategic issues. Notably, the bottling appointment and trademark license agreement for India with PepsiCo India, initially set to expire on October 2, 2022, has been extended until April 30, 2039, further strengthening this enduring partnership. |
| 3. Regulatory Risk | Regulations regarding consumer health and the risk of the Company's products being signed out for discriminatory tax and packaging waste recovery may adversely impact business. | The Company proactively works with PepsiCo, the Government and the regulatory authorities to ensure that the facts are clearly understood and that its products are not unfairly targeted. VBL adheres to sustainable manufacturing practices and emphasizes on environmental issues related to packaging waste recovery / recycling, water management and greenhouse gas emissions. It consistently engages with stakeholders to develop sustainability solutions that prioritize environmental protection, including partnerships with NGOs and the communities in which it operates. PepsiCo's strategy of introducing healthier and zero sugar variant products also bodes well for the Company's future. The Company has initiated various sustainability initiatives such as the engagement of GEM Enviro Management Ltd. for phased implementation of 100% recycling of used PET bottles and partnering with Deutsch Quality Systems (India) Private Limited for water footprint assurance and, for measurement and improvement of Company's carbon footprint. |
| 4. Business Viability Risk | The inability to integrate the operations or leverage potential operating and cost efficiencies from the newly acquired territories and sub-territories may adversely affect the Company's business and future financial performance. | VBL's transparent strategy and financial planning ensure that any future acquisitions or collaborations are not only valuable but also align with the Board's acquisition guidelines. The company dedicates substantial management time and financial resources to secure the success of newly acquired endeavors. This includes developing local market strategies, addressing potential cultural and language barriers, and integrating business practices to ensure the overall viability of the business. |

| Risk | Description | Mitigation |
|---|---|---|
| 5. Consumer Preference Risk | Failure to adapt to changing consumer health trends and address misconceptions about the health effects of soft drink consumption may adversely affect demand. | To stay relevant, VBL's sales team works closely with PepsiCo to evaluate evolving consumer habits and consistently focuses on product innovation and expanding the product range. Furthermore, PepsiCo's new product plan places greater emphasis on healthier products with zero / limited calorie and sugar content. |
| 6. Raw Material Risk | An interruption in the supply or significant increase in the price of raw materials or packaging materials may adversely affect the Company's business prospects, results of operations and financial condition. | An integral part of VBL's strategy is to maximize cost efficiencies, the active reduction of cost of goods sold, minimizing operating expenses and increasing cash flows. To achieve these objectives, the business has undertaken significant programs, including backward integration and consolidated sourcing of materials. Leveraging its scale of operations, VBL negotiates with suppliers to enhance bargaining power, resulting in improved working capital management. The Company is dedicated to optimizing its assets to achieve higher operating efficiency and to amortize overheads costs across a wider case range. Additionally, VBL continues to invest in innovative solutions to enhance operational efficiencies and streamline work processes. These efforts include, ensuring consolidated operational data from production, scheduled sourcing, and superior monitoring of the supply of goods from manufacturers to the retail point of sale. |

## Human Resources

As of December 31, 2024, VBL employed over 16,000 full-time team members worldwide, with more than 11,000 based in India and over 5,000 across its international subsidiaries. Aligned with its overarching business strategy, the Company places a strong emphasis on nurturing talent as a key driver of future growth and success. VBL prioritizes employee development through extensive training programs, skill enhancement initiatives, and opportunities for career progression across all levels and functions. The Company also collaborates with PepsiCo on management and staff development programs, ensuring key employees benefit from global best practices while engaging in skill-building initiatives within India's leading training frameworks.

## Risk Management, Audit and Internal Control System

The Company has established robust and efficient internal control systems tailored to the scale of its operations and the complexities of the market it serves. These stringent and comprehensive controls ensure optimal utilization of resources, safeguarding the Company's assets and interests. They also ensure that transactions are properly authorized, recorded, and reported, with reliable checks and balances to maintain the consistency and accuracy of accounting data. The Audit, Risk Management and Ethics Committee oversees a thorough system of internal audits and periodic assessments to ensure adherence to best practices. The Company has appointed M/s J.C. Bhalla & Co, Chartered Accountants, and M/s O.P. Bagla & Co LLP, Chartered Accountants, as Joint Statutory Auditors to oversee and report on the financial controls of the Company.

# Board's Report

Dear Members,

Your Directors have pleasure in presenting the 30th (Thirtieth) Annual Report on the business and operations of your Company along with the Audited Financial Statements for the Financial Year ended December 31, 2024.

## Financial Performance

The financial performance of your Company for the Financial Year ended December 31, 2024 is summarized below:

(₹ in Million)

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | Financial Year ended December 31, 2024 | Financial Year ended December 31, 2023 | Financial Year ended December 31, 2024 | Financial Year ended December 31, 2023 |
| Total Revenue | 147,025.35 | 127,789.68 | 206,025.96 | 164,004.22 |
| Total Expenses | 116,325.96 | 104,108.05 | 171,680.29 | 136,605.83 |
| Profit before tax after exceptional items | 30,699.39 | 23,681.63 | 34,330.89 | 27,393.60 |
| Less: Tax Expenses | 7,495.75 | 5,930.37 | 7,988.04 | 6,375.47 |
| Profit after tax | 23,203.64 | 17,751.26 | 25,946.33* | 20,559.22* |
| Balance brought forward from last year | 64,261.97 | 25,101.68 | 62,868.91 | 27,398.84 |
| Balance carried over to Balance Sheet | 60,721.86 | 40,558.71 | 68,582.05 | 45,663.50 |
| General Reserve | 444.26 | 444.26 | 444.26 | 444.26 |
| Other Reserves | 97,657.91 | 23,259.02 | 90,308.95 | 16,761.15 |
| Reserves & Surplus carried to Balance Sheet | 158,824.03 | 64,261.97 | 159,335.27 | 62,868.91 |

**After adjustment on account of non-controlling interest.*

## Consolidated Financial Statements

The Consolidated Financial Statements of your Company for the Financial Year 2024 are prepared in compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), Indian Accounting Standards ('Ind AS') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['SEBI (LODR) Regulations'] which shall also be provided to the Members in their forthcoming Annual General Meeting ('AGM').

## State of the Company's Affairs

Your Company has presence in 26 States and 6 Union Territories in India as well as in 9 other countries through franchise rights (viz. Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, Democratic Republic of Congo, South Africa, Lesotho & Eswatini). Additionally, the Company holds distribution rights in 4 countries (viz. Namibia, Botswana, Mozambique and Madagascar). As of December 31, 2024, the Company has 48 state-of-the-art manufacturing facilities (36 in India and 12 in International Geographies) with more than 2,600 owned vehicles, more than 2,800 primary distributors and more than 130 depots. The Company continues to create long-term value through different facets of its business and improve its presence, product mix and utilisation levels. With an increasing penetration on the back of a robust distribution network and diversifying product portfolio, the Company has created a sustainable operating efficiency at its manufacturing facilities.

## Key Developments

On March 26, 2024, your Company consummated the acquisition of The Beverage Company Proprietary Limited, South Africa along-with its wholly-owned subsidiaries ('BevCo'). Accordingly, Bevco became the subsidiary of the Company. This acquisition allowed the Company to consolidate its presence in franchised territories in South Africa, Lesotho, and Eswatini, as well as territories with distribution rights in Namibia, Botswana, Mozambique, and Madagascar.

On November 13, 2024, your Company entered into share purchase agreements with Tanzania Bottling Company SA and Ghana Bottling Company Limited to acquire 100% share capital of SBC Tanzania Limited and SBC Beverages Ghana Limited respectively, subject to regulatory and other approvals, including but not limited to PepsiCo Inc.

Varun Beverages Morocco SA (a wholly owned subsidiary of the Company) entered into an Exclusive Snacks Appointment Agreement to manufacture and package Cheetos in the territory of Morocco. This appointment is in addition to the existing distribution agreement for PepsiCo's snacks portfolio consisting of Lays, Cheetos, Doritos in the territory of Morocco.

Varun Foods (Zimbabwe) (Private) Limited and Varun Beverages (Zambia) Limited (subsidiaries of the Company) entered into an Exclusive Snacks Franchising Appointment with Premier Nutrition Trading LLC, Dubai (subsidiary of PepsiCo Inc.) to manufacture, distribute, and sell 'Simba Munchiez' in the territory of Zimbabwe & Zambia.

## Deposits

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

## Transfer to General Reserve

Your Company has not transferred any amount to General Reserve for the Financial Year 2024.

## Change in the Nature of Business, if any

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

## Dividend Distribution Policy

The Board of Directors of the Company in their meeting held on August 9, 2017 approved and adopted a Policy on Distribution of Dividend to comply with Regulation 43A of SEBI (LODR) Regulations and the same is uploaded on website of the Company at https://www.varunbeverages.com/wp-content/uploads/2023/03/10-Dividend-Distribution-Policy.pdf

## Dividend

During the year under review, the Board of Directors in their meeting held on July 30, 2024 declared an interim dividend of ₹ 1.25 per Equity Share (face value of ₹ 5/- per Equity Share) to the eligible equity shareholders of the Company. Further, the Board of Directors have also recommended a final dividend of ₹ 0.50 per Equity Share (face value of ₹ 2/- per Equity Share) for the Financial Year 2024. Total cash outflow for dividend payout would be ~₹ 3,315.06 million for the Financial Year 2024.

Your Company has transferred the unpaid/unclaimed dividend (interim and final) to the Unclaimed Dividend Accounts of the respective financial years and the details of the same are uploaded on website of the Company at https://varunbeverages.com/corporate-governance/

## Investor Education and Protection Fund

Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') read with relevant circulars and amendments thereto, amount of dividend which remains unpaid/unclaimed for a period of seven years from the date of transfer to the Company's unpaid dividend account and corresponding shares on which the dividend remains unclaimed for seven consecutive years or more are required to be transferred to the Investor Education and Protection Fund ('IEPF') constituted by the Central Government. Accordingly, your Company had transferred ₹ 45,375/- to IEPF (being unpaid/unclaimed interim dividend amount for FY 2017) and also transferred 299 equity shares (on which interim dividend for FY 2017 remained unpaid/unclaimed for seven consecutive years) to the designated demat account of IEPF Authority and the same can be claimed from IEPF Authority only after complying with prescribed procedure under IEPF Rules.

## Acquisition Guidelines

Your Company applies stringent strategic and financial criteria to any potential acquisition or partnership and to enhance transparency, the Board of Directors of the Company have approved and adopted Acquisition Guidelines for Company's M&A activities for viable acquisitions and the same is uploaded on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/03/9-VBL-Guidelines-for-Acquisition-in-India.pdf

## Sub-Division/Split of Equity Shares

During the year under review, pursuant to the approval of Members through Postal Ballot on August 30, 2024, the Issued, Subscribed and Paid-up Equity Share Capital existing on the Record Date (i.e. September 12, 2024) was sub-divided/split such that each Equity Share having face value of ₹ 5/- each fully paid-up, was sub-divided/split into such number of Equity Shares having face value of ₹ 2/- each fully paid-up.

## Qualified Institutions Placement (QIP)

During the year under review, in compliance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, SEBI (LODR) Regulations and Sections 42 & 62 of the Act and Rules made thereunder, your Company has issued and allotted 132,743,362 Equity Shares of face value of ₹ 2/- each to the eligible Qualified Institutional Buyers at an issue price of ₹ 565/- per Equity Share i.e. at a premium of ₹ 563/- per Equity Share aggregating to ₹ 7,500 crore. Brief summary of utilization of funds are as follows:

| S. No. | Particulars | Amount as per Placement Document (₹ in crore) | Amount Utilized as on 31.12.2024 (₹ in crore) |
|---|---|---|---|
| 1. | Repayment/ Prepayment, in part or in full of certain outstanding borrowings availed by the company and /or one of its subsidiaries | 5,600.00 | 5,047.55 |
| 2. | For general corporate purposes and inorganic acquisitions | 1,839.00 | 385.85 |
| 3. | QIP Issue Expense | 61.00 | 61.11* |
| | **Total** | **7,500.00** | **5,494.50** |

**incremental amount utilized through general corporate purposes allocated funds.*

## Share Capital

Pursuant to the approval of Members through Postal Ballot on August 30, 2024, the Authorized Share Capital of the Company stood sub-divided/ split from ₹ 10,000,000,000/- (Rupees Ten Billion only) divided into 2,000,000,000 (Two Billion) Equity Shares of face value of ₹ 5/- (Rupees Five only) each to ₹ 10,000,000,000/- (Rupees Ten Billion only) divided into 5,000,000,000 (Five Billion) Equity Shares of face value of ₹ 2/- (Rupees Two only) each.

During the year under review, the Issued, Subscribed and Paid-up Equity Share Capital of your Company was increased/changed from ₹ 6,496,074,880/- (Rupees Six Billion Four Hundred Ninety Six Million Seventy Four Thousand and Eight Hundred Eighty only) divided into 1,299,214,976 (One Billion Two Hundred Ninety Nine Million Two Hundred Fourteen Thousand and Nine Hundred Seventy Six) Equity Shares of face value of ₹ 5/- (Rupees Five only) each to ₹ 6,763,020,034/- (Rupees Six Billion Seven Hundred Sixty Three Million Twenty Thousand and Thirty Four only) divided into 3,381,510,017 (Three Billion Three Hundred Eighty One Million Five Hundred Ten Thousand and Seventeen) Equity Shares of face value of ₹ 2/- (Rupees Two only) each due to (i) sub-division/split of Equity Shares of the Company such that each Equity Share having face value of ₹ 5/- each fully paid-up, was sub-divided/split into such number of Equity Shares having face value of ₹ 2/- each fully paid-up; (ii) allotment of 729,215 (Seven Hundred Twenty Nine Thousand and Two Hundred Fifteen) Equity Shares of the Company in aggregate upon exercise of stock options vested under Employees Stock Option Scheme 2016; (iii) allotment of 132,743,362 (One Hundred Thirty Two Million Seven Hundred Forty Three Thousand and Three Hundred Sixty Two) Equity Shares of face value of ₹ 2/- each pursuant to Qualified Institutions Placement.

## Employees Stock Option Scheme

Your Company has Employees Stock Option Scheme 2016 ('ESOP Scheme 2016') i.e. in compliance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time ('SEBI ESOP Regulations') and there has been no material change to the ESOP Scheme 2016 during the year under review. Consequent to sub-division/split of Equity Shares, all the options granted under the ESOP Scheme 2016 have been adjusted for sub-divided/split shares.

Certificate from Secretarial Auditors of the Company that ESOP Scheme 2016 has been implemented in accordance with the SEBI ESOP Regulations and the resolution(s) passed by the Members of the Company will be uploaded on website viz. https://varunbeverages.com/agm/ for inspection by Members of the Company.

The statutory disclosures as mandated under the Act and SEBI ESOP Regulations are available on website of the Company at https://varunbeverages.com/agm/

## Credit Rating

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

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

## Related Party Transactions

To comply with the provisions of Sections 177 and 188 of the Act and Rules made thereunder read with Regulation 23 of SEBI (LODR) Regulations, your Company took necessary prior (including omnibus) approval of the Audit, Risk Management and Ethics Committee before entering into related party transactions. All contracts/ arrangements/transactions entered into by the Company during the Financial Year 2024 with related parties, as defined under the Act and SEBI (LODR) Regulations, were in the ordinary course of business and on arm's length basis.

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

None of the transactions with any of the related parties were in conflict with the interest of the Company rather, these were synchronized and synergized with the Company's operations. Attention of Members is drawn to the disclosure of transactions with the related parties set out in Note No. 43 of the Standalone Financial Statements forming part of the Annual Report.

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

Since all transactions which were entered into during the Financial Year 2024 were on arm's length basis and in the ordinary course of business and there was no material related party transaction entered by the Company during the Financial Year 2024 as per Policy on Related Party Transactions, hence no detail is required to be provided in Form AOC-2 prescribed under Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

## Particulars of Loans, Guarantees or Investments

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

## Subsidiaries, Associates and Joint Ventures

Your Company has following Subsidiaries, Associates and Joint Venture:

### Subsidiaries

- Varun Beverages (Nepal) Private Limited;
- Varun Beverages Lanka (Private) Limited;
  - Ole Springs Bottlers (Private) Limited (step-down subsidiary);
- Varun Beverages Morocco SA;
- Varun Beverages (Zambia) Limited;
- Varun Beverages (Zimbabwe) (Private) Limited;
- Varun Beverages RDC SAS;
- Varun Beverages International DMCC;
- Varun Beverages South Africa (Pty) Ltd;
- VBL Mozambique, SA;
- The Beverage Company Proprietary Limited, South Africa (w.e.f. 26.03.2024);
  - The Beverage Company Bidco Proprietary Limited (w.e.f. 26.03.2024) (step-down subsidiary);
  - Little Green Beverages Proprietary Limited (w.e.f. 26.03.2024) (step-down subsidiary);
  - Softbev Proprietary Limited (w.e.f. 26.03.2024) (step-down subsidiary);
- Varun Foods (Zimbabwe) (Private) Limited (w.e.f. 22.05.2024); and
- Lunarmech Technologies Private Limited (wholly owned subsidiary w.e.f. 16.12.2024).

### Associates

- Clean Max Tav Private Limited; and
- Huoban Energy 7 Private Limited

### Joint Venture

- IDVB Recycling Operations Private Limited

To comply with the provisions of Section 129 of the Act, a separate statement containing salient features of Financial Statements of Subsidiaries, Associates and Joint Venture of your Company (including their performance and financial position) in prescribed Form AOC-1 forms part of Consolidated Financial Statements and therefore not repeated here to avoid duplication. Further, contribution of Subsidiaries, Associates and Joint Venture to the overall performance of your Company is outlined in Note No. 58 of the Consolidated Financial Statements.

Financial Statements of the aforesaid Subsidiaries, Associates and Joint Venture companies are kept open for inspection by the Members at the Registered Office of your Company on all days except Saturday, Sunday and Public Holiday up to the date of AGM i.e. April 3, 2025 between 11:00 a.m. to 5:00 p.m. as required under Section 136 of the Act. Any Member desirous of obtaining a copy of the said Financial Statements may write to the Company at its Registered Office or Corporate Office. The Financial Statements including the Consolidated Financial Statements and all other documents required to be attached with this Report have been uploaded on website of the Company at https://varunbeverages.com/annual-reports/

To comply with the provisions of Regulation 16(c) of SEBI (LODR) Regulations, the Board of Directors of the Company have approved and adopted a Policy for determination of Material Subsidiary and Governance of Subsidiaries and as on December 31, 2024, none of the subsidiary was a material subsidiary of the Company in terms of the said Policy. Policy for determination of Material Subsidiary and Governance of Subsidiaries is uploaded on website of the Company at https://www.varunbeverages.com/policies/policy-on-material-subsidiary-VBL.pdf

## Directors and Key Managerial Personnel

### Directors

To comply with the provisions of Section 152 of the Act and in terms of the Articles of Association of the Company, Mr. Varun Jaipuria (DIN: 02465412) and Mr. Rajinder Jeet Singh Bagga (DIN: 08440479), Whole-time Directors are liable to retire by rotation at the ensuing AGM and being eligible, seeks re-appointment. The Board of Directors, on the recommendation of Nomination and Remuneration Committee ('NRC'), recommended their re-appointment for consideration by the Members at the ensuing AGM.

Further, the re-appointment of Mr. Varun Jaipuria and Mr. Raj Gandhi (DIN: 00003649) w.e.f. November 1, 2024 and Mr. Rajinder Jeet Singh Bagga w.e.f. May 2, 2024 as Whole-time Directors for a further period of upto 5 (Five) years, liable to retire by rotation and the appointment of Dr. Naresh Trehan (DIN: 00012148) w.e.f. April 21, 2024 as a Non-Executive Non-Independent Director of the Company, liable to retire by rotation were approved by Members of your Company at 29th AGM held on April 3, 2024.

Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations and are in compliance with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014. Further, the Independent Directors have also confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties as Independent Directors of the Company.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity (including the proficiency) and fulfils the conditions specified in the Act read with Rules made thereunder and SEBI (LODR) Regulations and are eligible & independent of the management.

None of the Directors of the Company are disqualified as per the provisions of Section 164 of the Act. The Directors of the Company have made necessary disclosures under Section 184 and other relevant provisions of the Act.

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

## Key Managerial Personnel

Mr. Rajesh Chawla was appointed as a Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. May 14, 2024 in accordance with the provisions of Section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in place of Mr. Lalit Malik, who resigned as Chief Financial Officer and Key Managerial Personnel of your Company w.e.f. May 13, 2024.

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

## Board Evaluation

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

i) Audit, Risk Management and Ethics Committee;

ii) Nomination and Remuneration Committee;

iii) Stakeholders' Relationship Committee; and

iv) Corporate Social Responsibility Committee.

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

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

## Board and Committees of the Board

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

## Remuneration Policy

To comply with the provisions of Section 178 of the Act and Rules made thereunder and Regulation 19 of SEBI (LODR) Regulations, the Company's Remuneration Policy for Directors, Key Managerial Personnel (KMP), Senior Management and other Employees of the Company is uploaded on website of the Company at https://www.varunbeverages.com/wp-content/uploads/2023/03/12-Remuneration-Policy.pdf. The Policy includes, *inter-alia*, the criteria for determining qualifications, positive attributes, independence of a Director, appointment and remuneration of Directors, KMPs, Senior Management Personnel and other employees of the Company.

## Remuneration of Directors, Key Managerial Personnel and Particulars of Employees

The statement of remuneration under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is attached to this report as **Annexure – A**.

Further, as per second proviso to Section 136(1) of the Act read with Rule 5 of the aforesaid Rules, the Board's Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees as required under Rule 5(2) of the aforesaid Rules. Any member interested in obtaining a copy of the said statement may write to the Compliance Officer at complianceofficer@rjcorp.in up to the date of AGM. The said statement is also available for inspection by the Members at the Registered Office of your Company on all days except Saturday, Sunday and Public Holiday up to the date of AGM i.e. April 3, 2025 between 11:00 a.m. to 5:00 p.m.

## Statutory Auditors

The Shareholders of the Company in their 27th & 28th AGM held on April 7, 2022 and March 27, 2023 respectively appointed M/s. O P Bagla & Co. LLP, Chartered Accountants (Firm Registration Number 000018N/N500091) and M/s. J C Bhalla & Co., Chartered Accountants (Firm Registration Number 001111N) as Joint Statutory Auditors of the Company for a period of upto 5(Five) consecutive years to hold office till the conclusion of AGM to be held in the year 2027 and 2028 respectively. They have also confirmed that they are not disqualified from continuing as Joint Statutory Auditors of the Company.

The Statutory Auditors' Report for the Financial Year 2024 does not contain any qualification, reservation or adverse remark and forms part of the Annual Report. The Statutory Auditors have not reported any fraud under Section 143(12) of the Act.

## Cost Audit

In terms of Section 148 of the Act and the Companies (Cost Records and Audit) Rules, 2014, Cost Audit is not applicable on the Company for the Financial Year 2024.

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

To comply with the provisions of Section 134 of the Act and Rules made thereunder, your Company has complied with the provisions relating to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, no complaint was received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## Vigil Mechanism / Whistle Blower Policy

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

During the year under review, no complaint was received under the Vigil Mechanism/ Whistle Blower Policy of the Company.

## Secretarial Auditors

Pursuant to the amended provisions of Regulation 24A of the SEBI (LODR) Regulations and Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Audit, Risk Management and Ethics Committee and the Board of Directors have approved and recommended the appointment of M/s. Sanjay Grover & Associates, Peer Reviewed Firm of Company Secretaries in Practice (Firm Registration Number: P2001DE052900) as Secretarial Auditors of the Company for a term of upto 5(Five) consecutive years to hold office from the conclusion of ensuing AGM till the conclusion of 35th (Thirty Fifth) AGM of the Company to be held in the Year 2030, for approval of the Members at ensuing AGM of the Company. Brief resume and other details of M/s. Sanjay Grover & Associates, Company Secretaries in Practice, are separately disclosed in the Notice of ensuing AGM.

M/s. Sanjay Grover & Associates have given their consent to act as Secretarial Auditors of the Company and confirmed that their aforesaid appointment (if made) would be within the prescribed limits under the Act & Rules made thereunder and SEBI (LODR) Regulations. They have also confirmed that they are not disqualified to be appointed as Secretarial Auditors in terms of provisions of the Act & Rules made thereunder and SEBI (LODR) Regulations.

The Secretarial Audit Report for the Financial Year 2024 does not contain any qualification, reservation or adverse remark and is attached to this report as **Annexure – B**. Further, the Secretarial Auditors have not reported any fraud under Section 143(12) of the Act.

## Risk Management

The Audit, Risk Management and Ethics Committee of the Board of Directors inter-alia monitor and review the risk management plan and such other functions as assigned from time to time.

Your Company has a robust Risk Management Policy which identifies and evaluates business risks and opportunities. The Company recognizes that these risks needs to be managed and mitigated to protect the interest of the stakeholders and to achieve business objectives. The risk management framework is aimed at effectively mitigating the Company's various business and operational risks through strategic actions. In line with the SEBI (LODR) Regulations, cyber security risks are also covered under Risk Management Policy of the Company.

## Internal Financial Controls

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

## Corporate Social Responsibility (CSR)

Your Company has a Corporate Social Responsibility Policy which is uploaded on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/05/24-CSR-Policy-Clear-Version.pdf. This Policy includes *inter-alia* the guiding principles for selection, implementation and monitoring of CSR activities of the Company.

Annual Report on CSR activities for the Financial Year 2024 as required under Sections 134 and 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 is attached to this report as **Annexure - C**.

## Directors' Responsibility Statement

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

(a) in the preparation of the annual accounts for the Financial Year ended December 31, 2024, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at December 31, 2024 and of the profits of the Company for the period ended on that date;

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

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

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

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

## Other Information

### Management Discussion & Analysis Report

Management Discussion & Analysis Report for the Financial Year 2024 as stipulated under Regulation 34(2)(e) of SEBI (LODR) Regulations forms part of the Annual Report.

### Business Responsibility and Sustainability Report

Business Responsibility and Sustainability Report ('BRSR') for the Financial Year 2024 describing the initiatives taken by the Company from an Environment, Social and Governance perspective as stipulated under Regulation 34(2)(f) of SEBI (LODR) Regulations forms part of the Annual Report.

Further, as per the new reporting requirements, your Company had taken reasonable assurance of the BRSR

Core from third-party Independent Assurance provider and the same forms part of the Annual Report.

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

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

### Corporate Governance Report

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

## Listing

The Equity Shares of the Company are listed on the National Stock Exchange of India Limited and BSE Limited. Both these stock exchanges have nation-wide trading terminals. Annual listing fee for the Financial Year 2024-25 has been paid to the National Stock Exchange of India Limited and BSE Limited.

Equity Shares of your Company have been admitted in Future & Options (F&O) segment with National Stock Exchange of India Limited with effect from November 29, 2024 and BSE Limited with effect from December 13, 2024.

## Annual Return

Pursuant to Sections 92(3) and 134(3)(a) of the Act, the Annual Return of the Company is uploaded on website of the Company at https://varunbeverages.com/annual-reports/

## Research & Development

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

## Cautionary Statement

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

## General

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

1. Issue of equity shares with differential voting rights as to dividend, voting or otherwise.
2. The Whole-time Directors of the Company does not receive any remuneration or commission from any of its subsidiaries.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. Issue of Sweat Equity Shares.
5. No application made or any proceeding pending under Insolvency and Bankruptcy Code, 2016 as at the end of the Financial Year 2024.
6. No instance of one-time settlement with any bank or financial institution.

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

No material changes and commitments have occurred after the closure of the Financial Year 2024 till the date of this Report, which would affect the financial position of your Company.

## Acknowledgement

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

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

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

**Ravi Jaipuria**
Chairman
DIN: 00003668

Date: February 10, 2025
Place: Gurugram

## Annexure – A

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

(i) Ratio of the remuneration of each director to the median remuneration of employees of the Company for the Financial Year 2024 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2024:

(₹ in Million)

| Sl. No. | Name of Director/KMP and Designation | Remuneration of Director/KMP for Financial Year 2024 | % increase in Remuneration in Financial Year 2024 | Ratio of Remuneration of Director to Median Remuneration of employees in Financial Year 2024 |
|---|---|---|---|---|
| 1. | Mr. Varun Jaipuria, Executive Vice-Chairman & Whole-time Director | 72.02 | 33.32 | 175.66 |
| 2. | Mr. Raj Gandhi, Whole-time Director | 67.18 | 7.57 | 163.85 |
| 3. | Mr. Rajinder Jeet Singh Bagga, Whole-time Director | 61.56 | 6.76 | 150.15 |
| 4. | Mr. Lalit Malik, Chief Financial Officer (CFO) | 38.17* | Not Comparable@ | Not Applicable |
| 5. | Mr. Rajesh Chawla, Chief Financial Officer | 7.41 | Not Comparable@ | Not Applicable |
| 6. | Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary | 16.18 | 8.96 | Not Applicable |

**Remuneration includes variable pay, leave encashment and ex-gratia.*

*@ Mr. Rajesh Chawla was appointed as CFO with effect from May 14, 2024 in place of Mr. Lalit Malik, who resigned as CFO with effect from May 13, 2024.*

Note: Since Non-Executive Directors received no remuneration except sitting fee (if any) for attending Board/ Committee meetings, the required details are not applicable.

(ii) Number of permanent employees as on December 31, 2024 were 11,041 and median remuneration was ₹ 0.41 Million annually. Median remuneration of employees (excluding above Directors and KMPs) in Financial Year 2024 has increased by 3.61%.

It is hereby affirmed that the above-mentioned remuneration is in accordance with the Remuneration Policy of the Company which is uploaded on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/03/12-Remuneration-Policy.pdf

(iii) Average percentile increase already made in the salaries of employees other than Managerial Personnel was 10% and average percentile increase in the remuneration of Managerial Personnel was 15.29% vis-a-vis the last Financial Year.

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

**Ravi Jaipuria**
Chairman
DIN: 00003668

Date: February 10, 2025
Place: Gurugram

## Annexure – B

# Secretarial Audit Report

**For the Financial Year ended December 31, 2024**

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

To,
The Members,
**Varun Beverages Limited**
**(CIN: L74899DL1995PLC069839)**
F-2/7, Okhla Industrial Area, Phase-I,
New Delhi-110020

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

**We report that-**

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

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

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

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year started from January 1, 2024 and ended on December 31, 2024 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2024 according to the provisions of:

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

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

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

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

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

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

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

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

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; {Not applicable during the Audit Period}

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

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; {Not applicable during the Audit Period}

(h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; {Not applicable during the Audit Period} and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, with which the Company has generally complied with. The Company is generally regular in filing e-forms with Registrar of Companies under the provisions of the Act.

During the audit period, we are of the opinion that the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines to the extent applicable.

The Company is PepsiCo's second largest global franchise (outside United States) and have a strategic association with PepsiCo since 1991. The Company is a trusted business partner to PepsiCo and possesses the rights to manufacture, distribute and sell carbonated soft drinks, fruit juice-based drinks, packaged drinking water and sports and energy drinks. As informed by the Management, following Laws are being specifically applicable to the Company:

i. Food Safety & Standards Act, 2006, Rules and Regulations made thereunder

ii. Legal Metrology Act, 2009

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

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act.

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

As per the minutes, the decisions at the Board meetings were taken unanimously.

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

**We further report that** during the Audit Period:

1. The Board of Directors in their meeting held on July 30, 2024 and Members of the Company through postal ballot on August 30, 2024 approved the sub-division/ split of existing equity shares of the Company such that 1(One) equity share having face value of ₹ 5/- (Rupees Five only) each fully paid-up, be sub-divided/split into such number of equity shares having face value of ₹ 2/- (Rupees Two only) each fully paid-up on the Record Date (i.e. September 12, 2024).

2. The Board of Directors in their meeting held on July 30, 2024 and Members of the Company through postal ballot on August 30, 2024 approved the alteration of Capital Clause of the Memorandum of Association of the Company by deleting the existing Clause V of the Memorandum of Association of the Company and inserting the following new Clause V:

   "V. The Authorized Share Capital of the Company is ₹ 1000,00,00,000/- (Rupees One Thousand Crore only) divided into 500,00,00,000 (Five Hundred Crore) Equity Shares of face value of ₹ 2/- (Rupees Two only) each."

3. The Board of Directors in their meeting held on October 9, 2024 and Members of the Company through postal ballot on November 8, 2024 approved raising of funds by way of issuance of Equity Shares for an aggregate amount not exceeding ₹ 7,500 Crore (Rupees Seven Thousand Five Hundred Crore only), in one or more tranche(s), through Qualified Institutions Placement.

For **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900
Peer Review Certificate No.: 6311/2024

**Kapil Dev Taneja**
Partner
CP No.: 22944 / Mem. No. F4019
UDIN.: F004019F003904498

Place: New Delhi
Date: February 10, 2025

## Annexure – C

# Annual report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2024

## 1. Brief outline on CSR Policy of the Company

Your Company has a CSR Policy which is uploaded on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/05/24-CSR-Policy-Clear-Version.pdf

During the year under review, Company has spent ₹ 308.11 Million on promoting healthcare, education, vocational skills, regional equality, water conservation, eradicating hunger, environmental sustainability, animal welfare, rural development, etc. through RJ Foundation having Regn. No. CSR00006099. For more details, please refer page no. 114 of the Annual Report.

## 2. Composition of CSR Committee

Composition of the CSR Committee and details of attendance during Financial Year 2024 are as under:

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the Financial Year 2024 | Number of meetings of CSR Committee attended during the Financial Year 2024 |
|---|---|---|---|---|
| 1 | Ms. Rashmi Dhariwal* | Chairperson (Independent Director) | 2 | 2 |
| 2 | Mr. Ravi Jaipuria | Member (Non-executive Chairman) | 2 | 2 |
| 3 | Mr. Varun Jaipuria | Member (Executive Vice Chairman & Whole-time Director) | 2 | 0 |
| 4 | Mr. Raj Gandhi | Member (Whole-time Director) | 2 | 2 |

**Chairperson w.e.f. February 5, 2024*

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

## 3. Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company

Composition of CSR Committee: https://varunbeverages.com/composition-of-the-committees-of-the-board/

CSR Policy: https://varunbeverages.com/wp-content/uploads/2023/05/24-CSR-Policy-Clear-Version.pdf

CSR Projects: https://www.varunbeverages.com/wp-content/uploads/2025/03/CSR-Projects-FY-24.pdf

## 4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable

The impact assessment of contribution made towards CSR projects on Aaru Clinics, Pravah Skill Development Programme and Shiksha Kendra Programme during FY 2023 were undertaken through an independent agency. Their report is available on website of the Company at https://varunbeverages.com/agm/.

## 5.

**(a) Average net profit of the Company as per sub-section (5) of Section 135:** ₹ 15,405.45 Million

**(b) Two percent of average net profit of the Company as per sub-section (5) of Section 135:** ₹ 308.11 Million

**(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil

**(d) Amount required to be set off for the financial year, if any:** Nil

**(e) Total CSR obligation for the financial year [(b)+(c)-(d)]:** ₹ 308.11 Million

6. **(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** ₹ 307.50 Million

   **(b) Amount spent in Administrative Overheads:** ₹ 0.56 Million

   **(c) Amount spent on Impact Assessment, if applicable:** ₹ 0.05 Million

   **(d) Total amount spent for the Financial Year [(a)+(b)+(c)]:** ₹ 308.11 Million

   **(e) CSR amount spent or unspent for the financial year 2024:**

| Total Amount Spent for the Financial Year (in ₹) | Amount Unspent (in ₹) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per sub-section (6) of Section 135 | | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135 | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 308.11 Million | Nil | Not Applicable | None | Nil | Not Applicable |

   **(f) Excess amount for set off, if any:** Nil

| Sl. No. | Particular | Amount (in ₹) |
|---|---|---|
| (i) | Two percent of average net profit of the Company as per sub-section (5) of Section 135 | Not Applicable |
| (ii) | Total amount spent for the financial year | |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | |

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

| Sl. No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under sub-section (6) of Section 135 (in ₹) | Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (in ₹) | Amount Spent in the Financial Year (in ₹) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any | | Amount remaining to be spent in succeeding Financial Years (in ₹) | Deficiency, if any |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount (in ₹) | Date of Transfer | | |
| Nil | | | | | | | | |

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:**

   √ **Yes** **No**

   If Yes, enter the number of Capital assets created/acquired: 1(One)

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the financial year:

| Sl. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pincode of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/ Authority/ beneficiary of the registered owner | | |
|---|---|---|---|---|---|---|---|
| | | | | | CSR Registration Number, if applicable | Name | Registered address |
| 1. | Cost of construction incurred on Gaushala for animal welfare at Village Dautana, Tehsil Chhata, near Kosi Kalan | Mathura-281401, Uttar Pradesh | February 20, 2024 | ₹ 0.98 Million | CSR00006099 | RJ Foundation | F-2/7, Okhla Industrial Area, Phase-I, New Delhi-110020 |

**9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135:**

Not applicable.

**Ravi Jaipuria**
Member - CSR Committee
(Non-Executive Chairman)
DIN: 00003668

**Rashmi Dhariwal**
Chairperson - CSR Committee
(Independent Director)
DIN: 00337814

Date: February 10, 2025
Place: Gurugram

**Annexure – D**

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

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

### (a) Conservation of energy

| | | |
|---|---|---|
| (i) | Steps taken or impact on conservation of energy | A multi-pronged and sustainable approach is deployed in most of our plants as well as products to infuse the concept of energy conservation. Some of the energy conservation measures adopted across the manufacturing units were:<br>1. Use of frequency drive in ammonia and air compressor which saves electric energy.<br>2. Use of frequency drive in boiler for ID and FD fan which saves electric energy.<br>3. Heat recovery from hot compressed gases and used for heating water.<br>4. Recovery of treated hot water from three stage syrup transfer PHE.<br>5. Beverage filling at ambient temperature leading to huge power savings in refrigeration.<br>6. Replacement of CFL/FTL lamps with LED lamps.<br>7. Replacement of low efficiency pump with high energy efficient pump.<br>8. Improving efficiency on critical resources like water and energy by doing water recoveries and optimizing energy consumption.<br>9. Optimizing the resource consumptions and minimizing wastages by automations and controls.<br>10. Installation of steam operated pump trap - SOPT for better steam condensate recovery across all units.<br>11. Direct Coupled HP Compressors (No gear Box).<br>12. IE 5 permanent magnet motor.<br>13. Adiabatic cooling tower.<br>14. Improving condensate recovery by installation of SOPT and better technology equipment which helped in improving boiler efficiency.<br>15. Heat recovery from High Pressure Air Compressors and Ammonia Refrigeration compressors.<br>16. Installation of de-superheaters.<br>17. Installation of Godrej Control Air- IFC for optimizing HP requirements at preform blow moulding machines.<br>18. Initiated Cold CIP which requires no heat during operation.<br>19. Blowing power reduction by compressors efficiency audit and standardization of HP pressure SKU wise. |

| | | |
|---|---|---|
| (ii) | Steps taken by the Company for utilizing alternate sources of energy | 1. The Company has successfully utilized the environment friendly fuels like biomass and PNG operated boiler for steam generation and installed solar panels in many plants to generate clean energy.<br>2. In our pursuit of creating a green future, we are proactively shifting to renewable energy sources to fulfil our energy needs, pledging to broaden our renewable energy portfolio. By utilizing solar and wind on-site, as well as adopting open access (group captive power) sourcing methods, we are augmenting our renewable energy capacity. We are steadfast in our commitment to increasing the adoption of renewable energy at all our manufacturing and office locations.<br>In our sustainability journey, the usage of renewable energy sources has resulted in the generation of 73 million kWh units in FY 2024 from ~58 million kWh units in FY 2023. This accomplishment not only underscores our dedication to reducing our environmental footprint but has also directly contributed to a reduction in energy consumption sourced from the electricity grid. |
| (iii) | Capital investment on energy conservation equipments | 1. Installation and commissioning of Solar Plant at Nuh and Greater Noida Plants. Further, all new upcoming plants are coming with solar panel installed at roof top like Sandila, Pathankot, Supa, Gorakhpur, Khordha etc.<br>2. Air recovery system in Blow Moulding Machine.<br>3. Filling machines which are capable of filling beverage at ambient temperature with high speed running.<br>4. Green Oven for Bottle Blowing machine which consumes less energy as compared to the traditional ones.<br>5. High energy efficient pumps.<br>6. Steam condensate recovery system across all units.<br>7. Investment is done in Godrej Control Air IFC.<br>8. Installation of desuperheaters.<br>9. Investment in modification of existing CIP system to enable cold CIP. |

## (b) Technology absorption

| | | |
|---|---|---|
| (i) | Efforts made towards technology absorption | The Company has been continuously improving on resource use efficiencies, especially that of common resources such as water, fuel and energy and reducing carbon footprint. The Company follows series of environment performance indicators for monitoring natural resources consumption on per case basis and continual improvement is being achieved and sustained. New technology and Capex requirements are in progress at leadership level in ESG to make provision accordingly. |
| (ii) | Benefits derived like product improvement, cost reduction, product development or import substitution | Over the past twelve years, Company has reduced water usage on per case basis and significant reduction of energy consumption on per case basis. Some of the factories have also received the Green Factory certification (Gold rating) from Indian Green Building Council (IGBC). Your Company also achieved significant reduction in weight of closure (from 1880 long height closure to 1881 short height closure) and preforms over years. This is implemented across all units resulting in to saving of resin consumption. Usage of nitrogen in packaged drinking water enables unit to reduce 10% of package weight. We also started metal cage for preform storage and handling to minimize recycling waste. Recently three of our units Sathariya, Sandila and Sricity received CII National award and noteworthy achievement for excellence in water management within the fence. Sandila unit additionally rewarded in 'out of fence' category of water management excellence as recognized by CII. Our Begusarai plant has received CII National award for Excellence in Water Management in 2024. |

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

### (c) Foreign Exchange Earnings & Outgo

(₹ in Million)

| Sl. No | Particulars | As at December 31, 2024 | As at December 31, 2023 |
|---|---|---|---|
| (i) | Earnings in Foreign Currency | 3,439.48 | 2,586.62 |
| (ii) | Expenditure in Foreign Currency | 13,243.72 | 13,685.96 |

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

**Ravi Jaipuria**
Chairman
DIN: 00003668

Date: February 10, 2025
Place: Gurugram

# Corporate Governance Report

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

## Company's Philosophy on Corporate Governance

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

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

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

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

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

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

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

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

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

## Best Corporate Governance Practices

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

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

## Governance Policies

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

- Code of Conduct for Board of Directors and Senior Management;
- Code of Conduct for Prohibition of Insider Trading;
- Code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information;
- Policy on Related Party Transactions;
- Corporate Social Responsibility Policy;
- Policy for Determination of Material Subsidiary and Governance of Subsidiaries;

- Policy for Determination of Materiality of Events / Information;
- Remuneration Policy for Directors, Key Managerial Personnel, Members of Senior Management and other Employees of the Company;
- Familiarization Programme for Independent Directors;
- Vigil Mechanism/Whistle Blower Policy;
- Policy for Preservation of Documents;
- Policy on Diversity of the Board of Directors;
- Risk Management Policy;
- Dividend Distribution Policy;
- Archival Policy;
- Guidelines for Acquisition in India;
- Go Green Guidelines;
- Anti-Bribery Policy;
- Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace;
- Policy on Incentives Linked to ESG Initiatives;
- Framework of Environment, Social and Governance (ESG);
- Grievance Redressal Policy; and
- Employees Stock Option Scheme 2016.

## Board of Directors

As at December 31, 2024, 5(Five) out of 10(Ten) Directors on the Board were Independent Directors. At VBL, it is our belief that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board's actions and decisions are aligned with the Company's best interests. The Board critically evaluates the Company's strategic direction, management policies and their effectiveness.

Size and composition of the Board of Directors as at December 31, 2024 is given below:

| Category | Name of Directors |
|---|---|
| Non-executive Chairman | Mr. Ravi Jaipuria* |
| Executive Vice Chairman & Whole-time Director | Mr. Varun Jaipuria* |
| Executive / Whole-time Directors | Mr. Raj Gandhi |
| | Mr. Rajinder Jeet Singh Bagga |
| Non-executive, Non-Independent Director | Dr. Naresh Trehan |
| Non-executive, Independent Directors | Dr. Ravi Gupta |
| | Mr. Abhiram Seth |
| | Mr. Anil Kumar Sondhi |
| | Ms. Rashmi Dhariwal |
| | Ms. Sita Khosla |

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

## Inter-se Relationship among Directors

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

## Core Skills / Expertise / Competencies available with the Board

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

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

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

## Selection of Independent Directors

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

A statement in connection with fulfilling the criteria of Independence and directorships as required under the provisions of the Act and SEBI (LODR) Regulations received from each of Independent Director is disclosed in the Board's Report. Your Company had also issued formal appointment letters to all the Independent Directors in the manner provided under the Act. Terms and Conditions for appointment of Independent Directors are available on website of the Company at https://www.varunbeverages.com/wp-content/uploads/2023/03/1-2.-Terms-of-IDs.pdf

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

## Independent Directors' Induction and Familiarization

An appropriate induction programme for new Directors and ongoing training for existing Directors is a major contributor in maintaining the high Corporate Governance standards of the Company. The Whole-time Directors and the Company Secretary are jointly responsible for ensuring that such induction and training programmes are given to the Directors. The management provides such information and training either at the meeting of Board of Directors or otherwise. The details of such familiarization programme for Independent Directors are posted on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/03/2-1.-Details-of-Familiariation-Programme-of-IDs.pdf

## Board Evaluation

The Board of Directors of the Company ensures formation and monitoring of robust evaluation framework of the Individual Directors including Chairman of the Board, Board as a whole and various Committees thereof and carries out the evaluation of the Board, the Committees of the Board and Individual Directors, including the Chairman of the Board on an annual basis. A structured questionnaire is prepared and circulated to the Directors for each of the evaluation.

Board Evaluation for the Financial Year ended December 31, 2024 has been completed by the Company internally which included the evaluation of the performance of the Board as a whole, Board Committees and Directors individually including Chairman of the Board and results of the same were shared with the Board.

## Internal Audit

As recommended by the Audit, Risk Management and Ethics Committee, the Board of Directors in their meeting held on February 5, 2024 appointed M/s. VGG & Co., Chartered Accountants as Internal Auditors of the Company for the Financial Year 2024 to conduct internal audit of the Company and their report on findings is submitted to the Audit, Risk Management and Ethics Committee on periodic basis.

## Separate Meeting of Independent Directors

To comply with the provisions of Schedule IV of the Act read with Regulation 25 of SEBI (LODR) Regulations, the Independent Directors met once on November 28, 2024 during the Financial Year 2024, without the presence of Non-Independent Directors and members of the management team and *inter-alia* reviewed:

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

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

## Board Meetings, Board Committee Meetings and Procedure

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

As on date of this report, the Board has 7(Seven) Committees, namely Audit, Risk Management and Ethics Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Allotment Committee, Investment and Borrowing Committee, and Environment, Social and Governance Committee.

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

## Board/Committee Meetings

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

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

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

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

8 (Eight) Board meetings were held during the Financial Year 2024 on February 5, 2024, February 20, 2024, May 13, 2024, July 15, 2024, July 30, 2024, October 9, 2024, October 22, 2024 and November 12, 2024. The gap between two Board meetings was within the limit prescribed under Section 173(1) of the Act and Regulation 17(2) of the SEBI (LODR) Regulations.

## Board Business

The business of the Board *inter-alia* includes:

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

## Board Support

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

### Recording Minutes of proceedings of Board and Committee meetings

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

### Post meeting follow-up mechanism

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

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

| Name and DIN | Designation & Category | Attendance in Financial Year 2024 | | Number of Directorships in other Companies[$] as on December 31, 2024 | | Committee Membership and Chairmanship in other Companies[#] as on December 31, 2024 | | Shareholding in the Company as on December 31, 2024 |
|---|---|---|---|---|---|---|---|---|
| | | Board Meetings | AGM | Private | Public | Chairman ship | Member ship | |
| Mr. Ravi Jaipuria (00003668) | Promoter (Non-executive Chairman) | 8/8 | Yes | 1 | 5 | Nil | 1 | 564,736,222 |
| Mr. Varun Jaipuria (02465412) | Promoter (Executive Vice Chairman & Whole-time Director) | 7/8 | Yes | 3 | 2 | Nil | Nil | 520,859,870 |
| Mr. Raj Gandhi (00003649) | Whole-time Director (Executive Director) | 8/8 | Yes | 2 | 6 | Nil | 3 | 6,561,122 |
| Mr. Rajinder Jeet Singh Bagga (08440479) | Whole-time Director (Executive Director) | 7/8 | Yes | 1 | 1 | Nil | Nil | 1,459,685 |
| Dr. Naresh Trehan (00012148)[&] | Non-executive Non-Independent Director | 5/6 | N.A. | 2 | 6 | Nil | Nil | Nil |
| Dr. Ravi Gupta (00023487) | Non-executive Independent Director | 8/8 | Yes | 9 | 5 | 4 | 7 | Nil |
| Ms. Rashmi Dhariwal (00337814) | Non-executive Independent Director | 7/8 | Yes | 3 | 5 | 1 | 7 | Nil |
| Ms. Sita Khosla (01001803) | Non-executive Independent Director | 7/8 | Yes | Nil | Nil | Nil | Nil | Nil |
| Mr. Abhiram Seth (00176144) | Non-executive Independent Director | 6/8 | Yes | 3 | 4 | 2 | 3 | 7,380 |
| Mr. Anil Kumar Sondhi (00696535) | Non-executive Independent Director | 8/8 | Yes | Nil | Nil | Nil | Nil | Nil |

*$ Does not include directorship in foreign companies.*

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

*& Appointed as a Non-executive Non-independent Director with effect from April 21, 2024.*

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

Pursuant to Part C of Schedule V of the SEBI (LODR) Regulations, details of Directorship in other listed entity and category of Directorship as on December 31, 2024, are mentioned below:

| Sl. No. | Name of Director | Company | Category of Directorship |
|---|---|---|---|
| 1. | Mr. Ravi Jaipuria | Devyani International Limited | Non-executive Non-Independent Director |
| | | Global Health Limited | Non-executive Non-Independent Director |
| 2. | Mr. Varun Jaipuria | Devyani International Limited | Non-executive Non-Independent Director |
| 3. | Mr. Raj Gandhi | Devyani International Limited | Non-executive Non-Independent Director |
| 4. | Dr. Naresh Trehan | Global Health Limited | Executive Director |
| 5. | Dr. Ravi Gupta | Devyani International Limited | Non-executive Independent Director |
| | | Epack Durable Limited | Non-executive Independent Director |
| | | Global Health Limited | Non-executive Independent Director |
| 6 | Ms. Rashmi Dhariwal | Devyani International Limited | Non-executive Independent Director |
| | | Vindhya Telelinks Limited | Non-executive Independent Director |
| 7. | Mr. Abhiram Seth | LT Foods Limited | Non-executive Independent Director |

## Committees of the Board

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

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

### (i) Audit, Risk Management and Ethics Committee

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

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

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

The Audit, Risk Management and Ethics Committee met 5(Five) times during the Financial Year 2024 on February 5, 2024, May 13, 2024, July 30, 2024, October 22, 2024 and November 12, 2024.

**Composition of the Committee and attendance of the Members at the meetings held during the Financial Year 2024:**

| Sl. No. | Name | Category | Designation | No. of Meetings Attended |
|---|---|---|---|---|
| 1. | Dr. Ravi Gupta | Independent Director | Chairman | 5/5 |
| 2. | Ms. Rashmi Dhariwal | Independent Director | Member | 5/5 |
| 3. | Ms. Sita Khosla | Independent Director | Member | 5/5 |

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

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

The Chairman of the Audit, Risk Management and Ethics Committee was present at the last AGM held on April 3, 2024.

### (ii) Stakeholders' Relationship Committee

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

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

**Composition of the Committee during the Financial Year 2024:**

| Sl. No. | Name | Category | Designation |
|---|---|---|---|
| 1. | Ms. Sita Khosla | Independent Director | Chairperson |
| 2. | Ms. Rashmi Dhariwal | Independent Director | Member |
| 3. | Mr. Raj Gandhi | Executive Director | Member |

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

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

The Chairperson of the Stakeholders' Relationship Committee was present at the last AGM held on April 3, 2024.

**Investor Grievances / Complaints**

The details of the Investor Complaints received and resolved during the Financial Year ended December 31, 2024 are as follows:

| Opening Balance | No. of complaints received | No. of complaints resolved | No. of complaints not solved to the satisfaction of shareholders | No. of complaints pending |
|---|---|---|---|---|
| 0 | 11 | 11 | 0 | 0 |

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

### (iii) Nomination and Remuneration Committee

The terms of reference and composition of the Nomination and Remuneration Committee satisfy the requirements of Section 178 of the Act and Regulation 19 of SEBI (LODR) Regulations and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

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

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees and for evaluation of the performance of independent directors and the Board of Directors;
- Devising a policy on diversity of the Board of Directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board of Directors their appointment and removal, and specify the manner for effective evaluation of performance of Board, its committees and individual Directors and review its implementation and compliance;
- Determine whether to extend or continue the term of appointment of the independent directors on the basis of the report of performance evaluation of independent directors; and
- Framing suitable policies and systems to ensure that there is no violation by an employee as well as by the Company of any applicable laws in India or overseas, including:

(i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

(ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

The Nomination and Remuneration Committee met 5 (Five) times during the Financial Year 2024 on February 5, 2024, March 7, 2024, May 13, 2024, September 16, 2024 and September 27, 2024.

**Composition of the Committee and attendance of the Members at the meetings held during the Financial Year 2024:**

| Sl. No. | Name | Category | Designation | No. of Meetings Attended |
|---|---|---|---|---|
| 1. | Ms. Rashmi Dhariwal | Independent Director | Chairperson | 3/5 |
| 2. | Dr. Ravi Gupta | Independent Director | Member | 5/5 |
| 3. | Mr. Ravi Jaipuria | Non-executive Chairman | Member | 4/5 |

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

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

The Chairperson of the Nomination and Remuneration Committee was present at the last AGM held on April 3, 2024.

**Performance evaluation criteria for Directors**

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

## Remuneration of Directors

Details of remuneration paid to Directors of the Company for the Financial Year ended December 31, 2024, are as follows:

(₹ in million)

| Sl. No. | Name | Sitting Fee | Salary | Perquisite | Bonus/Incentive | Total |
|---|---|---|---|---|---|---|
| 1. | Mr. Varun Jaipuria | - | 72.02 | 0.04 | - | 72.06 |
| 2. | Mr. Raj Gandhi | - | 55.33 | 3.26 | 11.85 | 70.44 |
| 3. | Mr. Rajinder Jeet Singh Bagga | - | 61.56 | 3.40 | - | 64.96 |
| 4. | Dr. Ravi Gupta | 2.20 | - | - | - | 2.20 |
| 5. | Ms. Rashmi Dhariwal | 2.90 | - | - | - | 2.90 |
| 6. | Ms. Sita Khosla | 1.70 | - | - | - | 1.70 |
| 7. | Mr. Abhiram Seth | 0.60 | - | - | - | 0.60 |
| 8. | Mr. Anil Kumar Sondhi | 0.80 | - | - | - | 0.80 |

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

During the Financial Year 2024, no loans and advances in the nature of loans to firms/companies in which directors are interested was given by the Company and its subsidiaries.

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

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

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

## Prohibition of Insider Trading

To comply with the provisions of Regulation 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for Prohibition of Insider Trading and the same is uploaded on website of the Company at https://www.varunbeverages.com/wp-content/uploads/2024/12/Insider-Trading-Code.pdf

## Vigil Mechanism / Whistle Blower Policy

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

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

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

This policy provides an additional channel to the normal management hierarchy for employees to raise concerns about any breach of the Company's values or instances of violations of the Company's Code of Conduct. Therefore, it is in line with the Company's commitment to open communication and to highlight any such matters which may not be getting addressed in a proper manner. During the year under review, no complaint was received under the Vigil Mechanism / Whistle Blower Policy of the Company. The Policy is uploaded on website of the Company at https://www.varunbeverages.com/wp-content/uploads/2023/03/21-VIGIL-MECHANISM-POLICY.pdf

## Qualified Institutions Placement (QIP)

During the year under review, in compliance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, SEBI (LODR) Regulations and Sections 42 & 62 of the Act and Rules made thereunder, the Company has issued and allotted 132,743,362 Equity Shares of face value of ₹ 2/- each to the eligible Qualified Institutional Buyers at an issue price of ₹ 565/- per Equity Share i.e. at a premium of ₹ 563/- per Equity Share aggregating to ₹ 7,500/- crore. Brief summary of utilization of funds are as follows:

| Sl. No. | Particulars | Amount as per Placement Document (₹ in crore) | Amount Utilized as on 31.12.2024 (₹ in crore) |
|---|---|---|---|
| 1. | Repayment/ Prepayment, in part or in full of certain outstanding borrowings availed by the company and /or one of its subsidiaries | 5,600.00 | 5,047.55 |
| 2. | For general corporate purposes and inorganic acquisitions | 1,839.00 | 385.85 |
| 3. | QIP Issue Expense | 61.00 | 61.11* |
| | **Total** | **7,500.00** | **5,494.50** |

** incremental amount utilized through general corporate purposes allocated funds.*

## Compliance with the Code of Conduct

To comply with the provisions of Regulation 17(5) of SEBI (LODR) Regulations, the Company has adopted "Code of Conduct for Board of Directors and Senior Management" ('Code'). Code is available on website of the Company at https://varunbeverages.com/wp-content/uploads/2023/03/19-Code-Of-Conduct-For-Board-Of-Directors-and-Senior-Management-Revised.pdf

On the basis of declarations received from Board Members and Senior Management Personnel, the Executive Vice Chairman & Whole-time Director has given a declaration that the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code during the Financial Year 2024. A copy of such declaration is also attached with this report.

## General Body Meetings

### Annual General Meeting

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

| AGM | Financial Year | Day, Date & Time | Venue/Mode | Brief description of Special Resolutions |
|---|---|---|---|---|
| 29th | 2023 | Wednesday, April 3, 2024 at 11:00 a.m. | Meeting held through Video Conferencing/ Other Audio Visual Means Facility<br><br>Deemed Venue: Registered Office | • Re-appointment of Mr. Raj Gandhi (DIN: 00003649) as a Whole-time Director of the Company<br>• Appointment of Dr. Naresh Trehan (DIN: 00012148) as a Non-executive Non-Independent Director of the Company |
| 28th | 2022 | Monday, March 27, 2023 at 11:00 a.m. | Meeting held through Video Conferencing / Other Audio Visual Means Facility<br><br>Deemed Venue: Registered Office | • Re-appointment of Ms. Sita Khosla (DIN: 01001803) as an Independent Director of the Company for a second term<br>• Re-appointment of Dr. Ravi Gupta (DIN: 00023487) as an Independent Director of the Company for a second term<br>• Re-appointment of Ms. Rashmi Dhariwal (DIN: 00337814) as an Independent Director of the Company for a second term |
| 27th | 2021 | Thursday, April 7, 2022 at 11:00 a.m. | Meeting held through Video Conferencing/ Other Audio Visual Means Facility<br><br>Deemed Venue: Registered Office | • Payment of profit related commission to Non-executive Directors<br>• Amendments in the 'Employees Stock Option Scheme 2016' of the Company<br>• Grant of stock options to the employees of holding, subsidiary, group or associate company(ies) of the Company under the 'Employees Stock Option Scheme 2016' |

## Extra-ordinary General Meeting

Apart from AGM, no other General Meeting was held during the Financial Year 2024.

## Postal Ballot

No special resolution is proposed to be conducted through postal ballot.

During the year under review, pursuant to Regulation 44 of SEBI (LODR) Regulations and Sections 108, 110 and other applicable provisions of the Act read with Rules made thereunder, Members of the Company approved following matters by way of special resolution through postal ballot dated October 9, 2024:

| Sl. No. | Type of Resolution | Brief description of Resolutions |
|---|---|---|
| 1. | Special Resolution | Raising of funds by way of issuance of Equity Shares through Qualified Institutions Placement (QIP) |

## Procedure followed for postal ballot

1. In compliance with Regulation 44 of the SEBI (LODR) Regulations and Sections 108, 110 and other applicable provisions of the Act read with the Rules made thereunder and General Circulars issued by Ministry of Corporate Affairs, the postal ballot notice dated October 9, 2024 was dispatched on Wednesday, October 9, 2024 containing draft resolution together with the explanatory statement and remote e-voting instructions through electronic mode to all those Members whose e-mail address were registered with the Company/Registrar and Share Transfer Agent ("RTA") or Depository/ Depository Participants and whose names appeared in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on Friday, October 4, 2024. The Company also published notice in the newspapers declaring details of completion of dispatch on Thursday, October 10, 2024 as mandated under the Act and applicable rules.

2. Members were requested to cast their vote only through remote e-voting facility provided by National Securities Depository Limited ("NSDL") between Thursday, October 10, 2024 (9:00 A.M. IST) and Friday, November 8, 2024 (5.00 P.M. IST) (both days inclusive) on the draft resolutions mentioned in the postal ballot notice.

3. The Scrutinizer, Mr. Kapil Dev Taneja, Partner of M/s. Sanjay Grover & Associates, Company Secretaries, New Delhi submitted his report on November 9, 2024, after completion of the scrutiny.

4. The result of the postal ballot was announced by Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary on November 9, 2024. The last date of remote e-voting i.e. Friday, November 8, 2024, was taken as the date of passing the resolutions.

5. The result of the postal ballot along with the scrutinizer's report was displayed at the registered office of the Company, hosted at the Company's website at www.varunbeverages.com and on the website of NSDL at https://www.evoting.nsdl.com and was also communicated to the Stock Exchanges.

6. The consolidated summary of the result is as under:

| Item | Net Valid Votes Cast (No. of Equity Shares) | Votes in favour of the Resolution (No. of Equity Shares and % of Net Valid Votes) | Votes against the Resolution (No. of Equity Shares and % of Net Valid Votes) |
|---|---|---|---|
| Special Resolution for raising of funds by way of issuance of Equity Shares through Qualified Institutions Placement (QIP) | 2,83,48,57,439 | 2,82,85,92,815 (99.78%) | 62,64,624 (0.22%) |

## Means of Communication

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

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

## General Shareholders Information

### A) Annual General Meeting

Date: April 3, 2025 (Thursday)

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

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

### B) Financial Year

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

### C) Financial Calendar 2025

| | |
|---|---|
| First Quarter Results | : On or before May 15, 2025 |
| Second Quarter Results | : On or before August 14, 2025 |
| Third Quarter Results | : On or before November 14, 2025 |
| Audited Annual Results for the year ending on December 31, 2025 | : On or before March 1, 2026 |

### D) Dividend and its Payment

The Shareholders of the Company at their Annual General Meeting held on April 3, 2024 approved Final dividend of ₹ 1.25 per Equity Share (face value of ₹ 5/- per Equity Share) for the Financial Year 2023 to the eligible equity shareholders of the Company.

During the year under review, the Board of Directors in their meeting held on July 30, 2024 declared an interim dividend of ₹ 1.25 per Equity Share (face value of ₹ 5/- per Equity Share) to the eligible equity shareholders of the Company. Further, the Board of Directors have also recommended a final dividend of ₹ 0.50 per Equity Share (face value of ₹ 2/- per Equity Share) for the Financial Year 2024. Total cash outflow for dividend payout would be ~₹ 3,315.06 million for the Financial Year 2024.

The Company has transferred the unpaid/unclaimed Dividend (Interim & Final) to the Unclaimed Dividend Account – Varun Beverages Limited and the details of previous unpaid and unclaimed dividend amount lying in the said Accounts are uploaded on website of the Company at https://varunbeverages.com/corporate-governance/

**Investor Education and Protection Fund**

Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') read with relevant circulars and amendments thereto, amount of dividend which remains unpaid/unclaimed for a period of seven years from the date of transfer to the Company's unpaid dividend account and corresponding shares on which the dividend remains unclaimed for seven consecutive years or more are required to be transferred to the Investor Education and Protection Fund ("IEPF") constituted by the Central Government. Accordingly, your Company had transferred ₹ 45,375/- to IEPF (being unpaid/unclaimed interim dividend amount for FY 2017) and also transferred 299 equity shares (on which interim dividend for FY 2017 remained unpaid/unclaimed for seven consecutive years) to the designated demat account of IEPF Authority and the same can be claimed from IEPF Authority only after complying with prescribed procedure under IEPF Rules.

**E) Listing of Shares on Stock Exchanges and Stock Code**

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

ISIN of the Company changed from "INE200M01021" to "INE200M01039" on account of sub-division/split of equity shares of the Company during the year under review.

Annual listing fee for the Financial Year 2024-25 has been paid to the National Stock Exchange of India Limited and BSE Limited.

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

**G) Market Price Data for the period January 1, 2024 to December 31, 2024**

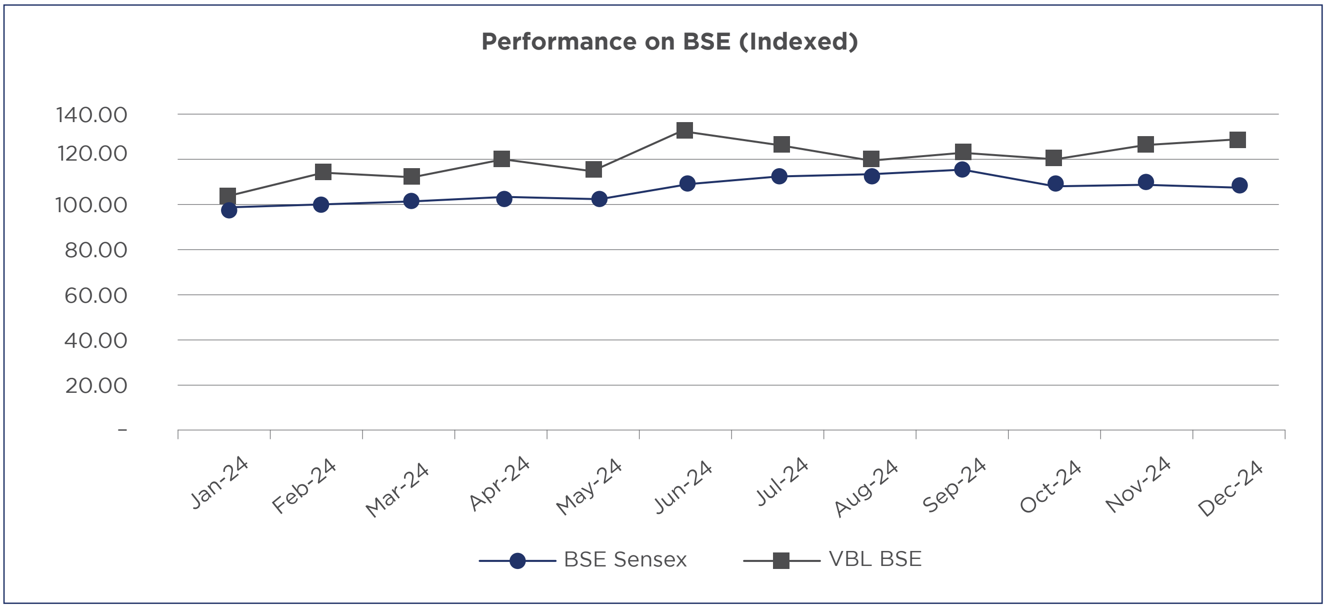
| Month | BSE | | | NSE | | |
|---|---|---|---|---|---|---|
| | High (₹) | Low (₹) | Volume (Nos.) | High (₹) | Low (₹) | Volume (Nos.) |
| Jan-24 | 1,309.00 | 1,196.20 | 45,79,708 | 1,309.95 | 1,196.40 | 4,15,10,281 |
| Feb-24 | 1,560.30 | 1,260.65 | 20,45,399 | 1,561.95 | 1,260.00 | 4,59,94,776 |
| Mar-24 | 1,494.95 | 1,354.50 | 26,74,158 | 1,495.00 | 1,354.20 | 3,76,48,378 |
| Apr-24 | 1,544.00 | 1,322.05 | 22,35,341 | 1,544.95 | 1,349.70 | 4,05,20,708 |
| May-24 | 1,558.45 | 1,390.20 | 23,89,294 | 1,559.00 | 1,390.25 | 4,82,55,801 |
| Jun-24 | 1,673.70 | 1,321.00 | 18,94,069 | 1,672.00 | 1,320.05 | 4,29,34,587 |
| Jul-24 | 1,707.10 | 1,507.00 | 25,13,738 | 1,702.80 | 1,507.75 | 4,90,51,994 |
| Aug-24 | 1,610.00 | 1,413.00 | 29,41,179 | 1,609.45 | 1,412.50 | 4,49,11,316 |
| Sep-24 | 1,588.60 | 602.30 | 47,77,561 | 1,589.30 | 602.25 | 9,28,08,995 |
| Oct-24 | 632.00 | 537.80 | 69,74,600 | 631.20 | 536.85 | 15,16,83,542 |
| Nov-24 | 639.55 | 565.00 | 57,47,765 | 639.60 | 565.00 | 10,71,58,689 |
| Dec-24 | 661.70 | 600.00 | 37,11,522 | 662.00 | 598.80 | 12,23,17,911 |

*Note: Share prices after September 11, 2024 (i.e. ex-Split date) reflects the impact of Stock Split i.e. 2 (Two) equity shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up, was sub-divided/split into 5 (Five) equity shares having face value of ₹ 2/- (Rupees Two only) each fully paid-up, on September 12, 2024.*

## Performance in comparison to broad - based indices

### Performance on BSE

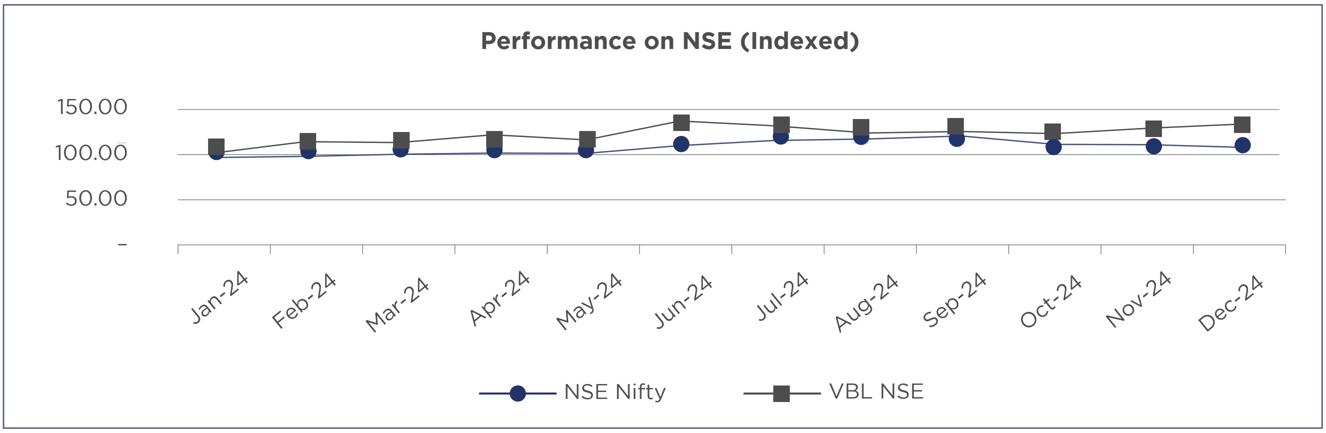
Comparison of share price of VBL with BSE Sensex.




| | Jan'24 | Feb'24 | Mar'24 | Apr'24 | May'24 | Jun'24 | Jul'24 | Aug'24 | Sep'24 | Oct'24 | Nov'24 | Dec'24 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **VBL BSE** | 103.52 | 113.91 | 113.06 | 119.61 | 115.28 | 131.80 | 127.59 | 121.38 | 122.56 | 120.93 | 125.55 | 129.08 |
| **BSE Sensex** | 99.32 | 100.36 | 101.95 | 103.10 | 102.38 | 109.40 | 113.15 | 114.02 | 116.69 | 109.90 | 110.47 | 108.17 |

### Performance on NSE

Comparison of share price of VBL with NSE Nifty.




| | Jan'24 | Feb'24 | Mar'24 | Apr'24 | May'24 | Jun'24 | Jul'24 | Aug'24 | Sep'24 | Oct'24 | Nov'24 | Dec'24 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **VBL NSE** | 103.52 | 113.87 | 113.07 | 119.61 | 115.35 | 131.74 | 127.53 | 121.34 | 122.54 | 120.82 | 125.56 | 129.05 |
| **NSE Nifty** | 99.97 | 101.16 | 102.74 | 104.02 | 103.68 | 110.49 | 114.82 | 116.13 | 118.77 | 111.38 | 111.04 | 108.80 |

**H) Registrar and Share Transfer Agent**

All the work relating to the shares held in physical form as well as the shares held in the electronic (demat) form is being done by KFin Technologies Limited, whose details are given below:

**KFin Technologies Limited**
Selenium Building, Tower-B, Plot No. 31 & 32,
Financial District, Nanakramguda, Serilingampally,
Hyderabad - 500 032, Telangana, India.
Toll Free No.: 1800 309 4001
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com
SEBI Registration No.: INR000000221
CIN L72400TG2017PLC117649

**I) Share Transfer System**

3,381,501,802 (Three Billion Three Hundred Eighty One Million Five Hundred One Thousand Eight Hundred Two) equity shares of the Company were in dematerialized form and 8,215 (Eight Thousand Two Hundred Fifteen) equity shares were in physical form as on December 31, 2024.

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

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

**J) Distribution of Shareholding (as on December 31, 2024)**

(Nominal Value ₹ 2 per share)

| Shareholding | No. of Shareholders | Percentage | Amount (₹) | Percentage |
|---|---|---|---|---|
| 1 – 5000 | 757,472 | 98.72 | 196,495,690 | 2.90 |
| 5001 – 10000 | 4,461 | 0.58 | 31,570,742 | 0.47 |
| 10001 - 20000 | 2,233 | 0.29 | 31,645,952 | 0.47 |
| 20001 - 30000 | 719 | 0.09 | 17,694,918 | 0.26 |
| 30001 – 40000 | 344 | 0.05 | 11,905,722 | 0.18 |
| 40001 - 50000 | 239 | 0.03 | 10,813,504 | 0.16 |
| 50001 - 100000 | 483 | 0.06 | 34,210,020 | 0.50 |
| 100001 & Above | 1,346 | 0.18 | 6,428,683,486 | 95.06 |
| **Total** | **767,297** | **100.00** | **6,763,020,034** | **100.00** |

**K) Categories of Shareholders (as on December 31, 2024)**

| Sl. No. | Description | No. of Equity Shares | Percentage |
|---|---|---|---|
| 1. | Alternative Investment Fund | 12,800,127 | 0.38 |
| 2. | Body Corporates | 41,780,420 | 1.24 |
| 3. | Banks | 1,788,255 | 0.05 |
| 4. | Central Government | 87 | 0.00 |
| 5. | Clearing Members | 100,925 | 0.00 |
| 6. | Directors and their Relatives (Other than Promoter Director) | 8,028,037 | 0.25 |
| 7. | Employees | 3,360,043 | 0.10 |
| 8. | Foreign Institutional Investors | 4,000 | 0.00 |
| 9. | Foreign Portfolio Investors – Corporates | 854,259,385 | 25.26 |
| 10. | HUF | 5,170,419 | 0.15 |
| 11. | IEPF | 299 | 0.00 |
| 12. | Mutual Funds | 138,104,378 | 4.08 |
| 13. | NBFC | 76,099 | 0.00 |
| 14. | Non Resident Indians | 6,823,296 | 0.20 |
| 15. | Non Resident Indian Non Repatriable | 5,433,422 | 0.16 |
| 16. | Promoter Group | 81,242,482 | 2.40 |
| 17. | Promoter (Company) | 868,877,060 | 25.69 |
| 18. | Promoter (Individuals) | 1,085,596,092 | 32.11 |
| 19. | Qualified Institutional Buyer | 84,485,803 | 2.50 |
| 20. | Resident Individuals | 183,316,108 | 5.42 |
| 21. | Trusts | 263,280 | 0.01 |
| | **Total** | **3,381,510,017** | **100.00** |

## L) Dematerialization of Shares and Liquidity

As on December 31, 2024, 99.99% of the total paid-up equity shares were held in dematerialized form. The Company's shares are actively traded on the stock exchanges. There was no instance of suspension of trading in the equity shares of the Company during the Financial Year 2024.

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

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

The details for the same have been provided in the Notes to Financial Statements of the Company for the Financial Year 2024.

## N) Credit Rating

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

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

## O) Plant locations

The Plant locations have been provided at page no. 19 of the Annual Report.

## P) Reconciliation of Share Capital Audit

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

## Q) Compliances under SEBI (LODR) Regulations

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

## R) Certification under Regulation 17(8) of SEBI (LODR) Regulations

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

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

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

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

## T) Fees paid to the Statutory Auditors

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to Statutory Auditors of the Company and their other associated firms during the Financial Year ended December 31, 2024, is as follows:

(₹ in Million)

| Particulars | M/s. J C Bhalla & Co. | M/s. O P Bagla & Co. LLP |
|---|---|---|
| Audit Fee | 7.00 | 6.78* |
| Other Services | - | 4.76* |
| Reimbursement of Expenses | 0.92 | 0.02 |
| **Total** | **7.92** | **11.56** |

**includes ₹ 0.41 million paid by Lunarmech Technologies Private Limited, Subsidiary Company.*

**U) Information on Deviation from Accounting Standards, if any**

No deviations from Indian Accounting Standard (Ind AS) in preparation of annual accounts for the Financial Year 2024.

**V) Investor Correspondence**

Mr. Ravi Batra
Chief Risk Officer & Group Company Secretary
Plot No. 31, Institutional Area, Sector - 44,
Gurugram 122 002 (Haryana)
Tel: +91 124 4643100
E-mail: complianceofficer@rjcorp.in

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

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

The Company submits a quarterly compliance report on Corporate Governance signed by Compliance Officer to the Stock Exchanges within prescribed timelines from the close of every quarter. Such quarterly compliance reports on Corporate Governance are also posted on website of the Company.

Compliance of the conditions of Corporate Governance have also been audited by an Independent Firm of Practising Company Secretaries and after being satisfied of the above compliances, they have issued a compliance certificate in this respect. The said certificate is annexed with this report and the same will be forwarded to the Stock Exchanges along with the Annual Report of the Company.

**X) Information of Senior Management Personnel**

Details of Senior Management Personnel (including changes therein) as on December 31, 2024 as defined under Regulation 16(1)(d) of SEBI (LODR) Regulations are as follows:

| Sl. No. | Name | Designation |
|---|---|---|
| 1. | Mr. Varun Jaipuria | Executive Vice Chairman & Whole-time Director |
| 2. | Mr. Raj Gandhi | Whole-time Director |
| 3. | Mr. Rajinder Jeet Singh Bagga | Whole-time Director |
| 4. | Mr. Vivek Gupta | Executive Director (Non-Board Member) |
| 5. | Mr. Rajeshwar Tripathi* | Group Chief Human Resources Officer |
| 6. | Mr. Vikas Bhatia | Group – Environment, Social & Governance Head |
| 7. | Mr. Kamlesh Kumar Jain | Executive Director & Chief Operating Officer (International) (Non-Board Member) |
| 8. | Mr. Saurabh Agrawal | Chief Strategy Officer |
| 9. | Ms. Devyani Kiran Khankhoje | President - Corporate Affairs |
| 10. | Mr. Ravi Batra | Chief Risk Officer & Group Company Secretary |
| 11. | Mr. Manmohan Rupal Paul | Chief Operating Officer |
| 12. | Mr. Sumit Luthra | Chief Operating Officer |
| 13. | Mr. Vishwas Agarwal | Chief Operating Officer |
| 14. | Mr. Deepak Sharma | Chief Operating Officer |
| 15. | Mr. Pradeep Kumar Goyal | Regional Chief Financial Officer |
| 16. | Mr. Rishi Kumar Agarwal | Regional Chief Financial Officer |
| 17. | Mr. Deepak Dabas | Senior Vice President – Investor Relations |
| 18. | Mr. Rajesh Chawla** | Chief Financial Officer |
| 19. | Mr. Rohit Vishal Gupta | Chief Human Resources Officer |
| 20. | Mr. Kamal Karnatak | Senior Vice President |
| 21. | Mr. Sudin Kumar Gaunker | Chief Operating Officer |
| 22. | Mr. Rajesh Kumar | Technical Head - India Operations |
| 23. | Mr. Sanjay Mukherjee | Chief Supply Chain Officer |
| 24. | Mr. Sharad Kumar Garg | Senior Vice President – Procurement |
| 25. | Mr. Ganesh Kumar Velu | Senior Vice President |
| 26. | Mr. Suresh Ramakrishnan Panicker | Senior Vice President & Head - Organized Trade |
| 27. | Mr. M J Faridi | Market Unit General Manager |

**appointed w.e.f. June 3, 2024.*

***appointed w.e.f. May 14, 2024.*

During the year under review, Ms. Meeru G Gupta, Mr. Parag Prabhakar Paranjpe and Mr. Lalit Malik were disassociated from the Company w.e.f. March 16, 2024, March 31, 2024 and May 13, 2024 respectively.

## Other Disclosures

(i) The Company has not entered into any material significant related party transaction which has potential conflict with the interests of the Company at large. The Board of Directors had approved a Policy on Related Party Transactions and the same is uploaded at https://www.varunbeverages.com/policies/policy-on-related-party-transactions.pdf

(ii) The Company has complied with the requirements of Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets and there was no instance of non-compliance during the last three years and is compliant of all the applicable provisions of SEBI (LODR) Regulations.

(iii) Policy for Determination of Material Subsidiary and Governance of Subsidiaries can be accessed at https://www.varunbeverages.com/policies/policy-on-material-subsidiary-VBL.pdf

Further, as on December 31, 2024, none of the subsidiary was a material subsidiary of the Company.

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

(v) Company does not have any share in the demat suspense account or unclaimed suspense account as on December 31, 2024.

(vi) There are no agreement(s) with any party which would impact the management or control of the Company or impose any restriction or create any liability upon the Company.

## Green Initiative

Pursuant to Sections 101 and 136 of the Act read with the Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014 and Regulation 36 of SEBI (LODR) Regulations, the Company can send Notice of AGM, Financial Statements and other communication to the shareholders in electronic form.

Your Company is sending the Annual Report including the Notice of AGM, Audited Financial Statements, Board's Report along with their annexure etc. for the Financial Year 2024 in electronic mode to the shareholders who have registered their e-mail addresses with the Company or their respective Depository Participants (DPs).

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

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

Date: February 10, 2025
Place: Gurugram

**Ravi Jaipuria**
Chairman
DIN: 00003668

# CODE OF CONDUCT

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

It is further confirmed that all the Directors and Senior Management Personnel have affirmed their compliance with the Code for the Financial Year ended December 31, 2024.

**Varun Jaipuria**
Executive Vice Chairman &
Whole-time Director
DIN: 02465412

Date: February 10, 2025
Place: Gurugram

# CERTIFICATION UNDER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Board of Directors,
**Varun Beverages Limited**

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

A) We have reviewed Financial Statements and the Cash Flow Statement for the Financial Year ended December 31, 2024 and that to the best of our knowledge and belief:

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

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

B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year ended December 31, 2024 which are fraudulent, illegal or violative of the Company's Code of Conduct.

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

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

   (i) significant changes in internal control over financial reporting during the Financial Year ended December 31, 2024;

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

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

**Raj Gandhi**
Whole-time Director
DIN: 00003649

**Rajesh Chawla**
Chief Financial Officer

Date: February 10, 2025
Place: Gurugram

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members
**Varun Beverages Limited**
**(CIN: L74899DL1995PLC069839)**
F-2/7, Okhla Industrial Area, Phase I,
New Delhi - 110020

1. The equity shares of Varun Beverages Limited ('the Company') are listed on National Stock Exchange of India Limited and BSE Limited.

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

3. We have also done examination and verification of the disclosures under Sections 184, 189, 164 and 149 of the Companies Act, 2013 (the Act) received from the Directors and Register of Directors and Key Managerial Personnel and their Shareholding under Section 170 of the Act and Director Identification Number (DIN) status of the Directors at MCA portal i.e. www.mca.gov.in. In our opinion and to the best of our knowledge and on the basis of information furnished to us by the Company and its officers, we certify that none of the below named Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority as on December 31, 2024:

| Sr. No. | Name of Director | DIN | Date of Appointment |
|---|---|---|---|
| 1. | Mr. Ravi Jaipuria | 00003668 | 16/06/1995 |
| 2. | Mr. Varun Jaipuria | 02465412 | 01/01/2009 |
| 3. | Mr. Raj Gandhi | 00003649 | 21/10/2004 |
| 4. | Mr. Rajinder Jeet Singh Bagga | 08440479 | 02/05/2019 |
| 5. | Dr. Naresh Trehan | 00012148 | 21/04/2024 |
| 6. | Dr. Ravi Gupta | 00023487 | 19/03/2018 |
| 7. | Ms. Rashmi Dhariwal | 00337814 | 19/03/2018 |
| 8. | Ms. Sita Khosla | 01001803 | 16/02/2018 |
| 9. | Mr. Abhiram Seth | 00176144 | 02/05/2023 |
| 10. | Mr. Anil Kumar Sondhi | 00696535 | 02/05/2023 |

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

5. This certificate is based on the information and records available as on December 31, 2024 and we have no responsibility to update this certificate for the events and circumstances occurring thereafter.

**For Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900
Peer Review Certificate No.: 6311/2024

**Kapil Dev Taneja**
Partner
CP No.: 22944 /Mem. No. F4019
UDIN.: F004019F003904729

Place: New Delhi
Date: February 10, 2025

# CORPORATE GOVERNANCE CERTIFICATE

To,
The Members
**Varun Beverages Limited**
**(CIN: L74899DL1995PLC069839)**
F-2/7, Okhla Industrial Area, Phase I,
New Delhi - 110020

We have examined the compliance of conditions of Corporate Governance by **Varun Beverages Limited** ('the Company'), for the financial year ended on December 31, 2024 as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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

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

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

**For Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900
Peer Review Certificate No.: 6311/2024

**Kapil Dev Taneja**
Partner
CP No.: 22944 /Mem. No. F4019
UDIN.: F004019F003904663

Place: New Delhi
Date: February 10, 2025

# Business Responsibility and Sustainability Report

## Section A: General Disclosures

| S. No. | Particulars | Details | |
|---|---|---|---|
| **I.** | **Details of the listed entity** | | |
| **1.** | Corporate Identity Number (CIN) of the Listed Entity | L74899DL1995PLC069839 | |
| **2.** | Name of the Listed Entity | Varun Beverages Limited | |
| **3.** | Year of incorporation | 1995 | |
| **4.** | Registered office address | F- 2/7, Okhla Industrial Area, Phase- I New Delhi - 110 020 | |
| **5.** | Corporate address | Plot No. 31, Sector 44, Institutional Area, Gurugram - 122 002, Haryana | |
| **6.** | E-mail | complianceofficer@rjcorp.in | |
| **7.** | Telephone | +91-124-4643100 | |
| **8.** | Website | www.varunbeverages.com | |
| **9.** | Financial year for which reporting is being done | FY 2024 | |
| | | Start date | End date |
| | Current Financial Year - 2024 | 01-01-2024 | 31-12-2024 |
| | Previous Financial Year - 2023 | 01-01-2023 | 31-12-2023 |
| | Prior to Previous Financial year - 2022 | 01-01-2022 | 31-12-2022 |
| **10.** | Name of the Stock Exchange(s) where shares are listed | National Stock Exchange of India Limited and BSE Limited | |
| **11.** | Paid-up Capital | ₹ 6,763.02 Million | |
| **12.** | Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report | Mr. Ravi Batra, Chief Risk Officer and Group Company Secretary<br>+91-124-4643100<br>ravi.batra@rjcorp.in | |
| **13.** | Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together). | Standalone Basis | |
| **14** | Whether the company has undertaken reasonable assurance of the BRSR Core? | Yes | |
| **15** | Name of assurance provider | DEKRA (India) Pvt. Ltd. | |
| **16** | Type of assurance obtained | Reasonable assurance for core KPIs and limited assurance on other indicators. | |

**II. Products/services**

**17. Details of business activities (accounting for 90% of the turnover): Year 2024**

| S. No. | Description of Main Activity | Description of Business Activity | % of Turnover of the entity |
|---|---|---|---|
| 1 | Manufacturing of Beverages (NIC Code - 1104) | Manufacturing of Carbonated, Non-carbonated beverages and packaged drinking water | 97.85% |

**18. Products/Services sold by the entity (accounting for 90% of the entity's Turnover): Year 2024**

| S. No. | Product/Service | NIC Code | % of Total Turnover Contributed |
|---|---|---|---|
| 1 | Carbonated, Non-carbonated beverages and packaged drinking water | 1104 | 97.85% |

### III. Operations

**19. Number of locations where plants and/or operations/offices of the entity are situated: As on 31 December 2024**

| Location | Number of plants | Number of offices | Total |
|---|---|---|---|
| National | 36 plants for manufacturing of beverages and 3 plants for backward integration | 1 Registered office,<br>1 Corporate office and 67 sales offices, depots and warehouses | 108 |
| International | serving through its subsidiaries | - | - |

**20. Markets served by the entity:**

**a. Number of locations: Year 2024**

| Locations | Number |
|---|---|
| National (No. of States) | 26 states and 6 union territories |
| International (No. of Countries) (serving through its subsidiaries) | 13 |

**b. What is the contribution of exports as a percentage of the total turnover of the entity?**

1.19% of total turnover (₹ 1,706.64 Million)

**c. A brief on types of customers**

End consumers are individuals serviced through Distributors, Retailers, Modern Trade, Hotels, Restaurants, etc.

### IV. Employees

**21. Details : As on 31 December 2024**

**a. Employees and workers (including differently abled):**

| S. No. | Particulars | Total | Male | | Female | | Others | |
|---|---|---|---|---|---|---|---|---|
| | | (A) | No. (B) | % (B/A) | No. (C) | % (C/A) | No. (D) | % (D/A) |
| | **EMPLOYEES** | | | | | | | |
| 1 | Permanent (E) | 7,487 | 6,838 | 91.33% | 627 | 8.37% | 22 | 0.29% |
| 2 | Other than Permanent (F) | 7,341 | 7,091 | 96.59% | 250 | 3.41% | 0 | 0.00% |
| **3** | **Total Employees (E+F)** | **14,828** | **13,929** | **93.94%** | **877** | **5.91%** | **22** | **0.15%** |
| | **WORKERS** | | | | | | | |
| 4 | Permanent (G) | 3,554 | 3,521 | 99.07% | 33 | 0.93% | 0 | 0.00% |
| 5 | Other than Permanent (H) | 11,158 | 10,249 | 91.85% | 883 | 7.91% | 26 | 0.23% |
| **6** | **Total workers (G+H)** | **14,712** | **13,770** | **93.60%** | **916** | **6.23%** | **26** | **0.18%** |

**b. Differently abled Employees and workers:**

| S. No. | Particulars | Total | Male | | Female | | Others | |
|---|---|---|---|---|---|---|---|---|
| | | (A) | No. (B) | % (B/A) | No. (C) | % (C/A) | No. (D) | % (D/A) |
| | **DIFFERENTLY ABLED EMPLOYEES** | | | | | | | |
| 1 | Permanent (E) | 2 | 2 | 100.00% | 0 | 0.00% | 0 | 0.00% |
| 2 | Other than Permanent (F) | 27 | 26 | 96.30% | 1 | 3.70% | 0 | 0.00% |
| **3** | **Total Differently Abled Employees (E+F)** | **29** | **28** | **96.55%** | **1** | **3.45%** | **0** | **0.00%** |
| | **DIFFERENTLY ABLED WORKERS** | | | | | | | |
| 4 | Permanent (G) | 0 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% |
| 5 | Other than Permanent (H) | 267 | 247 | 92.51% | 20 | 7.49% | 0 | 0.00% |
| **6** | **Total Differently abled workers (G+H)** | **267** | **247** | **92.51%** | **20** | **7.49%** | **0** | **0.00%** |

* Workers number are on average basis for the reporting period

**22. Participation/Inclusion/Representation of women: As on 31 December 2024**

| Particulars | Total | No. and percentage of Females | |
|---|---|---|---|
| | (A) | No. (B) | % (B/A) |
| Board of Directors | 10 | 2 | 20% |
| Key Management Personnel | 3* | 0 | 0% |

*includes one Board Member

**23. Turnover rate for permanent employees and workers**

(Disclose trends for the past 3 years)

| | FY 2024 (Turnover rate in current FY) | | | | FY 2023 (Turnover rate in previous FY) | | | | FY 2022 (Turnover rate in year prior to the previous FY) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Male | Female | Other | Total | Male | Female | Other | Total | Male | Female | Other |
| Permanent Employees | 16% | 20% | 20% | 9% | 14% | 19% | 15% | 0% | 14% | 20% | 18% | 0% |
| Permanent Workers | | 8% | 3% | 0% | | 4% | 0% | 0% | | 5% | 3% | 0% |

**V. Holding, Subsidiary and Associate Companies (including joint ventures)**

**24. (a) Names of holding / subsidiary / associate companies / joint ventures: As on 31 December 2024**

| S. No. | Name of the holding/subsidiary/ associate/Companies/ Joint Ventures (A) | Indicate whether holding/ Subsidiary/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Bussiness Responsibility initiatives of the listed entity ? (Yes/No) |
|---|---|---|---|---|
| 1 | Varun Beverages (Nepal) Private Limited | Subsidiary | 100.00% | No |
| 2 | Varun Beverages Lanka (Private) Limited | Subsidiary | 100.00% | No |
| 3 | Varun Beverages Morocco SA | Subsidiary | 100.00% | No |
| 4 | Ole Springs Bottlers (Private) Limited (step down subsidiary) | Subsidiary | 100.00% | No |
| 5 | Varun Beverages (Zambia) Limited | Subsidiary | 90.00% | No |
| 6 | Varun Beverages (Zimbabwe) (Private) Limited | Subsidiary | 85.00% | No |
| 7 | Varun Beverages RDC SAS | Subsidiary | 99.90% | No |
| 8 | Lunarmech Technologies Private Limited | Subsidiary | 100.00% | No |
| 9 | Varun Beverages International DMCC | Subsidiary | 100.00% | No |
| 10 | Varun Beverages South Africa (PTY) Ltd. | Subsidiary | 100.00% | No |
| 11 | VBL Mozambique, SA | Subsidiary | 99.00% | No |
| 12 | The Beverage Company Proprietary Limited | Subsidiary | 95.00% | No |
| 13 | Varun Foods (Zimbabwe) (Private) Limited | Subsidiary | 100.00% | No |
| 14 | The Beverage Company Bidco Proprietary Limited (step down subsidiary) | Subsidiary | 100.00% | No |
| 15 | Little Green Beverages Proprietary Limited (step down subsidiary) | Subsidiary | 100.00% | No |
| 16 | Softbev Proprietary Limited (step down subsidiary) | Subsidiary | 100.00% | No |
| 17 | Huoban Energy 7 Private Limited | Associate | 26.34% | No |
| 18 | Clean Max Tav Private Limited | Associate | 26.00% | No |
| 19 | IDVB Recycling Operations Private Limited | Joint Venture | 50.00% | No |

### VI. CSR Details

**25.** (i) Whether CSR is applicable as per Section 135 of Companies Act, 2013: (Yes/No) — **Yes**

(ii) Turnover (in ₹) (*Revenue from Operations) — 143,486.00 (₹ in million) As on 31.12.2024

(iii) Net worth (in ₹) (*Net worth = Equity Share Capital + Other Equity) — 165,587.05 (₹ in million) As on 31.12.2024

### VII. Transparency and Disclosures Compliances

**26. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business (NGRBC):**

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in place (Yes/No) (If Yes, then provide web-link for grievance redress policy) | FY 2024 (Current Financial Year) | | | FY 2023 (Previous Financial Year) | | |
|---|---|---|---|---|---|---|---|
| | | Number of Complaints Filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of Complaints Filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Communities | Yes, we have strategically placed our plant teams at various plant locations to ensure continuous community engagement. Furthermore, our individual unit heads and HR heads work closely with the communities, fostering strong relationships and addressing local needs | 0 | 0 | - | 0 | 0 | - |
| Investors (other than shareholders) | Yes, we have dedicated email address complianceofficer@rjcorp.in and telephone no - +91-124-4643100 for investors to raise their grievances or queries | 0 | 0 | - | 0 | 0 | - |
| Shareholders | Yes, Company is following strong Grievance Redressal Mechanism and has separate committee of Directors i.e. Stakeholders' Relationship Committee<br>We have dedicated email address complianceofficer@rjcorp.in and telephone no - +91-124-4643100 for shareholders to raise their grievances or queries | 11 | 0 | - | 3 | 0 | - |

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in place (Yes/No) (If Yes, then provide web-link for grievance redress policy) | FY 2024 (Current Financial Year) | | | FY 2023 (Previous Financial Year) | | |
|---|---|---|---|---|---|---|---|
| | | Number of Complaints Filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of Complaints Filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Employees and workers | Yes, our employees have multiple ways to reach us. Also, we have dedicated email address complianceofficer@rjcorp.in and telephone no - +91-124-4643100 to raise their grievances or queries.<br>Additionally, they can directly write to their respective HR managers. We also have vigil mechanism policy and POSH policy which empowers and encourages employees to report any concerns regarding suspected unethical behaviour, malpractice, wrongful conduct, fraud, or violations of company policies. The policies are accessible at -<br>https://varunbeverages.com/wp-content/uploads/2023/03/4-POSH-Policy.pdf<br>https://varunbeverages.com/wp-content/uploads/2023/03/21-VIGIL-MECHANISM-POLICY.pdf | 0 | 0 | - | 0 | 0 | - |
| Customers | Yes. Also, number of complaints received through PepsiCo Customer Care is provided | 1,084 | 7 | The pending complaints were resolved in subsequent months | 1,223 | 17 | The pending complaints were resolved in subsequent months |
| Value Chain Partners | Yes,<br>https://varunbeverages.com/wp-content/uploads/2023/04/23.1-Anti-Bribery-Policy1.pdf | 0 | 0 | - | 0 | 0 | - |
| Others (please specify) | Yes,<br>https://varunbeverages.com/wp-content/uploads/2023/03/21-VIGIL-MECHANISM-POLICY.pdf | 0 | 0 | - | 0 | 0 | - |

**27. Overview of the entity's material responsible business conduct issues**

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

Please refer Sustainability Report - Chapter "Materiality Assessment" (page-44-46) and "Risk and Opportunities Management" (page-117-121).

## Section B: Management and Process Disclosures

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

| | Disclosure Questions | | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Policy and management processes** | | | | | | | | | | | |
| 1. | a. | Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| | b. | Has the policy been approved by the Board? (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| | c. | Web Link of the Policies, if available | Yes, policies can be accessed through this link - https://varunbeverages.com/policy/ | | | | | | | | |
| 2. | Whether the entity has translated the policy into procedures. (Yes / No) | | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 3. | Do the enlisted policies extend to your value chain partners? (Yes/No) | | Yes, Anti Bribery Policy covers value chain partners | | | | | | | | |
| 4. | Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | | GRI Standards | ISO 14001 ISO 22000 (FSSC) GRI Standards | OHSAS 18001 GRI Standards | GRI Standards | GRI Standards | ISO 14001 GRI Standards | Company is a member of Federation of Indian Chambers of Commerce and Industry, PHD Chamber of Commerce and Industry, Confederation of Indian Industry, The Associated Chambers of Commerce and Industry of India and Action Alliance for Recycling Beverage Cartons. GRI Standards | GRI Standards | GRI Standards |
| 5. | Specific commitments, goals and targets set by the entity with defined timelines, if any | | Yes- Refer Sustainability Report (Page 49) | | | | | | | | |
| 6. | Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met. | | Yes- Refer Sustainability Report (Page 49) | | | | | | | | |
| **Governance, leadership and oversight** | | | | | | | | | | | |
| 7. | Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure) | | Refer Executive Vice Chairman's Message section (Page 38-39) in Sustainability Report | | | | | | | | |
| 8. | Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). | | ESG Committee comprising of Executive Vice-Chairman and Two Whole-time Directors | | | | | | | | |
| 9. | Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. | | Yes, Environmental, Social and Governance Committee | | | | | | | | |

**10. Details of Review of NGRBCs by the Company:**

| Subject for Review | Indicate whether review was undertaken by Director/Committee of the Board/ Any other Committee | | | | | | | | | Frequency (Annually/ Half Yearly/ Quarterly/ Any other - please specify) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
| Performance against above policies and follow up action | All the policies of the Company are approved by the Board and reviewed periodically or on a need basis. | | | | | | | | | | | | | | | | | |
| Compliance statutory requirements of relevance to the principles, rectification of any non-compliances | The Company complies with the regulations, extant and principles as are applicable periodically or on a need basis | | | | | | | | | | | | | | | | | |

**11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.**

| P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|---|---|---|---|---|---|---|---|
| No | No | No | No | No | Yes# | No | No | No |

#DQS (Deutsch Quality Systems India Private Limited) has conducted carbon emission and water stewardship audit.

**12. If answer to question 1 above is "No" i.e. not all Principles are covered by a policy, reasons to be stated**

| Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|---|---|---|---|---|---|---|---|---|
| The entity does not consider the Principles material to its business (Yes/No) | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| The entity does not have the financial or/human and technical resources available for the task (Yes/No) | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| It is planned to be done in the next financial year (Yes/No) | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| Any other reason (please specify) | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |

## Section C - Principle Wise Performance Disclosure

This section demonstrate our performance in integrating the Principles and Core Elements with key processes and decisions

**PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

**Essential Indicators**

1. **Percentage coverage by training and awareness programmes on any of the Principles during the financial year 2024:**

| Segment | Total number of training and awareness programmes held | Topics / principles covered under the training and its impact | %age of persons in respective category covered by the awaremess programmes |
|---|---|---|---|
| Board of Directors | 4 | Code of conduct, Anti-bribery, Anti-corruption, FCPA and other policies including POSH, Key Developments, Sustainability Initiatives, Regulatory updates and Review of Policy & procedures | 100% |
| Key Managerial Personnel | 4 | Code of conduct, Human Rights, Anti-bribery, Anti-corruption, FCPA, other key policies including POSH , Key Developments, Sustainability Initiatives, Regulatory updates and Review of Policy & procedures | 100% |
| Employees other than BoD and KMPs | 6 | Code of conduct, Human Rights, Anti-bribery, Anti-corruption, FCPA, other key policies including POSH and health & safety and skill upgradation | 100% |
| Workers | 6 | Contractual employees and workers Trainings on Health & Safety in manufacturing operations/Units | 100% |

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and as disclosed on the entity's website):**

| Monetary | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institution | Amount (In ₹) | Brief of the Case | Has an appeal been preferred ? (Yes/No) |
|---|---|---|---|---|---|
| Settlement | - | N.A. | N.A. | N.A. | N.A. |
| Penalty/Fine | - | N.A. | N.A. | N.A. | N.A. |
| Compounding fee | - | N.A. | N.A. | N.A. | N.A. |

| Non-Monetary | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Brief of the Case | Has an appeal been preferred ? (Yes/No) |
|---|---|---|---|---|
| Imprisonment | - | N.A. | N.A. | N.A. |
| Punishment | - | N.A. | N.A. | N.A. |

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

| Case Details | Name of regulatory/ enforcement agencies/ judicial institutions |
|---|---|
| N.A. | N.A. |

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

   **Yes**

   Varun Beverages Limited and its subsidiaries, affiliates, associates and group companies (collectively referred to as "VBL"), their directors, officers, employees (including part-time and contractors) and suppliers ("Officials"), while acting on behalf of VBL strictly comply with this Anti-Bribery Policy. Officials are prohibited from giving or receiving Bribes to any Government Officials or any other person or entity, including any person or entity in the private or commercial sector, if the payment is intended to induce the recipient to misuse his or her position and thereby give an unfair advantage to VBL. Detailed Policy is available at:

   https://varunbeverages.com/wp-content/uploads/2023/04/23.1-Anti-Bribery-Policy1.pdf

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

| | FY 2024 (Current Financial Year) | FY 2023 (Previous Financial Year) |
|---|---|---|
| Directors | Nil | Nil |
| KMPs | Nil | Nil |
| Employees | Nil | Nil |
| Workers | Nil | Nil |

6. **Details of complaints with regard to conflict of interest:**

| | FY 2024 (Current Financial Year) | | FY 2023 (Previous Financial Year) | |
|---|---|---|---|---|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of interest of Directors | Nil | N.A. | Nil | N.A. |
| Number of complaints received in relation to issues of Conflict of interest of KMPs | Nil | N.A. | Nil | N.A. |

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable

8. **Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:**

| | FY 2024 Current Financial Year | FY 2023 Previous Financial Year |
|---|---|---|
| Number of days of accounts payables | 31 | 30 |

9. **Open-ness of business**

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

| Parameter | Metrics | FY 2024 Current Financial Year | FY 2023 Previous Financial Year |
|---|---|---|---|
| Concentration of Purchases | a. Purchases from trading houses as % of total purchases | 3.1% | 2.4% |
| | b. Number of trading houses where purchases are made from | 77 | 18 |
| | c. Purchases from top 10 trading houses as % of total purchases from trading houses | 85.5% | 96.9% |
| Concentration of Sales | a. Sales to dealers / distributors as % of total sales | 100.0% | 100.0% |
| | b. Number of Primary dealers/ distributors to whom sales are made | 2,275 | 1,949 |
| | c. Sales to top 10 dealers / distributors as % of total sales to dealers /distributors | 14.3% | 7.4% |
| Share of RPTs in | a. Purchases (Purchases with related parties as % of Total Purchases) | 3.0% | 4.6% |
| | b. Sales (Sales to related parties as % of Total Sales) | 1.4% | 0.9% |
| | c. Loans & advances given to related parties as % of Total loans & advances | 100.0% | 100.0% |
| | d. Investments in related parties as % of Total Investments made | 99.7% | 99.8% |

**PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe**

**Essential Indicators**

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

| | FY 2024 (Current Financial Year) | FY 2023 (Previous Financial Year) | Details of improvements in environmental and social impacts |
|---|---|---|---|
| R&D | - | - | – |
| Capex | ₹ 488.45 Million (1.65% of the total capex) | ₹ 512.18 Million (2.79% of the total capex) | We strive to make use of renewable energy for our energy requirements and aim to expand our renewable energy portfolio further. |

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

   Yes. the Company is procuring raw materials and packaging materials from the suppliers who are doing their respective businesses sustainably. Refer page 78-81 of Sustainability Report for some of the initiatives taken by our suppliers.

   b. **If yes, what percentage of inputs were sourced sustainably?**

   Given our business operations, it is difficult to estimate the percentage of inputs sourced sustainably.

   However, VBL and all of our suppliers follow PepsiCo's Global Supplier Code of Conduct wherein they abide by all provisions relating to the impact on quality and food safety, sustainability, waste, and work environment which includes labor practices and human rights aspects. https://www.pepsico.com/docs/default-source/sustainability-and-esg-topics/supplier-code-of-conduct/pepsico-supplier-code-of-conduct---english.pdf?sfvrsn=67dd868f_28

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste ( c) Hazardous waste and (d) other waste.**

   (a) VBL has engaged GEM Enviro Management Limited for phased implementation of 100% recycling of used PET bottles. Headquartered in Delhi, GEM Enviro is a Central Pollution Control Board (CPCB) recognised Producer Responsible Organisation (PRO) specialising in collection and recycling of packaging waste and promotion of recycled green products. It makes T-shirts and bags made from recycling of waste material, such as used PET bottles.

   (b) We are disposing off our E-waste through registered E-waste vendors

   (c) We are safely disposing off our hazardous waste through registered vendors

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

   Yes, Refer response to point 3 above.

**Leadership Indicators**

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

| NIC Code | Name of Product/ Service | % of total Turnover contributed | Boundary for which the Life Cycle Perspective/ Assessment was conducted | Whether conducted by independent external agency (Yes/No) | Results communicated in public domain (Yes/No) If yes, provide the web-link. |
|---|---|---|---|---|---|
| **Life Cycle Assessment Process**<br>VBL is working continuously on screening our end-to-end production processes to deliver positive impact on environment. In alignment to this, we adopted Life Cycle Assessment (LCA) and undertook an internal study to assess the environmental impacts and embed the principles of sustainability into various stages of product i.e, procurement of raw material, manufacturing of products, transportation of raw materials and supply of finished goods. In order to continuously reduce the Company environmental footprint, the Company is improving efficiencies, especially on critical resources such as water, fuel and energy, optimizing the resource consumption and minimizing wastages including plastic waste management, increasing green cover in manufacturing plants and also developing outside establishments. | | | | | |

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

| Name of Product / Service | Description of the risk / concern | Action Taken |
|---|---|---|
| No risks have been identified | | |

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

| Indicate input material | Recycled or re-used input material to total material | |
|---|---|---|
| | FY 2024 (Current Financial Year) | FY 2023 (Previous Financial Year) |
| r-PET used in producing Preforms | 1.54% | 0.00% |

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

| | FY 2024 (Current Financial Year) | | | FY 2023 (Previous Financial Year) | | |
|---|---|---|---|---|---|---|
| | Re-Used | Recycled | Safely Disposed | Re-Used | Recycled | Safely Disposed |
| Plastics (incuding Packaging) | - | 181,887 | - | - | 150,982 | - |
| E-waste | - | - | 1 | - | - | 4 |
| Hazardous waste | - | - | 1,640 | - | - | 1,426 |
| Other waste | Quantity not recorded but safely disposed through authorised vendors | | | | | |

**PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains**

**Essential Indicators**

**1. a. Details of measures for the well-being of employees: FY 2024**

| Category | % of employees covered by | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | Health Insurance | | Accident Insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/A) | Number (F) | % (F/A) |
| **Permanent employees** | | | | | | | | | | | |
| Male | 6,838 | 6,838 | 100.00% | 6,838 | 100.00% | 0 | 0.00% | 0 | 0.00% | Applicable As per Factory Act | |
| Female | 627 | 627 | 100.00% | 627 | 100.00% | 627 | 100.00% | 0 | 0.00% | | |
| Others | 22 | 22 | 100.00% | 22 | 100.00% | 0 | 0.00% | 0 | 0.00% | | |
| **Total** | **7,487** | **7,487** | **100.00%** | **7,487** | **100.00%** | **627** | **8.37%** | **0** | **0.00%** | | |
| **Other than Permanent employees** | | | | | | | | | | | |
| Male | 7,091 | 7,091 | 100.00% | 7,091 | 100.00% | 0 | 0.00% | 0 | 0.00% | Applicable As per Factory Act | |
| Female | 250 | 250 | 100.00% | 250 | 100.00% | 250 | 100.00% | 0 | 0.00% | | |
| Others | 0 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | | |
| **Total** | **7,341** | **7,341** | **100.00%** | **7,341** | **100.00%** | **250** | **3.40%** | **0** | **0.00%** | | |

b. **Details of measures for the well-being of workers: FY 2024**

| Category | % of workers covered by | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | Health Insurance | | Accident Insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number ( E) | % (E/A) | Number (F) | % (F/A) |
| **Permanent workers** | | | | | | | | | | | |
| Male | 3,521 | 3,521 | 100.00% | 3,521 | 100.00% | 0 | 0.00% | 0 | 0.00% | Applicable As per Factory Act | |
| Female | 33 | 33 | 100.00% | 33 | 100.00% | 33 | 100.00% | 0 | 0.00% | | |
| Others | 22 | 22 | 100.00% | 22 | 100.00% | 0 | 0.00% | 0 | 0.00% | | |
| **Total** | **3,554** | **3,554** | **100.00%** | **3,554** | **100.00%** | **33** | **1.00%** | **0** | **0.00%** | | |
| **Other than Permanent workers** | | | | | | | | | | | |
| Male | 10,249 | 9006 | 87.87% | 9,006 | 87.87% | 0 | 0.00% | 0 | 0.00% | Applicable As per Factory Act | |
| Female | 883 | 826 | 93.54% | 826 | 93.54% | 826 | 93.54% | 0 | 0.00% | | |
| Others | 26 | 26 | 100.00% | 26 | 100.00% | 0 | 0.00% | 0 | 0.00% | | |
| **Total** | **11,158** | **9,832** | **88.12%** | **9,832** | **88.12%** | **826** | **7.40%** | **0** | **0.00%** | | |

c. **Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –**

| | FY 2024 Current Financial Year | FY 2023 Previous Financial Year |
|---|---|---|
| Cost incurred on well being measures as a % of total revenue of the company | 0.12% | 0.12% |

2. **Details of retirement benefits, for Current Financial Year and Previous Financial Year.**

| Benefits | FY 2024 (Current Financial Year) | | | FY 2023 (Previous Financial Year) | | | Remarks |
|---|---|---|---|---|---|---|---|
| | No. of employees covered as % of total employees | No. of workers covered as % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as % of total employees | No. of workers covered as % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | |
| PF | 100% | 100% | Y | 100% | 100% | Y | PF AS PER EPF & MISC PROVISION ACT |
| Gratuity | 100% | 100% | Y | 100% | 100% | Y | GRATUITY AS PER PAYMENT OF GRATUITY ACT |
| ESI | 100% | 100% | Y | 100% | 100% | Y | ESI AS PER EMPLOYEE STATE INSURANCE ACT |
| Others - please sepcify | - | - | N.A | - | - | N.A | - |

3. **Accessibility of workplaces**

**Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

Yes

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

No

5. **Return to work and Retention rates of permanent employees and workers that took parental leave - FY 2024**

| Gender | Permanent employees | | Permanent workers | |
|---|---|---|---|---|
| | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male | N/A | N/A | N/A | N/A |
| Female | 100% | 100% | 100% | 100% |

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

| | Yes/No (If Yes, then give details of the mechanism in brief) |
|---|---|
| Permanent Workers | Yes, the Company has multiple mechanisms to redress grievances as per below links as available on the website of the Company. |
| Other than Permanent Workers | |
| Permanent Employees | |
| Other than Permanent Employees | |

https://varunbeverages.com/wp-content/uploads/2023/08/25-Grievance-Redressal-Policy.pdf

https://varunbeverages.com/wp-content/uploads/2023/03/21-VIGIL-MECHANISM-POLICY.pdf

https://varunbeverages.com/wp-content/uploads/2023/03/4-POSH-Policy.pdf

7. **Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

| Category | FY 2024 (Current Financial Year) | | | FY 2023 (Previous Financial Year) | | |
|---|---|---|---|---|---|---|
| | Total employees/ workers in respective category (A) | No. of employees/ workers in respective category, who are part of association(s) or Union (B) | % (B/A) | Total employees/ workers in respective category (A) | No. of employees/ workers in respective category, who are part of association(s) or Union (B) | % (B/A) |
| **Total Permanent Employees** | | | | | | |
| Male | 6,838 | 0 | 0.00% | 6,260 | 0 | 0.00% |
| Female | 627 | 0 | 0.00% | 488 | 0 | 0.00% |
| Others | 22 | 0 | 0.00% | 14 | 0 | 0.00% |
| | **7,487** | **0** | **0.00%** | **6,762** | **0** | **0.00%** |
| **Total Permanent Workers** | | | | | | |
| Male | 3,521 | 1,514 | 43.00% | 3,175 | 1,586 | 49.95% |
| Female | 33 | 14 | 42.42% | 36 | 14 | 38.89% |
| Others | 0 | 0 | 0.00% | 0 | 0 | 0.00% |
| | **3,554** | **1,528** | **42.99%** | **3,211** | **1,600** | **49.95%** |
| **Total employees and workers** | **11,041** | **1,528** | **13.84%** | **9,973** | **1,600** | **16.04%** |

8. **Details of training given to employees and workers:**

| Category | FY 2024 (Current Financial Year) | | | | | FY 2023 (Previous Financial Year) | | | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | On Health & Safety Measures | | On Skill Upgradation | | Total (A) | On Health & Safety Measures | | On Skill Upgradation | | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | | Number (B) | % (B/A) | Number (C) | % (C/A) | |
| **Employees** | | | | | | | | | | | |
| Male | 6,838 | 6,066 | 88.71% | 5,498 | 80.40% | 6,260 | 2,886 | 46.10% | 5,607 | 89.57% | - |
| Female | 627 | 627 | 100.00% | 627 | 100.00% | 488 | 221 | 45.29% | 330 | 67.62% | - |
| Others | 22 | 22 | 100.00% | 22 | 100.00% | 14 | 4 | 28.57% | 1 | 7.14% | - |
| | **7,487** | **6,715** | **89.69%** | **6,147** | **82.10%** | **6,762** | **3,111** | **46.01%** | **5,938** | **87.81%** | **-** |
| **Workers** | | | | | | | | | | | |
| Male | 3,521 | 3,370 | 95.71% | 3,100 | 88.04% | 3,175 | 3,146 | 99.09% | 2,856 | 89.95% | - |
| Female | 33 | 33 | 100.00% | 33 | 100.00% | 36 | 34 | 94.44% | 36 | 100.00% | - |
| | **3,554** | **3,403** | **95.75%** | **3,133** | **88.15%** | **3211** | **3,180** | **99.03%** | **2,892** | **90.07%** | **-** |
| **Total employees and workers** | **11,041** | **10,118** | **91.64%** | **9,280** | **84.05%** | **9,973** | **6,291** | **63.08%** | **8,830** | **88.54%** | **-** |

**9. Details of performance and career development reviews of employees and workers:**

| Category | FY 2024 (Current Financial Year) | | | FY 2023 (Previous Financial Year) | | |
|---|---|---|---|---|---|---|
| | Total (A) | No. (B) | % (B/A) | Total (A) | No. (B) | % (B/A) |
| **Employees** | | | | | | |
| Male | 6,838 | 6,838 | 100.00% | 6,260 | 6,260 | 100.00% |
| Female | 627 | 627 | 100.00% | 488 | 488 | 100.00% |
| Others | 22 | 22 | 100.00% | 14 | 14 | 100.00% |
| **Total** | **7,487** | **7,487** | **100.00%** | **6,762** | **6,762** | **100.00%** |
| **Workers** | | | | | | |
| Male | 3,521 | 3,521 | 100.00% | 3,175 | 3,175 | 100.00% |
| Female | 33 | 33 | 100.00% | 36 | 36 | 100.00% |
| **Total** | **3,554** | **3,554** | **100.00%** | **3,211** | **3,211** | **100.00%** |

Remarks - We have an annual appraisal process, where performance is assessed through ratings system. At the Sales unit level, performance is monitored month on month through target achievement. At Plant level performance is monitored through KPI's.

**10. Health and safety management system:**

**a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Yes, Each plant has primary health centres and restrooms have been established. Periodic inspections are conducted by certified surgeons and auditing organization to confirm that our occupational health and safety systems meet international standards. Since we fall under Food & Beverage category, we are subjected to all industry related audits and surveys to ensure that we are 100% compliant.

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Yes (Identified by concern government offices)

**c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Yes/No)**

Yes, all workers can reach out to management to address their concerns regarding working conditions, human rights, etc.

**d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)**

Yes, medical advise is available for workers and employees at the plant level.

**11. Details of safety related incidents, in the following format:**

| Safety Incident/Number | Category | FY 2024 (Current Financial Year) | FY 2023 (Previous Financial Year) |
|---|---|---|---|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 0.12 | 0 |
| | Workers | 0.096 | 0.003 |
| Total Recordable work - related injuries | Employees | 2 | 1 |
| | Workers | 3 | 1 |
| No. of fatalities | Employees | 0 | 0 |
| | Workers | 0 | 2 |
| High consequence work-related injury or ill health (excluding fatalities) | Employees | 0 | 0 |
| | Workers | 0 | 0 |

*Including in the contract workforce

**12. Describe the measures taken by the entity to ensure a safe and healthy work place.**

1. Conducting Safety awareness program frequently
2. Specialized training program for operations/Technicians.
3. Safety audit by Internal/Government officials.
4. Formation of safety committee
5. Periodic Check of equipment's

**13. Number of Complaints on the following made by employees and workers:**

| Category | FY 2024 (Current Financial Year) | | | FY 2023 (Previous Financial Year) | | |
|---|---|---|---|---|---|---|
| | Filed during the year | Pending resolution at the end of the year | Remarks | Filed during the year | Pending resolution at the end of the year | Remarks |
| Working Conditions | 0 | 0 | - | 0 | 0 | - |
| Health & Safety | 0 | 0 | - | 0 | 0 | - |

**14. Assessments for the year:**

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|---|---|
| Health and safety practices | 100%* |
| Working Conditions | 100%* |

* Remarks - As and when visited by respective Govt. officers

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

There were no significant risk or concern arising from assessments of health & safety practices and working conditions, however we have undertaken following preventive measures:

i. Formation of Safety Committee to formulate best health & safety practices and working conditions.

ii. Safety audit by Internal/ Government officials

iii. Specialized training program for Operations/ Technicians

iv. Conducting frequent Safety Awareness programs

v. Periodic check of equipment

**Leadership Indicators**

**1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Yes/No).**

(A) Yes; (B) Yes

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

Yes- for PF & ESI

All the contractors working with us are registered with PF & ESI authorities and they have been allotted separate code number by respective authorities. They are depositing the contributions as and when due and they share back the challans of the deposits made to the authorities.

3. **Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

| | Total no. of affected employees/ workers | | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment | |
|---|---|---|---|---|
| | FY 2024 | FY 2023 | FY 2024 | FY 2023 |
| Employees | Nil | Nil | Nil | Nil |
| Workers | Nil | Nil | Nil | Nil |

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No/ NA)**

   Yes

5. **Details on assessment of value chain partners:**

| | % of value chain partners (by value of business done with such partners) that were assessed |
|---|---|
| Health and safety practices | 90% |
| Working Conditions | 90% |

   The above table is related with material supplier. All the manpower deployed to the factory/Office by various manpower supply companies are governed by the respective labour laws of that company/Plant.

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

   All the manpower deployed to the factory/Office by various manpower supply companies are governed by the respective labour laws of the state concerned.

**PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**

**Essential Indicators**

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   Refer "Stakeholder communications" section (Page 42-43) in Sustainability Report

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

   Refer "Stakeholder communications" section (Page 42-43) in Sustainability Report

**Leadership Indicators**

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   Refer "Stakeholder communications" section (Page 42-43) in Sustainability Report

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics. If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   No such instances

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   No such instances

**PRINCIPLE 5: Businesses should respect and promote human rights**

**Essential Indicators**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

| Category | FY 2024 (Current Financial Year) | | | FY 2023 (Previous Financial Year) | | |
|---|---|---|---|---|---|---|
| | Total (A) | No. of Employees/ Workers Covered (B) | % (B/A) | Total (A) | No. of Employees/ Workers Covered (B) | % (B/A) |
| **Employees** | | | | | | |
| Permanent | 7,487 | 7,487 | 100.00% | 6,762 | 3,111 | 46.01% |
| Other than Permanent | 7,341 | 5,139 | 70.00% | 7,013 | 3,013 | 42.96% |
| **Total Employees** | **14,828** | **12,626** | **85.15%** | **13,775** | **6,124** | **44.46%** |
| **Workers** | | | | | | |
| Permanent | 3,554 | 3,554 | 100.00% | 3,211 | 3,180 | 99.03% |
| Other than Permanent | 11,158 | 7,253 | 65.00% | 9,832 | 5,113 | 52.00% |
| **Total Workers** | **14,712** | **10,807** | **73.46%** | **13,043** | **8,293** | **63.58%** |

2. **Details of minimum wages paid to employees and workers, in the following format:**

| Category | FY 2024 (Current Financial Year) | | | | | FY 2023 (Previous Financial Year) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | Equal to minimum wages | | More than minimum wages | | Total (A) | Equal to minimum wages | | More than minimum wages | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (B) | % (B/A) | No. (C) | % (C/A) |
| **Employees** | | | | | | | | | | |
| **Permanent** | | | | | | | | | | |
| Male | 6,838 | 0 | 0.00% | 6,838 | 100.00% | 6,260 | 0 | 0.00% | 6,260 | 100.00% |
| Female | 627 | 0 | 0.00% | 627 | 100.00% | 488 | 0 | 0.00% | 488 | 100.00% |
| Other | 22 | 0 | 0.00% | 22 | 100.00% | 14 | 0 | 0.00% | 14 | 100.00% |
| **Other than Permanent** | | | | | | | | | | |
| Male | 7,091 | 0 | 0.00% | 7,091 | 100.00% | 6,867 | 0 | 0.00% | 6,867 | 100.00% |
| Female | 250 | 0 | 0.00% | 250 | 100.00% | 146 | 0 | 0.00% | 146 | 100.00% |
| **Workers** | | | | | | | | | | |
| **Permanent** | | | | | | | | | | |
| Male | 3,521 | 0 | 0.00% | 3,521 | 100.00% | 3,175 | 0 | 0.00% | 3,175 | 100.00% |
| Female | 33 | 0 | 0.00% | 33 | 100.00% | 36 | 0 | 0.00% | 36 | 100.00% |
| **Other than Permanent** | | | | | | | | | | |
| Male | 10,249 | 5,670 | 55.32% | 4,579 | 44.68% | 9,006 | 4,956 | 55.03% | 4,050 | 44.97% |
| Female | 883 | 485 | 54.93% | 398 | 45.07% | 826 | 455 | 55.08% | 371 | 44.92% |
| Other | 26 | 0 | 0.00% | 26 | 100.00% | 0 | 0 | 0.00% | 0 | 0.00% |

3. **Details of remuneration/salary/wages**

   a. **Median remuneration / wages: FY 2024**

(₹ in Million)

| | Male | | Female | | Others | |
|---|---|---|---|---|---|---|
| | Number | Median remuneration/ salary/wages of respective category | Number | Median remuneration/ salary/wages of respective category | Number | Median remuneration/ salary/wages of respective category |
| Board of Directors (BOD) | 3 | 67.18 | - | - | 0 | 0 |
| Key Managerial Personnel | 2 | 11.79 | - | - | 0 | 0 |
| Employees other than BOD and KMP | 6,833 | 0.47 | 627 | 0.40 | 22 | 0.36 |
| Workers | 3,521 | 0.33 | 33 | 0.26 | 0 | 0 |

**Note:** Since Independent Directors received no remuneration, except sitting fee for attending Board/ Committee meetings, the required details are not applicable. Further, for the purpose of calculation of median remuneration of KMP, remuneration paid to Mr. Lalit Malik has not been considered due to cessation as KMP with effect from May 13, 2024.

   b. **Gross wages paid to females as % of total wages paid by the entity, in the following format:**

| | FY 2024 Current Financial Year | FY 2023 Previous Financial Year |
|---|---|---|
| Gross wages paid to females as % of total wages | 5.94% | 5.19% |

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to/by the business? (Yes/No)**

   All employees can reach out to management to address their concerns & we also have grievance redressal mechanism.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues.**

   We have an internal grievance redressal mechanism through which grievance get redressed. However, if the grievance is not settled by the internal committee then concern person is free to approach the government forum.

6. **Number of Complaints on the following made by employees and workers:**

| | FY 2024 (Current Financial Year) | | | FY 2023 (Previous Financial Year) | | |
|---|---|---|---|---|---|---|
| | Filed during the year | Pending resolution at the end of the year | Remarks | Filed during the year | Pending resolution at the end of the year | Remarks |
| Sexual Harassment | Nil | Nil | - | Nil | Nil | - |
| Discrimination at workplace | Nil | Nil | - | Nil | Nil | - |
| Child Labour | Nil | Nil | - | Nil | Nil | - |
| Forced Labour/ Involuntary Labour | Nil | Nil | - | Nil | Nil | - |
| Wages | Nil | Nil | - | Nil | Nil | - |
| Other human rights related issues | Nil | Nil | - | Nil | Nil | - |

7. **Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

| | FY 2024 Current Financial Year | FY 2023 Previous Financial Year |
|---|---|---|
| Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH) | Nil | Nil |
| Complaints on POSH as a % of female employees / workers | Nil | Nil |
| Complaints on POSH upheld | Nil | Nil |

8. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

   All employees can reach out to management to address their concerns & we are also governed by POSH & Grievance redressal mechanism.

9. **Do human rights requirements form part of your business agreements and contracts? (Yes / No)**

   Yes, As per Labour laws and/or other applicable laws

10. **Assessments for the year:**

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|---|---|
| Child labour | Nil |
| Forced/involuntary labour | Nil |
| Sexual harassment | Nil |
| Discrimination at workplace | Nil |
| Wages | Nil |
| Others - please specify | N.A. |

11. **Provide details of any corrective actions taken or underway to address significant risks /concerns arising from the assessments at Question 9 above.**

    We are strictly following the labour laws in which all above 6 points are covered, so far we have not been prosecuted for any deviations. All employees can reach out to the management to address any significant risks /concerns regarding their work environment.

**Leadership Indicators**

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

   We have had no such concerns in the past. However, all employees can reach out to the management to address any significant risks /concerns regarding their work environment.

2. **Details of the scope and coverage of any Human rights due-diligence conducted**

   No such due-diligence conducted during the year.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

   Yes

4. **Details on assessment of value chain partners:**

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|---|---|
| Sexual harassment | Nil |
| Discrimination at workplace | Nil |
| Child labour | Nil |
| Forced/involuntary labour | Nil |
| Wages | Nil |
| Others - please specify | N.A |

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

   There are no such cases.

**PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment**

**Essential Indicators**

1. **Details of total energy consumption and energy intensity, in the following format:**

| Parameter | Units | FY 2024 (Current Financial Year) | FY 2023 (Previous Financial Year) |
|---|---|---|---|
| Revenue from Operations | ₹ in million | 143,486.00 | 126,328.26 |
| | Units | **FY 2024 (Current Financial Year)** | **FY 2023 (Previous Financial Year)** |
| **From renewable sources** | | | |
| Total electricity consumption (A) Solar and Wind | million kWH units | 78.96 | 57.70 |
| Total fuel consumption (B) | million kWH units | - | - |
| Energy consumption through other sources (C) | million kWH units | - | - |
| **Total energy consumed from renewable sources (A+B+C)** | million kWH units | **78.96** | **57.70** |
| **From non-renewable sources** | | | |
| Total electricity consumption (D) | million kWH units | 407.55 | 363.37 |
| Total fuel consumption (E) | million kWH units | 13.87 | 14.31 |
| Energy consumption through other sources (F) | million kWH units | - | - |
| **Total energy consumed from non renewable sources (D+E+F)** | million kWH units | **421.42** | **377.68** |
| **Total energy consumed (A+B+C+D+E+F)** | million kWH units | **500.38** | **435.38** |
| Energy intensity per rupee of turnover (Total energy consumption/Revenue from operations) | kWH / per rupee of turnover | 0.003 | 0.003 |
| Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP) | kWH / per rupee of turnover | NA | NA |
| Energy intensity in terms of physical output | kWH / per 8oz case of production volume | 0.61 | 0.60 |
| Energy intensity (optional) - the relevant metric may be selected by the entity | | - | - |

**Note:** Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, DQS (Deutsch Quality Systems India Private Limited)

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

   Not Applicable

3. **Provide details of the following disclosures related to water, in the following format:**

(in million liters)

| Parameter | FY 2024 (Current Financial Year) | FY 2023 (Previous Financial Year) |
|---|---|---|
| **Water withdrawal by source** | | |
| (i) Surface water | 1,587 | 1,856 |
| (ii) Groundwater | 5,688 | 4,648 |
| (iii) Third party water | - | - |
| (iv) Seawater / desalinated water | - | - |
| (v) Others | - | - |
| **Total volume of water withdrawal (i + ii + iii + iv + v)** | **7,275** | **6,504** |
| **Total volume of water consumption** | **4,651** | **4,143** |

(in million liters)

| Parameter | FY 2024 (Current Financial Year) | FY 2023 (Previous Financial Year) |
|---|---|---|
| Water intensity per rupee of turnover (Water consumed / Revenue from Operations) | 0.032 | 0.033 |
| **Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)** (Total water consumption / Revenue from operations adjusted for PPP) | NA | NA |
| **Water intensity in terms of physical output** (litres of water used per litre of beverage produced) | 1.56^ | 1.57^ |
| Water intensity (optional) - the relevant metric may be selected by the entity | | |

^ Note Steady state WUR was 1.54 times in 2023 and 1.50 times in 2024, the differential is on account of stabilization of 2 new greenfield plants in 2023 and 3 new greenfield plants in 2024.

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, DQS (Deutsch Quality Systems India Private Limited)

4. **Provide the following details related to water discharged:**

(in million liters)

| Parameter | | FY 2024 (Current Financial Year) | FY 2023 (Previous Financial Year) |
|---|---|---|---|
| Water discharge by destination and level of treatment | | | |
| (i) To Surface water | | - | - |
| - No treatment | | - | - |
| - With treatment - please specify the level of treatment | | - | - |
| (ii) To Groundwater | | - | - |
| - No treatment | | - | - |
| - With treatment - please specify the level of treatment | | - | - |
| (iii) To Seawater | | - | - |
| - No treatment | | - | - |
| - With treatment - please specify the level of treatment | | - | - |
| (iv) Sent to third-parties | | - | - |
| - No treatment | | - | - |
| - With treatment - please specify the level of treatment | | - | - |
| (v) Others | | - | - |
| - No treatment | | - | - |
| - With treatment - Water discharged is treated through ETP plants | | 2,624 | 2,254 |
| **Total water discharged** | | **2,624** | **2,254** |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, DQS (Deutsch Quality Systems India Private Limited)

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

No, the entity has not implemented a mechanism for Zero Liquid Discharge, however the company has adopted various improvement process for better water management:

- Low glass mix and more efficient new lines
- Air Scoring to complete in all the plants
- Connect all filters (ACF / PSF) for water recovery
- Optimize drainage timing at ACF / PSF (Optimization to standard 5 minutes drain time)
- Bottle washer recovery to complete. High volume glass line
- RO at ETPs at selective locations. Sample plant high volume to choose
- RO Efficiency to improve whereever RO recovery < Designed recovery
- Sensors / Foot operated taps for hand wash at plants

6. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

| Parameter | Please specify units | FY 2024 (Current Financial Year) | FY 2023 (Previous Financial Year) |
|---|---|---|---|
| NOx | NA | | |
| SOx | | | |
| Particulate matter (PM) | | | |
| Persistent organic pollutants (POP) | | | |
| Volatile organic Compounds (VOC) | | | |
| Hazardous air Pollutants (HAP) | | | |
| Others - please specify | | | |

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & intensity, in the following format:**

| Parameter | units | FY 2024 (Current Financial Year) | FY 2023 (Previous Financial Year) |
|---|---|---|---|
| **Total Scope 1 emissions** (Break-up of the GHG into $CO_2$, $CH_4$, N2O, HFCs, PFCs,$SF_6$, $NF_3$, if available)" | Metric tonnes of $CO_2$ equivalent | 88,224 | 74,260 |
| **Total Scope 2 emissions** (Break-up of the GHG into $CO_2$, $CH_4$, N2O, HFCs, PFCs,$SF_6$, $NF_3$, if available)" | Metric tonnes of $CO_2$ equivalent | 3,52,883 | 3,05,164 |
| Total Scope 1 and Scope 2 emissions per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations) | kg of $CO_2$ equivalent per rupee of turnover | 0.003 | 0.003 |
| **Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)** (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP) | kg of $CO_2$ equivalent per rupee of turnover | NA | NA |
| **Total Scope 1 and Scope 2 emission intensity in terms of physical output** | kg of $CO_2$e/liter of beverage produced | 0.09 | 0.09 |
| Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity | | | |

**Note:**

1. We have adopted the SBTi methodology for calculating GHG emissions starting from FY 2024. Consequently, the GHG emissions for FY 2023 have been restated using this approach.
2. The increase in GHG emissions is attributed to inorganic acquisitions in FY 2024.

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, DQS (Deutsch Quality Systems India Private Limited)

8. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

Yes, The Company has taken several environmental initiatives which showcases commitment to sustainable practices:

i. Procurement of Energy efficient machines
ii. Increase in Rooftop Solar Power Generation
iii. Energy efficient Visi coolers
iv. Conduction of Plantation Drive
v. Use of Electric Vehicles for last mile delivery

Also, Refer "Sustained climate action: Reducing our carbon footprint" section (Page 72-73) in Sustainability Report

**9. Provide details related to waste management by the entity, in the following format:**

| Parameter | FY 2024 (Current Financial Year) | FY 2023 (Previous Financial Year) |
|---|---|---|
| **Total Waste generated (in metric tonnes)** | | |
| Plastic waste (A) | 206,682 | 175,292 |
| E-waste (B) | 1 | 4 |
| Bio-medical waste (C) | - | - |
| Construction and demolition Waste (D) | Quantity not recorded but safely disposed through authorised vendors | |
| Battery waste (E) | - | - |
| Radioactive waste (F) | - | - |
| Other Hazardous waste. Please specify, if any. (G) | 1,640 | 1,426 |
| Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) | - | - |
| **Total (A+B + C + D + E + F + G+ H)** | **208,323** | **176,722** |
| **Waste intensity per rupee of turnover** (Total waste generated/ Revenue from operations) | 0.001 | 0.001 |
| **Waste intensity per rupee of turnover adjusted Purchasing for Power Parity (PPP)** (Total Revenue waste from generated / operations adjusted for PPP) | NA | NA |
| **Waste intensity in terms of physical output** | 0.254 | 0.242 |
| **Waste intensity (optional)** – the relevant metric may be selected by the entity | | |
| **For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)** | | |
| Category of waste | | |
| (i) Recycled | 181,887 | 150,982 |
| (ii) Re-used | - | - |
| (iii) Other recovery operations | - | - |
| **Total** | **181,887** | **150,982** |
| **For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)** | | |
| Category of waste | - | - |
| (i) Incineration | - | - |
| (ii) Landfilling | - | - |
| (iii) Other disposal operations | 1,641 | 1,430 |
| **Total** | **1,641** | **1,430** |

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No. However, Plastic waste recycling data is reported on CPCB portal as per EPR guidelines.

**10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

We do segregation of all type of waste at source and store wastes in designated areas only. Wastages are closely monitored on daily, weekly and monthly basis and are directly linked with plant KPIs. Approximately more than 90-98% waste (broken glass, plastic bottles, cartons, metal waste etc) goes for recycling. Unit has effective ETP operation combined with aeration and anaerobic system wherein effective operational controls ensures very limited quantity of ETP sludge generation as a hazardous waste. ETP sludge is safely collected in Hazardous waste storage area and finally disposal is done to pollution control board approved TSDF facility for landfill. Unit is not using any toxic chemicals.

11. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

| S.No. | Location of operations/offices | Type of operations | Whether the conditions of environmental approval/ clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any. |
|---|---|---|---|
| | Not Applicable | | |

12. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

| Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|---|---|---|---|---|---|
| Not Applicable | | | | | |

13. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

Yes

**Leadership Indicators**

1. **Water withdrawal, consumption and discharge in areas of water stress (in million liters):**

For each facility/plant located in areas of water stress, provide the following information:

(i) Name of the area: All the plants which are located in water stressed areas

(ii) Nature of operations: Manufacturing of Beverages

(iii) Water withdrawal, consumption and discharge in the following format:

(in million liters)

| Parameter | FY 2024 (Current Financial Year) | FY 2023 (Previous Financial Year) |
|---|---|---|
| **Water withdrawal by source** | | |
| (i) Surface water | 593 | 575 |
| (ii) Groundwater | 1,532 | 1,603 |
| (iii) Third party water | - | - |
| (iv) Seawater / desalinated water | - | - |
| (v) Others | - | - |
| **Total volume of water withdrawal** | 2,124 | 2,178 |
| **Total volume of water consumption** | 1,403 | 1,418 |
| Water intensity per rupee of turnover (Water consumed / turnover) | 0.01 | 0.01 |
| Water intensity (Optional) - the relevant metric may be selected by the entity | - | - |
| **Water discharge by destination and level of treatment** | | |
| (i) Into Surface water | - | - |
| - No treatment | - | - |
| - With treatment - please specify level of treatment | - | - |
| (ii) Into Groundwater | - | - |
| - No treatment | - | - |
| - With treatment - please specify level of treatment | - | - |
| (iii) Into Seawater | - | - |
| - No treatment | - | - |
| - With treatment - please specify level of treatment | - | - |

(in million liters)

| Parameter | FY 2024 (Current Financial Year) | FY 2023 (Previous Financial Year) |
|---|---|---|
| (iv) Sent to third-parties | - | - |
| - No treatment | - | - |
| - With treatment - please specify level of treatment | - | - |
| (v) Others | - | - |
| - No treatment | - | - |
| - With treatment - Water discharged is treated through ETP plants | 721 | 761 |
| **Total water discharged** | **721** | **761** |

2. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

| Parameter | units | FY 2024 (Current Financial Year) | FY 2023 (Previous Financial Year) |
|---|---|---|---|
| Total Scope 3 emissions(Break-up of the GHG into $CO_2$, $CH_4$, $N_2O$, HFCs, PFCs, $SF_6$, $NF_3$, if available) | Metric tonnes of $CO_2$ equivalent | 31,20,833 | 25,95,184 |
| Total Scope 3 emissions per rupee of turnover | kg of $CO_2$e/ per rupee of turnover | 0.02 | 0.02 |
| Total Scope 3 emission intensity (optional) - the relevant metric may be selected by the entity | kg of $CO_2$e/ liter of beverage produced | 0.67 | 0.63 |

**Note:**

1. We have adopted the SBTi methodology for calculating GHG emissions starting from FY 2024. Consequently, the GHG emissions for FY 2023 have been restated using this approach.
2. The increase in GHG emissions is attributed to inorganic acquisitions in FY 2024.

3. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

Not Applicable

4. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

| Sr. No. | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|---|---|---|---|
| 1 | Plastic Waste Management | Engaged Gem Enviro Management Limited for phased implementation (upto 100%) recycling of used Plastic Wastes from end users. | Reduction in plastic waste |
| 2 | Water Conservation | Engaged DQS India Pvt. Ltd which verifies water mass balance and we also undertook several other initiatives towards water conservation and water recharge. | Reduction in wastage of water |
| 3 | Reduced grammage of Plastic Closures and Preforms (used for PET-Bottles) over the years | Packaging innovations introduced by PIH in India through Global R&D and best practices. | Reduction in plastic usage |

| Sr. No. | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|---|---|---|---|
| 4 | Use of fuels like biomass for steam generation, increasing renewable energy contribution | The company is proactive in adopting new technologies that use cleaner fuels of energy. Commissioned rooftop solar plants in most of our manufacturing plants and entered into open access solar and wind power for few manufacturing locations to increase the renewable energy contribution of our overall electricity consumption and redesigned the power generation units at many locations. | Reduction in Green House Gases |
| 5 | Installation of Effluent Treatment Plant | Plants have installed online monitoring Systems in Effluent Treatment Plant as well as Boiler emissions for all time compliance which is being monitored by CPCB on real time basis. | Effluents are treated and discharged under prescribed limits thereby remain well within the prescribed norms and consent conditions. |

5. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

   Yes; Unit does have Disaster/Emergency preparedness and response plan for business continuity. This includes all possible emergencies like Fire, Ammonia or CO2 leakage , any major safety accidents, Chemical leakage, Natural Calamity (flood, cyclone, earthquake) or pandemic situation like Covid 19. To ensure unit readiness plant is also exercising mock drill on six monthly frequency. In past unit has also successfully demonstrated to respond any emergency situation in past. Such one example is to ensure business continuity during Covid times by implementing effective control mechanism to avoid Covid 19 spread. Unit has successfully operated production during pandemic time by adapting all the established measures.

6. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

   In order to continously reduce the Company environment footprint, the company is improving efficiencies, especially on critical resources such as Water, fuel and energy, optimizing the resource consumption and minimising wastages, increasing green cover in manufacturing plants and also developing outside establishments. Company also reduced weight of Closures and Preforms over the years to contribute towards environment sustainability. Company also implemented water consumption optimization measures and water recovery and reuse of the water across all plants.

7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

   90%+ of Raw material suppliers, 90%+ of Capex suppliers and 90%+ of Distributors are covered for assessment.

**PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

**Essential Indicators**

1. a. **Number of affiliations with trade and industry chambers/associations.**

   5

   b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

| S. No. | Name of the trade and industry chambers/ associations | Reach of trade and industry chambers/ associations (State/National) |
|---|---|---|
| 1 | Federation of Indian Chambers of Commerce and Industry | National |
| 2 | PHD Chamber of Commerce and Industry | National |
| 3 | Confederation of Indian Industry (CII) | National |
| 4 | The Associated Chambers of Commerce and Industry of India | National |
| 5 | Action Alliance for Recycling Beverage Cartons | National |

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

   Not Applicable

**PRINCIPLE 8: Businesses should promote inclusive growth and equitable development**

**Essential Indicators**

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

| Name and brief details of project | SIA Notification No. | Date of notification | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes/ No) | Relevant Web Link |
|---|---|---|---|---|---|
| Not Applicable | | | | | |

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

| S.No. | Name of Project for which R&R is ongoing | State | District | No. of Project Affected Families (PAFs) | % of PAFs covered by R&R | Amounts paid to PAFs n the FY (In ₹) |
|---|---|---|---|---|---|---|
| Not Applicable | | | | | | |

3. **Describe the mechanisms to receive and redress grievances of the community.**

   There is regular engagement with representatives from key neighbourhood across India. Stakeholders suggestions can also be emailed to the Compliance Officer at complianceofficer@rjcorp.in

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

| | FY 2024 (Current Financial Year) | FY 2023 (Previous Financial Year) |
|---|---|---|
| Directly sourced from MSMEs/ small producers | 7.38% | 6.66% |
| Directly from within India | 91.84% | 94.44% |

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost**

| | FY 2024 (Current Financial Year) | FY 2023 (Previous Financial Year) |
|---|---|---|
| Rural | 13% | 12% |
| Semi-urban | 17% | 17% |
| Urban | 65% | 65% |
| Metropolitan | 5% | 6% |

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

**PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner**

**Essential Indicators**

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback**

   VBL Consumer response programme is developed to promptly resolve consumer concerns & grievances, which ensures that consumer/ customer is responded with courtesy and in timely manner. The Mechanism helps the organization to remain consumer centric, establish top down approach to build trust and strengthen transparency while addressing their queries and concerns:

   The Complaints are lodged by consumer (via Toll Free no. available on label & crown), arranged and sorted by the PepsiCo Consumer Response System (CRS) representative who then, forwards the same to VBL after logging in on Wilke portal. VBL Plant team & Consumer Care / Complaint Management System (CCMS) coordinator review auto generated email containing relevant details of the Complaint which are then investigated by VBL Plant team, Regional Quality Coordinator (RQC) & CCMS coordinator and the complaint is attended by Customer Relationship Executive (CRE) to address the concern simultaneously. After detailed analysis of each reported complaints by all the plants root cause analysis is carried out and Corrective and Preventive Actions are taken by plant team.

   Plants then, initiate an improvement plan to mitigate reoccurrence of concern and to pacify & satisfy the consumer.

   **Feedback:**

   Feedback is sent to PepsiCo CRS team by CCMS coordinator and Pepsi International (PI) Team connects & respond to consumer, subsequently on SOS basis.

   The Complaints in VBL are tracked and reviewed monthly on the basis of it's nature, flavour, category and plant.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

   We understand that we provide these information on the labels of our products like 'crush bottle after use', recycable package mark, throw in dustbin mark, safe and responsible use instructions on energy drink (Sting), etc.

| | As a percentage to total turnover |
|---|---|
| Environmental and social parameters relevant to the product | 100% |
| Safe and responsible usage | 100% |
| Recycling and/or safe disposal | 100% |

3. **Number of consumer complaints in respect of the following:**

| | FY 2024 (Current Financial Year) | | | FY 2023 (Previous Financial Year) | | |
|---|---|---|---|---|---|---|
| | Received during the year | Pending resolution at the end of year | Remarks | Received during the year | Pending resolution at the end of year | Remarks |
| Data privacy | NIL | N.A | | NIL | N.A | |
| Advertising | NIL | N.A | | NIL | N.A | |
| Cyber-security | NIL | N.A | | NIL | N.A | |
| Delivery of Essential Services | NIL | N.A | | NIL | N.A | |
| Restrictive Trade Practices | NIL | N.A | | NIL | N.A | |
| Unfair Trade Practices | NIL | N.A | | NIL | N.A | |
| Other - No. of complaints received through PepsiCo Customer Care | 1,084 | 7 | The pending complaints were resolved in subsequent months | 1,223 | 17 | The pending complaints were resolved in subsequent months |

4. **Details of instances of product recalls on account of safety issues:**

| | Number | Reasons for Recall |
|---|---|---|
| Voluntary recalls | NA | NA |
| Forced recalls | NA | NA |

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   Yes, https://varunbeverages.com/privacy

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

   NIL

7 **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

   a. **Number of instances of data breaches**

      0

   b. **Percentage of data breaches involving personally identifiable information of customers**

      0%

   c. **Impact, if any, of the data breaches**

      NA

**Leadership Indicators**

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   https://www.varunbeverages.com/our-products/

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   https://www.pepsico.com/docs/default-source/sustainability-and-esg-topics/pepsico-policy-on-responsible-advertising-and-marketing-to-children.pdf?sfvrsn=f7901072_3#:~:text=Additionally%2C%20PepsiCo%20will%20not%20advertise,pledge%20programs%20(Pledge%20Programs)

3 **Does the entity display product information on the product over and above what is mandated as per local laws?**

   **If yes, provide details in brief.**

   **Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole?**

   We display all the mandatory product information on the product over as per the requirements of the regulatory authorities.

# Independent Auditor's Report

**To the Members of Varun Beverages Limited**

**Report on the Audit of the Consolidated Financial Statements**

## Opinion

1. We have audited the accompanying consolidated financial statements of **Varun Beverages Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint venture, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31 December 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information and other explanatory information (hereinafter referred to as the "consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and joint venture, as at 31 December 2024, and their consolidated profit (including other comprehensive income), consolidated statement of cash flow and the consolidated changes in equity for the year ended on that date.

## Basis for Opinion

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

## Key Audit Matters

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

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

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Impairment assessment of intangible assets including Goodwill**<br><br>(Refer note 3(e) and 3(k) for accounting policies on Intangibles assets and Business combinations and goodwill respectively. Further refer note 5A and note 5B to the consolidated financial statements) | Our audit procedures included, but were not limited, to the following:<br><br>• Obtained an understanding of the management's process for identification of cash generating unit and processes performed by the management for their impairment testing; |

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>The Group carries Goodwill and franchisee rights/ trademarks as intangible assets having indefinite life amounting to ₹ 3,009.37 million and ₹ 8,946.08 million respectively, that are required to be tested for impairment by the management on an annual basis in accordance with Ind AS 36, Impairment of Assets.<br><br>The aforesaid assessment of the impairment testing involves significant judgement around the determination of the recoverable amounts, being the higher of value in use and fair value less costs of disposal. Recoverable amounts are based on management's view of the future cash flows and prospects of the business, the appropriate discount rates and other industry specific risk factors.<br><br>The key judgements in determining the recoverable amounts relates to the forecast of future cash flows based on strategy using macroeconomic assumptions such as industry growth, inflation and expected growth in market share, capital expenditure and working capital requirements, among others.<br><br>Changes in the management forecasts or assumptions can impact the assessment of the discounted cash flows.<br><br>Considering the materiality of the amounts involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the forecasted cash flows used in the impairment evaluation, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, impairment assessment of Goodwill and the franchise rights/ trademarks was determined as a key audit matter.</td><td>• Assessed the process by which management prepared its cash flow forecasts and held discussions with management to understand the assumptions used and estimates made by them for determining such projections;<br><br>• Tested the design and operating effectiveness of internal controls over such identification and impairment test procedures;<br><br>• Assessed the appropriateness of the Group's accounting policies, including those relating to recognition, measurement and impairment of intangibles by comparing with the applicable Ind AS;<br><br>• Reviewed the valuation report obtained by the management from an independent valuer for Franchise rights and assessed the professional competence, skills and objectivity for performing the required valuations;<br><br>• Assessed the appropriateness of the significant assumptions as well as the Group's valuation model with the support of auditor's valuation specialists, who assess the reasonableness of assumptions used and valuation methodology applied relating to discount rate, risk premium, industry growth rate etc. This included a discussion of the expected development of the business and results as well as of the underlying assumptions used with those responsible for the planning process;<br><br>• Assessed the robustness of financial projections prepared by the management by comparing projections for previous financial years with actual results realised and discussed significant deviations, if any, with the management;<br><br>• Tested mathematical accuracy of the projections and performed a sensitivity analysis for reasonably possible changes in the sales growth, discount rate applied and the long-term growth rate; and<br><br>• Evaluated the adequacy and appropriateness of disclosures made by the Group in the consolidated financial statements, as required by the applicable provisions of the Act and Ind AS.</td></tr>
<tr><td>Claims, Appeals and Litigations – provisions and contingent liabilities<br><br>(Refer note 43 to the consolidated financial statements for the amounts of contingent liabilities)<br><br>The Group is involved in various direct, indirect tax and other claims, appeals and litigations (hereafter, referred to as "Matters") that are pending with different statutory authorities and judicial courts. The management exercises significant judgement for determining the need for and the amount of provisions, for any liabilities, arising from these matters.</td><td>Our audit procedures included, but were not limited to, the following:<br><br>• Assessed the appropriateness of the Group's accounting policies relating to provisions and contingent liabilities with the applicable accounting standards;<br><br>• Assessed the Group's process and the underlying controls for identification of the pending matters and completeness for financial reporting and also for monitoring of significant developments in relation to such pending matters;</td></tr>
</table>

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| This judgement is dependent on a number of significant assumptions and evaluations which involves interpreting the various applicable rules, regulations, practices and considering precedents in the various jurisdictions including the opinions received from various legal counsels.<br><br>This matter is considered as a key audit matter, in view of the uncertainty regarding the outcome of these matters, the significance of the amounts involved and the subjectivity involved in management's judgement as to whether any amount should be recognised as a provision or be disclosed or not as a contingent liability in the consolidated financial statements. | • Assessed the management's assumptions and estimates in respect of matters, including the liabilities or provisions recognised or contingent liabilities disclosed in the consolidated financial statements. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts based on the various legal counsel opinions received by the Group;<br>• Recomputed the arithmetical accuracy of the underlying calculations supporting the provisions recorded from the supporting evidences including the correspondence with various authorities;<br>• Assessed the management's conclusions through understanding relevant judicial precedents in similar cases and the applicable rules and regulations and through a discussion with Company's legal department and legal counsels appointed by the Company;<br>• Obtained legal opinions and confirmation on completeness from the Group's external legal counsels, where appropriate;<br>• Engaged auditor's experts to gain an understanding of the current status of matters and changes in the disputes, if any, through discussions with the management and by reading external advice received by the Group, where relevant, to validate management's conclusions; and<br>• Assessed the appropriateness of the Group's description of the accounting policy, disclosures related to matters and whether these are adequately presented in the consolidated financial statements. |
| **Business Combination**<br><br>As set out in note 50 to the consolidated financial statements, the Group has completed the acquisition of 95% share capital in "The Beverage Company Proprietary Limited" on 26 March 2024 for a purchase consideration amounting to ₹ 4,037.26, as per terms of the definitive documents executed in this regard.<br><br>This acquisition has been concluded as a business combination under Ind AS 103, 'Business Combinations' and has resulted in recognition of goodwill, franchise rights, own brands, distribution networks, apart from other identifiable assets and liabilities acquired. The Company has performed a purchase price allocation by allocating the purchase consideration paid to the respective fair values of the assets and liabilities acquired as above. | Our audit procedures included, but were not limited, to the following:<br>• Obtained and understood the terms of the arrangement underlying the business acquisition made by the Holding Company during the year to confirm the determination of control and the acquisition date in accordance with Ind AS 103;<br>• Assessed the competence and objectivity of the management's expert and gained an understanding of the work done by the management's valuation expert.<br>• Obtained report of the management's external valuation specialist for the valuations performed of assets and liabilities acquired for the purpose of purchase price allocation;<br>• Involved our auditor's valuation experts to assist us in validating the valuation assumptions and methodology considered by the management's expert to allocate the purchase price to identifiable assets and liabilities; |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| The identification and valuation of acquired assets and liabilities including intangible assets involve significant management judgement in terms of making estimates and assumptions including the discount rate and growth rate assumptions which have high estimation uncertainty.<br><br>Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and assumptions used in determining the fair value of assets and liabilities acquired, we have determined the accounting for business combination as a key audit matter for the current year audit. | • Assessed the reasonableness of the management estimates and judgements used to fair value the identifiable assets and liabilities and identifiable intangible assets acquired;<br><br>• Evaluated the appropriateness and adequacy of disclosures given in the consolidated financial statements, including disclosure of significant assumptions and judgements, in accordance with applicable accounting standards. |

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

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

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

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

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates and joint venture in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, and its associate companies and joint venture company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

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

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates and joint venture

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

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

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

    - 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; and

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

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

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

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

## Other Matters

15. We did not audit the financial statements of fourteen subsidiaries, whose financial statements reflects total assets of ₹ 73,775.58 million as at 31 December 2024, total revenues of ₹ 72,166.86 million and net cash inflows amounting to ₹ 236.23 million for the year ended on that date, as considered in the consolidated financial statements. Out of the above, financial statement of one subsidiary included in the Statement whose financial statement reflects total assets of ₹ 2,906.75 million as at 31 December 2024, total revenues of ₹ 1,729.54 million, and net cash outflows of ₹ (81.91) million for the year ended on that date, as considered in the consolidated financial statements have been audited by one of the joint auditors, O P Bagla & Co LLP.

    The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 14.78 million for the year ended 31 December 2024, as considered in the consolidated financial statements, in respect of two associates and one joint venture, whose financial information have not been audited by us. Out of the above, annual financial information of one joint venture included in the Statement with the Group's share of net loss (including other comprehensive income) of ₹ 12.50 million for the year ended 31 December 2024, as considered in the consolidated financial statements have been audited by one of the joint auditors, O P Bagla & Co LLP.

    These financial statements and financial information have been audited by one of the joint auditors, O P Bagla & Co LLP and other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint venture, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, associates and joint venture, are based solely on the reports of one of the joint auditors, O P Bagla & Co LLP and the other auditors.

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

## Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of one of the joint auditors and the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries, associates and joint venture, we report that the Holding Company and one subsidiary incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to Fifteen subsidiaries, Two associates and one joint venture Company, since none of such companies is a public company as defined under section 2(71) of the Act.

17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us, of Holding Company included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies. Further, following are the companies included in the consolidated financial statements for the year ended 31 December 2024 and covered under that Act that are audited by one of the joint auditors and other auditors, for which the respective reports under section 143(11) of the Act of such companies have not yet been issued by the respective auditors (on account of different financial year followed by these companies), as per information and explanation given to us by the management in this respect.

| S. No | Name | CIN | Subsidiary/ Associate/ Joint Venture | Remarks |
|---|---|---|---|---|
| 1 | Lunarmech Technologies Private Limited | U72900DL2009PTC190619 | Subsidiary | Company follows different financial year |
| 2 | Clean Max Tav Private Limited | U40300MH2022PTC389259 | Associate | Company follows different financial year |
| 3 | Houban Energy 7 Private Limited | U40105TG2021PTC157634 | Associate | Company follows different financial year |
| 4 | IDVB Recycling Operations Private Limited | U35105DL2022PTC398736 | Joint Venture | Company follows different financial year |

18. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of one of the joint auditors and other auditors on separate financial statements of the subsidiary, associates and joint venture incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

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

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of one of the joint auditors and other auditors except for the matters stated in paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

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

d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e) On the basis of the written representations received from the directors of the Holding Company, and taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiary, associates and joint venture, covered under the Act, none of the directors of the Group companies, its associate companies and joint venture company, are disqualified as on 31 December 2024 from being appointed as a director in terms of section 164(2) of the Act.

f) The modifications relating to the maintenance of accounts and other matters connected therewith with respect to the consolidated financial statements are as stated in paragraph 18(b) above on reporting under section 143(3)(b) of the Act and paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary company, associates and joint venture covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II' wherein we have expressed an unmodified opinion; and

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 and based on the consideration of the report of one of the joint auditors and other auditors on separate financial statements and other financial information of the subsidiary, associates and joint venture incorporated in India whose financial statements have been audited under the Act:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint venture as detailed in Note 43 to the consolidated financial statements;

ii. The Holding Company, its subsidiary companies, associates and joint venture company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 December 2024;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 December 2024. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company, associates and joint venture covered under the Act, during the year ended 31 December 2024;

iv. a. The respective managements of the Holding Company and its subsidiary company, associates and joint venture company incorporated in India whose financial statements have been audited under the Act have represented to us and one of the joint auditor and other auditors of such subsidiary company, associates and joint venture company respectively that, to the best of their knowledge and belief, as disclosed in note 61(e) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary company, associates and joint venture company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary company, associates and joint venture company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiary company, associates and joint venture company incorporated in India whose financial statements have been audited under the Act have represented to us and one of the joint auditor and other auditors of such subsidiary company, associates and joint venture company respectively that, to the best of their knowledge and belief, as disclosed in the note 61(f) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary company, associates and joint venture company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary company, associates and joint venture company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiary company, associates and joint venture company, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The interim dividend declared and paid by the Holding Company during the year ended 31 December 2024 and until the date of this audit report is in compliance with section 123 of the Act. The final dividend paid by the Holding Company during the year ended 31 December 2024 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 62(i) to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 December 2024 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Based on our examination which included test checks performed by us on the Holding Company and reports of the respective auditors of its subsidiary company, associates and joint venture company, which are companies incorporated in India and audited under the Act, except for the instances mentioned below including subsidiary company where feature of recording audit trail (edit log) was not enabled for the period 01 January 2024 to 31 March 2024 , the aforesaid Companies, in respect of financial year commencing on 01 January 2024, have used accounting softwares for maintaining their books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit and based on the reports of the respective auditors of the subsidiary, associates and joint venture company, we did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the matter mentioned below

a. One accounting software used for maintenance of books of accounts of the Holding Company and accounting software used for maintenance of books of accounts by subsidiary company and Joint venture Company, did not have a feature of recording audit trail (edit log) facility enabled at the database level to log any direct data changes;

b. One associate has used an accounting software for the period 01 January 2024 till 31 March 2024 for maintaining books of account, which is operated by a third-party software service provider. In the absence of reporting on compliance with audit trail requirements in the independent auditor's report in relation to controls at service organization, we are unable to comment on whether the feature of recording audit trail (edit log) facility was enabled at the database level to log any direct data changes.

c. In the absence of reporting on compliance with audit trail requirements in the independent auditor's report for accounting software used by two associates for the period 01 April 2024 to 31 December 2024, on account of different financial years adopted by these Companies, we are unable to comment on whether the audit trail feature of the accounting softwares in the companies were enabled and operated through the period form 01 April 2024 to 31 December 2024.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 applies to the Company for the financial year commencing on 01 January 2024, hence, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31 December 2024.

**For J C Bhalla & Co**
Chartered Accountants
Firm's Registration No. 001111N

**Akhil Bhalla**
Partner
Membership No: 505002
UDIN: 25505002BMIKXI9996

**Place:** Gurugram
**Date:** 10 February 2025

B-5, Sector-6, Noida
Uttar Pradesh 201301

**For O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No: 000018N/N500091

**Neeraj Kumar Agarwal**
Partner
Membership No. 094155
UDIN: 25094155BMKSDQ7167

**Place:** Gurugram
**Date:** 10 February 2025

B-225, 5th Floor, Okhla Industrial Area,
Phase 1, New Delhi 110020

# Annexure I

## List of entities included in the consolidated financial statements

**Holding Company**

1. Varun Beverages Limited

**Subsidiaries**

1. Varun Beverages (Nepal) Private Limited
2. Varun Beverages Lanka (Private) Limited
3. Ole Spring Bottlers (Private) Limited
4. Varun Beverages Morocco SA
5. Varun Beverages (Zambia) Limited
6. Varun Beverages (Zimbabwe) (Private) Limited
7. Lunarmech Technologies Private Limited
8. Varun Beverages RDC SAS
9. Varun Beverages International DMCC
10. Varun Beverages South Africa (Pty) Ltd
11. VBL Mozambique, SA
12. The Beverage Company Proprietary Limited, South Africa (with effect from 26 March 2024)
13. The Beverage Company Bidco Proprietary Limited (with effect from 26 March 2024)
14. Little Green Beverages Proprietary Limited (with effect from 26 March 2024)
15. Softbev Proprietary Limited (with effect from 26 March 2024)
16. Varun Foods (Zimbabwe) (Private) Limited (with effect from 22 May 2024)

**Associates**

1. Clean Max Tav Private Limited
2. Huoban Energy 7 Private Limited

**Joint Venture**

1. IDVB Recycling Operations Private Limited

# Annexure II

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

1. In conjunction with our audit of the consolidated financial statements of Varun Beverages Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint venture as at and for the year ended 31 December 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company, its associate companies and joint venture company, which are companies covered under the Act, as at that date.

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

2. The respective Board of Directors of the Holding Company, its subsidiary company, its associate companies and joint venture company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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

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

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

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

## Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance

with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

## Opinion

8. In our opinion and based on the consideration of the reports of the other auditor on internal financial controls with reference to financial statements of the subsidiary company and joint venture company, the Holding Company its subsidiary company, and joint venture company which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 December 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

## Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is company covered under the Act, whose financial statements reflect total assets of ₹ 2,906.75 million and net assets of ₹ 2,041.21 million as at 31 December 2024 , total revenues of ₹ 1,729.54 million and net cash outflows amounting to ₹ (81.91) million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive loss) of ₹ 12.50 million for the year ended 31 December 2024, in respect of one joint venture company, which is company covered under the Act, whose internal financial controls with reference to financial statements have not been audited by us. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company and joint venture company have been audited by one of the joint auditors, O P Bagla & Co LLP whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company its subsidiary company and joint venture company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company and joint venture company is based solely on the reports of the O P Bagla & Co LLP. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the report of the O P Bagla & Co LLP.

10. We did not audit the internal financial controls with reference to financial statements in so far as it relates to two associate companies, which are companies covered under the Act, in respect of which, the Group's share of net loss (including other comprehensive loss) of ₹ 2.28 million for the year ended 31 December 2024 has been considered in the consolidated financial statements. The internal financial controls with reference to financial statements of these associate companies, which are companies covered under the Act, are unaudited and our opinion under Section 143(3)(i) of the Act on adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to the aforesaid associates, which are companies covered under the Act, is solely based on the corresponding internal financial controls with reference to financial statements reports certified by the management of such companies. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group. Our opinion is not modified in respect of the above matter with respect to our reliance on the internal financial controls with reference to financial statements reports certified by the management.

**For J C Bhalla & Co**
Chartered Accountants
Firm's Registration No. 001111N

**Akhil Bhalla**
Partner
Membership No: 505002
UDIN: 25505002BMIKXI9996

**Place:** Gurugram
**Date:** 10 February 2025

B-5, Sector-6, Noida
Uttar Pradesh 201301

**For O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No: 000018N/N500091

**Neeraj Kumar Agarwal**
Partner
Membership No. 094155
UDIN: 25094155BMKSDQ7167

**Place:** Gurugram
**Date:** 10 February 2025

B-225, 5th Floor, Okhla Industrial Area,
Phase 1, New Delhi 110020

# Consolidated Balance Sheet

As at 31 December 2024

(₹ in million)

| | Notes | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 4A | 106,225.51 | 68,031.32 |
| (b) Capital work-in-progress | 4B | 11,623.43 | 19,222.22 |
| (c) Right of use assets | 4C | 13,631.22 | 10,347.07 |
| (d) Goodwill | 5A | 3,009.37 | 242.30 |
| (e) Other intangible assets | 5B | 11,151.26 | 5,471.00 |
| (f) Intangible assets under development | 5C | 43.69 | - |
| (g) Investment in associates and joint venture | 6 | 534.47 | 179.32 |
| (h) Financial assets | | | |
| (i) Investments | 7 | 60.55 | 31.51 |
| (ii) Loans | 8 | 218.87 | - |
| (iii) Other financial assets | 9 | 987.26 | 622.67 |
| (i) Deferred tax assets (Net) | 10 | 196.31 | - |
| (j) Other non-current assets | 11 | 5,117.42 | 5,368.12 |
| **Total non-current assets** | | **152,799.36** | **109,515.53** |
| **Current assets** | | | |
| (a) Inventories | 12 | 27,912.34 | 21,505.33 |
| (b) Financial assets | | | |
| (i) Trade receivables | 13 | 8,458.42 | 3,593.85 |
| (ii) Cash and cash equivalents | 14 | 22,662.83 | 2,422.12 |
| (iii) Bank balances other than (ii) above | 15 | 1,837.71 | 2,176.50 |
| (iv) Others | 16 | 8,356.16 | 7,388.23 |
| (c) Current tax assets (Net) | 17 | 48.72 | 3.11 |
| (d) Other current assets | 18 | 9,363.56 | 5,267.16 |
| **Total current assets** | | **78,639.74** | **42,356.30** |
| **Total assets** | | **231,439.10** | **151,871.83** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| (a) Equity share capital | 19 | 6,763.02 | 6,496.07 |
| (b) Other equity | 20 | 159,335.27 | 62,868.91 |
| **Equity attributable to owners of the Parent Company** | | **166,098.29** | **69,364.98** |
| (c) Non-controlling interest | | 1,298.07 | 1,481.55 |
| **Total equity** | | **167,396.36** | **70,846.53** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 21A | 8,406.89 | 31,889.38 |
| (ia) Lease liabilities | 21B | 3,570.86 | 1,978.85 |
| (b) Provisions | 22 | 1,894.34 | 2,126.44 |
| (c) Deferred tax liabilities (Net) | 10 | 4,879.09 | 3,430.11 |
| (d) Other non-current liabilities | 23 | 47.31 | 68.40 |
| **Total non-current liabilities** | | **18,798.49** | **39,493.18** |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 21C | 15,235.76 | 20,054.49 |
| (ia) Lease liabilities | 21D | 1,049.03 | 390.38 |
| (ii) Trade payables | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | 24 | 645.75 | 767.43 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 24 | 14,958.52 | 6,815.05 |
| (iii) Other financial liabilities | 25 | 7,043.41 | 7,638.39 |
| (b) Other current liabilities | 26 | 4,916.55 | 4,650.93 |
| (c) Provisions | 22 | 739.00 | 825.43 |
| (d) Current tax liabilities (Net) | 27 | 656.23 | 390.02 |
| **Total current liabilities** | | **45,244.25** | **41,532.12** |
| **Total liabilities** | | **64,042.74** | **81,025.30** |
| **Total equity and liabilities** | | **231,439.10** | **151,871.83** |

Material accounting policies 3

The accompanying notes 1 to 63 are an integral part of the consolidated financial statements.
As per our report of even date attached.

**For J C Bhalla & Co**
Chartered Accountants
Firm's Registration No.: 001111N

**For O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.: 000018N/N500091

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

**Akhil Bhalla**
Partner
Membership No.: 505002

**Neeraj Kumar Agarwal**
Partner
Membership No.: 094155

**Varun Jaipuria**
Whole Time Director
DIN 02465412

**Raj Pal Gandhi**
Whole Time Director
DIN 00003649

**Rajesh Chawla**
Chief Financial Officer

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

Place : Gurugram
Dated : 10 February 2025

# Consolidated Statement of Profit and Loss

For the year ended 31 December 2024

(₹ in million, unless otherwise stated)

| | Notes | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 28 | 204,813.28 | 163,210.63 |
| Other income | 29 | 1,212.68 | 793.59 |
| **Total income** | | **206,025.96** | **164,004.22** |
| **Expenses** | | | |
| Cost of materials consumed | 30 | 82,937.43 | 70,264.61 |
| Excise duty | | 4,736.78 | 2,784.82 |
| Purchases of stock-in-trade | 31 | 6,859.21 | 4,626.96 |
| Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress | 32 | (749.40) | (842.69) |
| Employee benefits expense | 33 | 18,850.26 | 14,465.87 |
| Finance costs | 34 | 4,503.86 | 2,680.99 |
| Depreciation and amortisation expense | 35 | 9,473.86 | 6,809.06 |
| Other expenses | 36 | 45,068.29 | 35,816.21 |
| **Total expenses** | | **171,680.29** | **136,605.83** |
| **Profit before share of loss of associates & joint venture and tax** | | **34,345.67** | **27,398.39** |
| Share of loss of associates and joint venture | 6 | (14.78) | (4.79) |
| **Profit before tax** | | **34,330.89** | **27,393.60** |
| **Tax expense** | | | |
| (a) Current tax | 27 | 7,502.05 | 6,290.81 |
| (b) Adjustment of tax relating to earlier years | 27 | 5.28 | 20.55 |
| (c) Deferred tax charge | 10 | 480.71 | 64.11 |
| **Total tax expense** | | **7,988.04** | **6,375.47** |
| **Net profit for the year** | | **26,342.85** | **21,018.13** |
| **Other comprehensive income** | 37 | | |
| (A) Items that will not to be reclassified to profit or loss | | 288.77 | (28.16) |
| (B) Income tax relating to items that will not be reclassified to profit or loss | | (67.99) | 6.98 |
| (C) Items that will be reclassified to profit or loss | | 356.41 | (58.83) |
| (D) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| **Total other comprehensive loss** | | **577.19** | **(80.01)** |
| **Total comprehensive income for the year (including non-controlling interest)** | | **26,920.04** | **20,938.12** |
| **Net profit attributable to:** | | | |
| (a) Owners of the Company | | 25,946.33 | 20,559.22 |
| (b) Non-controlling interest | | 396.52 | 458.91 |
| **Other comprehensive income/(loss) attributable to:** | | | |
| (a) Owners of the Company | | 558.22 | (56.45) |
| (b) Non-controlling interest | | 18.97 | (23.56) |
| **Total comprehensive income attributable to:** | | | |
| (a) Owners of the Company | | 26,504.55 | 20,502.77 |
| (b) Non-controlling interest | | 415.49 | 435.35 |
| **Earnings per equity share of face value of ₹ 2 each** | | | |
| Basic (₹) | 41 | 7.95 | 6.33 |
| Diluted (₹) | 41 | 7.94 | 6.33 |
| Material accounting policies | 3 | | |

The accompanying notes 1 to 63 are an integral part of the consolidated financial statements.
As per our report of even date attached.

**For J C Bhalla & Co**
Chartered Accountants
Firm's Registration No.: 001111N

**Akhil Bhalla**
Partner
Membership No.: 505002

**For O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.: 000018N/N500091

**Neeraj Kumar Agarwal**
Partner
Membership No.: 094155

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

**Varun Jaipuria**
Whole Time Director
DIN 02465412

**Raj Pal Gandhi**
Whole Time Director
DIN 00003649

**Rajesh Chawla**
Chief Financial Officer

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

Place : Gurugram
Dated : 10 February 2025

# Consolidated Statement of Cash Flow

For the year ended 31 December 2024

(Indirect Method) (₹ in million)

| | | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|---|
| **A.** | **Operating activities** | | |
| | Profit before tax and share of profit/(loss) in associates and joint venture | 34,345.67 | 27,398.39 |
| | **Adjustments to reconcile profit before tax to net cash flows:** | | |
| | Depreciation on property, plant and equipment | 8,386.95 | 6,409.04 |
| | Amortisation of intangible assets and right of use assets | 1,086.91 | 400.02 |
| | Interest expense at amortised cost | 4,503.86 | 2,680.99 |
| | Interest income at amortised cost | (419.00) | (238.00) |
| | Gain on derecognition of financial instruments | (0.08) | (0.81) |
| | Gain on sale of current investments | (22.47) | (3.51) |
| | Excess provisions and liabilities written back | (646.15) | (322.36) |
| | Share based payments | 162.43 | 78.61 |
| | Loss on disposal/written off of property, plant and equipment (Net) | 761.96 | 843.64 |
| | Bad debts and advances written off | 28.73 | 3.24 |
| | Allowance for expected credit loss | 84.85 | 69.47 |
| | Unrealised foreign exchange fluctuation | (493.15) | 3.26 |
| | **Operating profit before working capital changes** | **47,780.51** | **37,321.98** |
| | **Working capital adjustments** | | |
| | Increase in inventories | (4,787.70) | (1,601.73) |
| | Increase in trade receivables | (1,332.15) | (730.18) |
| | Increase in current and non-current financial assets and other current and non-current assets | (5,224.30) | (4,572.18) |
| | Increase in current financial liabilities and other current and non-current liabilities and provisions | 4,650.27 | 169.28 |
| | **Total cash from operations** | **41,086.63** | **30,587.17** |
| | Income tax paid | (7,275.66) | (6,679.39) |
| | **Net cash flows from operating activities (A)** | **33,810.97** | **23,907.78** |
| | | | |
| **B.** | **Investing activities** | | |
| | Purchase of property, plant and equipment, right of use assets and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors) | (37,790.10) | (32,640.49) |
| | Proceeds from disposal of property, plant and equipment | 386.37 | 701.31 |
| | Consideration paid for acquisition under business combination (Net) | (4,018.84) | - |
| | Investment made in associates, joint venture and other | (398.98) | (215.57) |
| | Purchase of additional stake from minority of a subsidiary | (2,000.00) | (100.00) |
| | Interest received | 281.13 | 220.16 |
| | Proceeds from sale of current investments (Net) | 22.47 | 3.51 |
| | Change in other bank balances | 350.15 | (867.59) |
| | **Net cash used in investing activities (B)** | **(43,167.80)** | **(32,898.67)** |
| | | | |
| **C.** | **Financing activities** | | |
| | Proceeds from long-term borrowings | 17,711.27 | 24,016.61 |
| | Repayment of long-term borrowings | (55,084.16) | (12,765.22) |
| | Repayment of lease liabilities | (1,558.65) | (295.07) |
| | Proceeds from short-term borrowings (Net) | 1,856.96 | 3,812.66 |
| | Proceeds from issue of equity shares including share premium thereon (QIP & ESOPs) | 75,118.80 | 44.41 |
| | Interest paid (inclusive of interest paid on lease liabilities ₹ 404.03 (31 December 2023: ₹ 170.04)) | (4,649.55) | (2,694.42) |

# Consolidated Statement of Cash Flow

For the year ended 31 December 2024

(Indirect Method) (₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Share issue expenses paid | (611.10) | - |
| Proceeds from share application money pending allotment | - | 3.51 |
| Dividend paid | (3,248.20) | (2,273.48) |
| **Net cash generated from financing activities (C)** | **29,535.37** | **9,849.00** |
| **Net change in cash and cash equivalents (D=A+B+C)** | **20,178.54** | **858.11** |
| Cash and cash equivalents at the beginning of year (E) | 2,422.12 | 1,543.32 |
| Unrealised exchange difference on translation of cash and cash equivalent in subsidiaries (F) | 62.17 | 20.69 |
| **Cash and cash equivalents at the end of year (G= D+E+F) (Refer note 14)** | **22,662.83** | **2,422.12** |

**Notes:**

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

(₹ in million)

| | Non-current borrowings* | Current borrowings | Lease Liabilities (Non-current and current) |
|---|---|---|---|
| Balance as at 01 January 2024 | 41,911.82 | 10,032.05 | 2,369.23 |
| Acquired under business combination | 6,209.64 | 965.66 | 1,683.27 |
| Cash flows (Net) | (37,372.89) | 1,856.96 | (1,558.65) |
| **Non-cash changes:** | | | |
| Recognition of lease liabilities (net) | - | - | 2,081.98 |
| Impact of fair value changes | 27.97 | - | - |
| Impact of exchange fluctuations | - | 11.44 | 44.06 |
| **Balance as at 31 December 2024** | **10,776.54** | **12,866.11** | **4,619.89** |

(₹ in million)

| | Non-current borrowings* | Current borrowings | Lease Liabilities (Non-current and current) |
|---|---|---|---|
| Balance as at 01 January 2023 | 30,671.17 | 6,276.95 | 1,890.02 |
| Cash flows (Net) | 11,251.39 | 3,812.66 | (295.07) |
| Non-cash changes: | | | |
| Recognition of lease liabilities (net) | - | - | 749.28 |
| Impact of fair value changes | (10.74) | - | - |
| Impact of exchange fluctuations | - | (57.56) | 25.00 |
| **Balance as at 31 December 2023** | **41,911.82** | **10,032.05** | **2,369.23** |

*includes current maturities of long-term debts amounting to ₹ 2,369.65 million (31 December 2023: ₹ 10,022.44 million). (Refer note 21A and 21C)

The accompanying notes 1 to 63 are an integral part of the consolidated financial statements.
As per our report of even date attached.

**For J C Bhalla & Co**
Chartered Accountants
Firm's Registration No.: 001111N

**Akhil Bhalla**
Partner
Membership No.: 505002

**For O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.: 000018N/N500091

**Neeraj Kumar Agarwal**
Partner
Membership No.: 094155

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

**Varun Jaipuria**
Whole Time Director
DIN 02465412

**Raj Pal Gandhi**
Whole Time Director
DIN 00003649

**Rajesh Chawla**
Chief Financial Officer

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

Place : Gurugram
Dated : 10 February 2025

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

## A. Equity share capital

(₹ in million)

| Particulars | Notes | Number of shares | Amount |
|---|---|---|---|
| **Balance as at 01 January 2023** | | 649,549,620 | 6,495.50 |
| Changes in equity share capital during the year 2023 | | 649,665,356 | 0.57 |
| **Balance as at 31 December 2023** | 19 | **1,299,214,976** | **6,496.07** |
| Changes in equity share capital during the year 2024 | | 2,082,295,041 | 266.95 |
| **Balance as at 31 December 2024** | 19 | **3,381,510,017** | **6,763.02** |

## B. Other Equity

(₹ in million)

| Particulars | Note | Attributable to Owners of the Company | | | | | | | | | Attributable to Non-controlling interest (NCI) | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reserve and surplus | | | | | | | Foreign currency translation reserve | Total attributable to owners of the Company | | |
| | | Capital reserve on consolidation | Capital reserve | Securities premium | Share option outstanding account | General reserve | Retained earnings | Share application money pending allotment | | | | |
| **Balance as at 01 January 2023** | | **(2,279.78)** | **533.93** | **22,569.56** | **29.06** | **444.26** | **27,398.84** | **-** | **(4,167.57)** | **44,528.30** | **1,131.07** | **45,659.37** |
| Profit for the year | | - | - | - | - | - | 20,559.22 | - | - | **20,559.22** | 458.91 | **21,018.13** |
| Other comprehensive income for the year (Net of deferred taxes) | | | | | | | | | | | | |
| Re-measurement losses on defined benefit plans (Net of taxes)# | | - | - | - | - | - | (21.08) | - | - | **(21.08)** | (0.10) | **(21.18)** |
| Exchange differences arising on translation of foreign operations | | - | - | - | - | - | - | - | (35.37) | **(35.37)** | (23.46) | **(58.83)** |
| Dividend paid** (Refer note 42) | | - | - | - | - | - | (2,273.48) | - | - | **(2,273.48)** | - | **(2,273.48)** |
| Pursuant to exercise of employee stock options | | - | - | 67.03 | (23.19) | - | - | - | - | **43.84** | - | **43.84** |
| Share application money pending allotment | | - | - | - | - | - | - | 3.51 | - | **3.51** | - | **3.51** |
| Purchase of additional stake in subsidiary from minority | | (15.13) | - | - | - | - | - | - | - | **(15.13)** | (84.87) | **(100.00)** |
| Recognition of share based payment expenses (Refer note 33) | | - | - | - | 79.10 | - | - | - | - | **79.10** | - | **79.10** |
| **Balance as at 31 December 2023** | **19** | **(2,294.91)** | **533.93** | **22,636.59** | **84.97** | **444.26** | **45,663.50** | **3.51** | **(4,202.94)** | **62,868.91** | **1,481.55** | **64,350.46** |

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

(₹ in million)

| Particulars | Note | Attributable to Owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reserve and surplus | | | | | | | | | | |
| | | Capital reserve on consolidation | Capital reserve | Securities premium | Share option outstanding account | General reserve | Retained earnings | Share application money pending allotment | Foreign currency translation reserve | Total attributable to owners of the Company | Attributable to Non-controlling interest (NCI) | Total |
| Profit for the year | | - | - | - | - | - | 25,946.33 | - | - | **25,946.33** | 396.52 | **26,342.85** |
| Other comprehensive income for the year (Net of deferred taxes) | | | | | | | | | | | | |
| Re-measurement gains on defined benefit plans (Net of taxes)# | | - | - | - | - | - | 220.78 | - | - | **220.78** | - | **220.78** |
| Exchange differences arising on translation of foreign operations | | - | - | - | - | - | - | - | 337.44 | **337.44** | 18.97 | **356.41** |
| Dividend paid** (Refer note 42) | | - | - | - | - | - | (3,248.55) | - | - | **(3,248.55)** | - | **(3,248.55)** |
| Equity share capital issued during the year pending previous year allotment | | - | - | - | - | - | - | (3.51) | - | **(3.51)** | - | **(3.51)** |
| Recognition of share based payment expenses (Refer note 33) | | - | - | - | 162.43 | - | - | - | - | **162.43** | - | **162.43** |
| Pursuant to exercise of employee stock options | | - | - | 183.56 | (62.71) | - | - | - | - | **120.85** | - | **120.85** |
| Additions made on issue of equity share capital pursuant to Qualified Institutions Placement (Refer note 39) | | - | - | 74,734.51 | - | - | - | - | - | **74,734.51** | - | **74,734.51** |
| Amount utilised for share issue expenses (Refer note 39) | | - | - | (615.38) | - | - | - | - | - | **(615.38)** | - | **(615.38)** |
| Purchase of additional stake in subsidiary from minority | | (1,188.54) | - | - | - | - | - | - | - | **(1,188.54)** | (811.46) | **(2,000.00)** |
| Non controlling interest recognised on acquisition date (Refer note 50(i)) | | - | - | - | - | - | - | - | - | **-** | 212.49 | **212.49** |
| **Balance as at 31 December 2024** | **19** | **(3,483.45)** | **533.93** | **96,939.28** | **184.70** | **444.26** | **68,582.06** | **-** | **(3,865.50)** | **159,335.27** | **1,298.07** | **160,633.34** |

# The disaggregation of changes in OCI by each type of reserves in equity is disclosed in Note 37.

**Transaction with owners in their capacity as owners.

The accompanying notes 1 to 63 are an integral part of the consolidated financial statements.
As per our report of even date attached.

**For J C Bhalla & Co**
Chartered Accountants
Firm's Registration No.: 001111N

**Akhil Bhalla**
Partner
Membership No.: 505002

**For O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.: 000018N/N500091

**Neeraj Kumar Agarwal**
Partner
Membership No.: 094155

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

**Varun Jaipuria**
Whole Time Director
DIN 02465412

**Raj Pal Gandhi**
Whole Time Director
DIN 00003649

**Rajesh Chawla**
Chief Financial Officer

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

Place : Gurugram
Dated : 10 February 2025

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 1. Corporate information

Varun Beverages Limited ("VBL" or "the Company" or "Holding Company" or "Parent Company") is a public limited Company domiciled in India. Its registered office is at F-2/7, Okhla Industrial Area, Phase-I, New Delhi- 110 020. The Company's equity shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India (NSE). The Company was incorporated on 16 June 1995 with Corporate Identification Number L74899DL1995PLC069839 under the provisions of the Companies Act 1956.

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

## 2. Basis for preparation

These Consolidated Financial Statements ("the CFS") of the Group have been prepared in accordance with the Indian Accounting Standards ("Ind AS") and comply with requirements of Ind AS, stipulations contained in Schedule III (revised) as applicable under Section 133 of the Companies Act, 2013 ("the Act"), and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI) the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other pronouncements/ provisions of applicable laws. These financial statements are authorised for issue on 10 February 2025 in accordance with a resolution of the Board of Directors. The Board of Directors can permit the revision to the standalone financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

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

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

i. Derivative financial instruments;

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

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

iv. Share based payments;

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

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

ii. Held primarily for the purpose of trading;

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

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

All other assets are classified as non-current.

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

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

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

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

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

The Group classifies all other liabilities as non-current.

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

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

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

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

## 2.1. Basis of consolidation

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

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

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

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

b) The rights arising from other contractual arrangements;

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

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

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

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

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

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

The following consolidation procedures are adopted:

***Subsidiary***

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

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

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

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

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

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

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

***Associates/Joint Venture***

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

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

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

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

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

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

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

## 3. Summary of material accounting policies

### a) Fair value measurements

The Group measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

**b) Revenue recognition**

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

***Sale of goods***

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

***Interest income***

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

***Dividends***

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

***Services rendered***

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

c) **Inventories**

Inventories are valued as follows:

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

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

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

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

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

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

d) **Property, plant and equipment**

***Measurement at recognition***

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

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

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

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

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

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

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

***Depreciation***

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

| Description | Useful lives (upto) |
|---|---|
| Leasehold land | Over lease period |
| Buildings-factory | 20-50 years |
| Buildings-others | 59-60 years |
| Plant and equipment | 4-20 years |
| Furniture and fixtures | 5-10 years |
| Delivery vehicles | 4-10 years |
| Vehicles (other than delivery vehicles) | 4-7 years |
| Office equipment | 4-10 years |
| Computer equipment | 3-5 years |
| Containers | 4-10 years |
| Post-mix vending machines and refrigerators (Visi - Cooler) | 5-10 years |
| Power generating assets* | 22 years |

*included in plant and equipment in financial statements.

Freehold land is not depreciated.

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

The Group has used the remaining useful lives to compute depreciation on its property, plant and equipment, acquired under the business transfer agreement based on external technical evaluation.

Depreciation on property, plant and equipment which are added/disposed off during the year is provided on a pro-rata basis with reference to the month of addition/deletion.

The Group has technically evaluated all the property, plant and equipment for determining the separate identifiable assets having different useful lives under the component approach. On technical evaluation of all separate identifiable components, the management is of the opinion that they do not have any different useful life from that of the principal asset.

In case of revaluation of leasehold land, the resulting amortisation of the total revalued amount is expensed off to the Consolidated Statement of Profit and Loss.

***Derecognition***

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds or amount of security deposit adjusted and the carrying amount of the asset) is included in the Consolidated Statement of Profit and Loss when the asset is de-recognised.

Breakages of containers are adjusted on ‘first bought first broken’ basis, since it is not feasible to specifically identify the broken containers in the fixed assets records

**e) Intangible assets**

Intangible assets are initially recognised at:

a. In case the assets are acquired separately, then at cost,

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

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

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

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

| Intangible assets | Useful lives (years) |
|---|---|
| Software | 3-5 Years |
| Market infrastructure | 5-15 Years |
| Distribution network | 6-10 Years |
| Brands | 10 Years |

The franchise rights and trademarks acquired as part of business combinations normally have a remaining legal life of not exceeding ten years but is renewable every ten years at little cost and is well established. The Group intends to renew these rights continuously and evidence supports its ability to do so. An analysis of product life cycle studies, market and competitive trends provides evidence that the product will generate net cash inflows for the Group for an indefinite period. Therefore, these rights have been carried at cost without amortisation, but is tested for impairment annually, at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

**f) Borrowing costs**

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

**g) Leases**

**The Group as a lessee**

The Group enters into an arrangement for lease of buildings and equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with Ind AS 116 – Leases, at inception of the contract, the Group assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**Measurement and recognition of leases as a lessee**

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfills the requirements of Ind AS 40 - Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Consolidated Statement of Profit and Loss.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item in the standalone financial statements of the Group.

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

**The Group as a lessor**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from Ind AS 116 - Leases. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

**h) Employee benefits**

***Contribution to provident and other funds***

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

***Gratuity***

Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Group recognises termination benefit as a liability and an expense when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

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

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

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

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring cost

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

The Group recognises the following changes in the net defined benefit obligation as an expense in the Consolidated Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

***Compensated absences***

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit which are computed based on the actuarial valuation using the projected unit credit method at the year end except for few subsidiary companies where accumulated leave liability is provided on full cost basis. Actuarial gains/losses are immediately taken to the Consolidated Statement of Profit and Loss and are not deferred. The Group presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where Group has the unconditional legal and

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

contractual right to defer the settlement for a period beyond twelve months, the balance is presented as a non-current liability.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

All other employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognised in the Consolidated Statement of Profit and Loss in the period in which the employee renders the related service.

**i) Share-based payments**

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments which are classified as equity-settled transactions.

The cost of equity-settled transactions is determined by the fair value at the date of grant using an appropriate valuation model. That cost is recognised as an employee benefit expense with a corresponding increase in 'Share option outstanding account' in other equity, over the period in which the performance and/or service conditions are fulfilled in relation to options granted to employees of the Group.

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

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

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

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

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

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

**j) Foreign currency transactions and translations**

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or after 01 January 2017: Exchange differences arising on conversion of long term foreign currency monetary items obtained or given is recorded in the Consolidated Statement of Profit and Loss.

*Group companies*

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions.

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

**k) Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits' respectively. When a liability assumed is recognised at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments' ("Ind AS

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

109"), is measured at fair value with changes in fair value recognised in the Consolidated Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in the Consolidated Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Business combinations involving entities that are controlled by the Group are accounted for using the 'pooling of interests' method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- Except for adjustments made to harmonise accounting policies, no adjustments are made to reflect fair values, or recognise any new assets or liabilities;
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve; and

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

- The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferred.

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

**l) Government grants**

Grants from the Government are recognised when there is reasonable assurance that all underlying conditions will be complied with and that the grant will be received.

Grants related to income are recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate and are presented as 'other operating revenues'. Further, where loans or similar assistance are provided by Government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds to be received. That grant is recognised in the Consolidated Statement of Profit and Loss under 'other operating revenue'. The loan is subsequently measured in the year of disbursement as per the accounting policy applicable to financial liabilities.

Government grants related to assets are presented in the Consolidated balance sheet by deducting the grant from the carrying value of the asset and non-monetary grant is recognised at a nominal value.

**m) Taxes**

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

***Current income tax***

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 and respective local jurisdictions of members of the Group.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity).

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

***Deferred tax***

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

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum Alternate Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the relevant members of the Group will pay normal income tax during the specified period. Such asset is reviewed at each reporting period end and the adjusted based on circumstances then prevailing.

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

***Deferred tax on business combination***

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

**n) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

The business activities of the Group predominantly fall within a single operating segment, i.e., manufacturing and sale of beverages. The Group operates in two principal geographical areas, namely, India and other countries or 'outside India'. The Group prepares its segment information in conformity with the accounting policies adopted for preparing the CFS.

**o) Discontinued operations**

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Consolidated Statement of Profit and Loss

**p) Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded company's or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Consolidated Statement of Profit and Loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Consolidated Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

**q) Financial instruments**

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

**Financial assets**

***Initial recognition and measurement***

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

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

***a) Debt instruments at amortised cost***

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

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

***b) Debt instruments at Fair Value Through Other Comprehensive Income***

Assets that are held for collection of contractual cashflows and for selling the financial assets, where the cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). The Group has not designated any debt instrument in this category.

***c) Debt instruments at Fair Value Through Profit or Loss***

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

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

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

***d) Equity instruments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 'Business Combinations' applies are Ind AS classified as at FVTPL. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Consolidated Profit and Loss.

For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair values. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

*De-recognition*

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive the contractual cash flows from the asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred.

*Impairment of financial assets*

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

**Financial liabilities**

***Initial recognition and measurement***

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

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

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

***a) Financial liabilities at FVTPL***

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses are recognised in the Consolidated Statement of Profit or Loss, except for those attributable to changes in own credit risk, which are recognised in OCI. These gains/ loss are not subsequently transferred to the profit or loss.

***b) Financial liabilities at amortised cost***

After initial recognition, financial liabilities designated at amortised costs are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortisation is included as finance costs in the Consolidated Statement of Profit and Loss.

*De-recognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

*Offsetting of financial instruments*

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

**r) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**s) Dividend distribution to equity holders of the parent**

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**t) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Consolidated Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**u) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

**v) Earnings per share**

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, other than conversion of potential equity shares, that have changed the number of equity shares outstanding without a corresponding change in resources.

In case of a bonus issue and sub-divison/split, the number of ordinary shares outstanding is increased by number of shares issued as bonus shares and sub-divison/split respectively in current year and comparative period presented as if the event had occurred at the beginning of the earliest year presented.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

For the purpose of calculating diluted earnings/(loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares..

**3.1. Significant accounting judgements, estimates and assumptions**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements. Changes in estimates are accounted for prospectively.

**i) Judgements**

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

***a) Contingencies***

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

***b) Recognition of deferred tax assets***

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

**ii) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

***a) Useful lives of tangible/intangible assets***

The Group reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

*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 Group estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

*d)* ***Business combinations***

The Group uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

*e)* ***Impairment of non-financial assets and goodwill***

In assessing impairment, Group estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

*f)* ***Fair value measurement of financial instruments***

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 4A. Property, plant and equipment

(₹ in million)

| | Land freehold | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Computer equipment | Containers | Post-mix vending machines and refrigerators (Visi Cooler) | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | | | | |
| Balance as at 01 January 2024 | 8,432.43 | 19,209.97 | 54,660.22 | 406.45 | 4,050.63 | 508.36 | 409.55 | 5,919.02 | 12,423.89 | 106,020.52 |
| Addition pursuant to business combination (refer note 50(i)) | - | 78.76 | 3,762.43 | 33.23 | 171.62 | - | 84.35 | - | 711.68 | 4,842.07 |
| Additions for the year | 16.75 | 11,053.19 | 27,757.37 | 243.87 | 2,563.50 | 153.27 | 157.12 | 1,199.36 | 1,772.55 | 44,916.98 |
| Disposals for the year | - | (367.12) | (1,232.14) | (1.62) | (151.92) | (3.33) | (5.37) | (361.82) | (378.11) | (2,501.43) |
| Foreign currency translation difference | 40.85 | 86.47 | 320.85 | 5.30 | 120.51 | 2.47 | 4.70 | 7.81 | 96.16 | 685.12 |
| **Balance as at 31 December 2024** | **8,490.03** | **30,061.27** | **85,268.73** | **687.23** | **6,754.34** | **660.77** | **650.35** | **6,764.37** | **14,626.17** | **153,963.26** |
| **Accumulated depreciation** | | | | | | | | | | |
| Balance as at 01 January 2024 | - | 4,108.46 | 18,609.68 | 212.31 | 1,678.98 | 303.51 | 259.29 | 2,563.91 | 10,253.06 | 37,989.20 |
| Addition pursuant to business combination (refer note 50(i)) | - | 50.33 | 1,734.87 | 27.82 | 168.42 | - | 56.87 | - | 427.56 | 2,465.87 |
| Depreciation charge for the year | - | 936.25 | 5,059.82 | 60.52 | 530.29 | 81.51 | 80.62 | 966.40 | 671.54 | 8,386.95 |
| Reversal on disposals for the year | - | (92.48) | (700.14) | (1.47) | (136.54) | (2.60) | (4.70) | (294.06) | (121.70) | (1,353.69) |
| Foreign currency translation difference | - | 21.72 | 127.46 | 2.47 | 26.57 | 1.35 | 2.76 | 7.62 | 59.47 | 249.42 |
| Balance as at 31 December 2024 | - | 5,024.28 | 24,831.69 | 301.65 | 2,267.72 | 383.77 | 394.84 | 3,243.87 | 11,289.93 | 47,737.75 |
| **Carrying amount as at 31 December 2024** | **8,490.03** | **25,036.99** | **60,437.04** | **385.58** | **4,486.62** | **277.00** | **255.51** | **3,520.50** | **3,336.24** | **106,225.51** |

(₹ in million)

| | Land freehold | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Computer equipment | Containers | Post-mix vending machines and refrigerators (Visi Cooler) | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | | | | |
| Balance as at 01 January 2023 | 7,797.60 | 15,541.43 | 43,694.33 | 290.23 | 2,064.15 | 401.89 | 326.12 | 5,427.93 | 11,981.78 | 87,525.46 |
| Additions for the year | 587.25 | 3,986.62 | 12,341.75 | 117.60 | 2,122.24 | 112.60 | 97.53 | 1,557.21 | 724.81 | 21,647.61 |
| Disposals/adjustments for the year | (12.49) | (273.73) | (1,364.31) | (0.19) | (125.57) | (5.74) | (11.80) | (918.86) | (318.33) | (3,031.02) |
| Foreign currency translation difference | 60.07 | (44.35) | (11.55) | (1.19) | (10.19) | (0.39) | (2.30) | (147.26) | 35.63 | (121.53) |
| **Balance as at 31 December 2023** | **8,432.43** | **19,209.97** | **54,660.22** | **406.45** | **4,050.63** | **508.36** | **409.55** | **5,919.02** | **12,423.89** | **106,020.52** |
| **Accumulated depreciation and impairment** | | | | | | | | | | |
| Balance as at 01 January 2023 | - | 3,531.23 | 15,596.24 | 183.59 | 1,610.47 | 249.22 | 222.80 | 2,416.92 | 9,299.21 | 33,109.68 |
| Depreciation charge for the year | - | 626.97 | 3,471.30 | 29.42 | 198.02 | 58.80 | 48.83 | 940.08 | 1,035.62 | 6,409.04 |
| Reversal on disposals/adjustments for the year | - | (57.53) | (507.37) | (0.18) | (120.68) | (4.68) | (10.91) | (722.46) | (109.10) | (1,532.91) |
| Foreign currency translation difference | - | 7.79 | 49.51 | (0.52) | (8.83) | 0.17 | (1.43) | (70.63) | 27.33 | 3.39 |
| Balance as at 31 December 2023 | **-** | **4,108.46** | **18,609.68** | **212.31** | **1,678.98** | **303.51** | **259.29** | **2,563.91** | **10,253.06** | **37,989.20** |
| **Carrying amount as at 31 December 2023** | **8,432.43** | **15,101.51** | **36,050.54** | **194.14** | **2,371.65** | **204.85** | **150.26** | **3,355.11** | **2,170.83** | **68,031.32** |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

**Footnotes to Note 4A:**

i. Refer note 56 for information on property, plant and equipment pledged as security by the Group.

ii. Pre-operative expenses incurred and capitalised during the year are as under:

(₹ in million)

| Net Book Value | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Balance at the beginning of the year | 1,182.42 | 359.72 |
| **Add: Incurred during the year** | | |
| Foreign currency translation difference | (16.93) | (76.87) |
| Finance costs | 515.84 | 625.45 |
| Employee benefits expense and other expenses | 1,958.82 | 685.56 |
| **Less: Capitalised during the year** | (3,340.17) | (411.44) |
| **Amount carried over included in CWIP** | **299.98** | **1,182.42** |

iii. The amount of contractual commitments for the acquisitions of property, plant and equipment are disclosed in Note 44.

iv. All title deeds of immovable properties are held in the name of the Group.

## 4B. Capital work-in-progress (CWIP)

The changes in the carrying value of capital work-in-progress for the year ended 31 December 2024 and 31 December 2023 are as follows :

(₹ in million)

| | Amount |
|---|---|
| **Gross carrying amount** | |
| Balance as at 01 January 2024 | 19,222.22 |
| Addition pursuant to business combination (refer note 50(i)) | 466.37 |
| Additions for the year* | 21,207.13 |
| Transfer to property, plant and equipment | (29,265.53) |
| Foreign currency translation difference | (6.76) |
| **Balance as at 31 December 2024** | **11,623.43** |

(₹ in million)

| | Amount |
|---|---|
| **Gross carrying amount** | |
| Balance as at 01 January 2023 | 6,066.32 |
| Additions for the year* | 20,855.34 |
| Transfer to property, plant and equipment | (7,529.15) |
| Foreign currency translation difference | (170.29) |
| **Balance as at 31 December 2023** | **19,222.22** |

* includes finance cost amounting to ₹ 515.84 million (31 December 2023: ₹ 625.45 million) and Employee benefits expenses & other expenses amounting to ₹ 1,958.82 million (31 December 2023: ₹ 685.56 million) respectively.

### 4B (i) CWIP ageing schedule

(₹ in million)

| Particular | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| **Projects in progress** | | | | | |
| As at 31 December 2024 | 11,410.64 | 191.88 | 17.45 | 3.46 | **11,623.43** |
| As at 31 Decemebr 2023 | 17,735.60 | 1,482.00 | 1.15 | 3.47 | **19,222.22** |

There are no projects as on each reporting period where activity has been suspended . Also, there are no project as on reporting period which has exceeded cost as compared to its original plan or where completion is overdue.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 4C. Right of use assets (ROU)

(₹ in million)

| | Land leasehold | Leased buildings | Leased plant and equipment | Vehicles | Visi Coolers | Total |
|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | |
| Balance as at 01 January 2024 | 9,885.86 | 373.96 | 328.25 | 886.81 | 156.83 | 11,631.71 |
| Addition pursuant to business combination (refer note 50(i)) | - | 2,527.67 | 223.66 | 181.92 | - | 2,933.25 |
| Additions for the year | 651.01 | 1,048.38 | 149.71 | 397.76 | 250.89 | 2,497.75 |
| Foreign currency translation difference | (4.34) | 65.09 | 8.51 | 10.50 | 0.94 | 80.70 |
| **Balance as at 31 December 2024** | **10,532.53** | **4,015.10** | **710.13** | **1,476.99** | **408.66** | **17,143.41** |
| **Accumulated Amortisation** | | | | | | |
| Balance as at 01 January 2024 | 606.71 | 263.31 | 97.60 | 293.50 | 23.52 | 1,284.64 |
| Addition pursuant to business combination (refer note 50(i)) | - | 1,115.35 | 139.36 | 111.30 | - | 1,366.01 |
| Amortisation charge for the year | 138.31 | 288.54 | 94.56 | 219.51 | 77.61 | 818.53 |
| Foreign currency translation difference | 1.62 | 31.78 | 4.53 | 4.99 | 0.09 | 43.01 |
| Balance as at 31 December 2024 | 746.64 | 1,698.98 | 336.05 | 629.30 | 101.22 | 3,512.19 |
| **Carrying amount as at 31 December 2024** | **9,785.89** | **2,316.12** | **374.08** | **847.69** | **307.44** | **13,631.22** |
| | | | | | | |
| **Gross carrying amount** | | | | | | |
| Balance as at 01 January 2023 | 8,996.88 | 326.20 | 314.26 | 456.84 | - | 10,094.18 |
| Additions for the year | 992.32 | 78.41 | - | 399.36 | 153.24 | 1,623.33 |
| Rebate (Refer footnote i below) | (16.61) | - | - | - | - | (16.61) |
| Disposals for the year | - | (30.65) | - | - | - | (30.65) |
| Foreign currency translation difference | (86.73) | - | 13.99 | 30.61 | 3.59 | (38.54) |
| **Balance as at 31 December 2023** | **9,885.86** | **373.96** | **328.25** | **886.81** | **156.83** | **11,631.71** |
| **Accumulated Amortisation** | | | | | | |
| Balance as at 01 January 2023 | 483.81 | 250.61 | 49.00 | 155.75 | - | 939.17 |
| Amortisation charge for the year | 122.52 | 40.92 | 45.57 | 127.52 | 22.98 | 359.51 |
| Reversal on disposals for the year | - | (28.22) | - | - | - | (28.22) |
| Foreign currency translation difference | 0.38 | - | 3.03 | 10.23 | 0.54 | 14.18 |
| Balance as at 31 December 2023 | 606.71 | 263.31 | 97.60 | 293.50 | 23.52 | 1,284.64 |
| **Carrying amount as at 31 December 2023** | **9,279.15** | **110.65** | **230.65** | **593.31** | **133.31** | **10,347.07** |

**Footnotes to Note 4C:**

(i) During the year ended on 31 December 2023, the Holding Company has received rebate on leasehold land acquired in Gorakhpur amounting to ₹ 16.61 million on account of full premium payment as per prescribed timeline. The rebate received is adjusted against the carrying value of the respective asset.

(ii) All lease deeds of immovable properties are held in the name of the Holding Company except as disclosed below:

(₹ in million)

| Description of property | Gross carrying value | Net carrying value | Whether title deed holder is a Promoter, director or relative of promoter/ director or employee | Date since the property is held | Reason for not being held in name of Holding Company |
|---|---|---|---|---|---|
| Land Situated at Buxar, Bihar | 371.34 | 367.52 | No | 21 December 2023 | The Holding Company has received the possession letter dated 21 December 2023 of land situated at Buxar, Bihar and is in the process of getting lease deed registered in its name. |
| Land situated at Kolkata,West Bengal | 1.50 | 1.41 | No | 01 October 2018 | The Holding Company has executed the lease agreement for Kolkata, West Bengal land, which is yet to be registered. |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 5A. Goodwill (Refer note i)

(₹ in million)

| | Amount |
|---|---|
| **Gross carrying amount** | |
| Balance as at 01 January 2024 | 242.30 |
| Addition pursuant to business combination (refer note 50(i)) | 2,689.38 |
| Foreign currency translation difference | 77.69 |
| **Balance as at 31 December 2024** | **3,009.37** |
| **Impairment** | |
| Balance as at 01 January 2024 | - |
| Impairment charge for the year | - |
| Balance as at 31 December 2024 | - |
| **Carrying amount as at 31 December 2024** | **3,009.37** |

(₹ in million)

| | Amount |
|---|---|
| **Gross carrying amount** | |
| Balance as at 01 January 2023 | 242.30 |
| Acquired during the year | - |
| **Balance as at 31 December 2023** | **242.30** |
| **Impairment** | |
| Balance as at 01 January 2023 | - |
| Impairment charge for the year | - |
| Balance as at 31 December 2023 | - |
| **Carrying amount as at 31 December 2023** | **242.30** |

## 5B. Other intangible assets

(₹ in million)

| | Market infrastructure | Distribution network | Franchise rights/ trademarks (Refer note i) | Brands | Computer software | Total |
|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | |
| Balance as at 01 January 2024 | 74.68 | 157.64 | 6,042.96 | - | 281.11 | 6,556.39 |
| Addition pursuant to business combination (refer note 50(i)) | 1,053.58 | 1,952.92 | 3,481.74 | 488.73 | 99.66 | 7,076.63 |
| Additions for the year | - | - | - | - | 40.79 | 40.79 |
| Disposals for the year | - | - | - | - | (0.43) | (0.43) |
| Foreign currency translation difference | 34.56 | 63.06 | 112.42 | 15.78 | 3.20 | 229.02 |
| **Balance as at 31 December 2024** | **1,162.82** | **2,173.62** | **9,637.12** | **504.51** | **424.33** | **13,902.40** |
| **Amortisation** | | | | | | |
| Balance as at 01 January 2024 | 54.97 | 99.58 | 656.97 | | 273.87 | 1,085.39 |
| Addition pursuant to business combination (refer note 50(i)) | 385.17 | 860.05 | 33.00 | - | 78.73 | 1,356.95 |
| Amortisation charge for the year | 60.54 | 107.47 | - | 78.50 | 21.87 | 268.38 |
| Reversal on disposals for the year | - | - | - | - | 0.08 | 0.08 |
| Foreign currency translation difference | 11.94 | 26.31 | 1.07 | (1.31) | 2.33 | 40.34 |
| **Balance as at 31 December 2024** | **512.62** | **1,093.41** | **691.04** | **77.19** | **376.88** | **2,751.14** |
| **Carrying amount as at 31 December24** | **650.20** | **1,080.21** | **8,946.08** | **427.32** | **47.45** | **11,151.26** |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

(₹ in million)

| | Market infrastructure | Distribution network | Franchise rights/ trademarks (Refer note i) | Brands | Computer software | Total |
|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | |
| Balance as at 01 January 2023 | 71.36 | 157.64 | 6,043.55 | - | 279.73 | 6,552.28 |
| Additions for the year | - | - | - | - | 1.34 | 1.34 |
| Foreign currency translation difference | 3.32 | - | (0.59) | - | 0.04 | 2.77 |
| **Balance as at 31 December 2023** | **74.68** | **157.64** | **6,042.96** | **-** | **281.11** | **6,556.39** |
| **Amortisation** | | | | | | |
| Balance as at 01 January 2023 | 41.13 | 79.88 | 657.19 | - | 264.98 | 1,043.18 |
| Amortisation charge for the year | 11.95 | 19.70 | - | - | 8.86 | 40.51 |
| Foreign currency translation difference | 1.89 | - | (0.22) | - | 0.03 | 1.70 |
| **Balance as at 31 December 2023** | **54.97** | **99.58** | **656.97** | **-** | **273.87** | **1,085.39** |
| **Carrying amount as at 31 December 2023** | **19.71** | **58.06** | **5,385.99** | **-** | **7.24** | **5,471.00** |

**Footnotes to Note 5A and 5B:**

i. Goodwill and franchise rights/trade marks with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

The Group has considered the relevant provisions of Ind AS 38 on 'Intangibles Assets' which provide factors to determine the life of intangible assets and accordingly the carrying value of franchisee rights have been considered to have an indefinite life. These franchisee rights meet the prescribed criteria of renewal at nominal cost, renewal with no specific conditions attached, are sustainable and the same is supported by evidences of being renewed. Management is of the opinion that, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the franchise rights are expected to generate net cash inflows for the Group.

The assumptions used in this impairment assessment are most sensitive to following:

a) Weighted average cost of capital ''WACC'' of 12.07% to 16.45% (Previous year: 13.33%-18.90%) has been used for the explicit period and for the terminal year.

b) For arriving at the terminal value, approximate growth rate of 2%-6% (Previous year: 2%-5%) is considered.

c) Number of years for which cash flows were considered are 5 years.

d) The approximate rate of growth in sales is estimated at 8%-13% (Previous year: 8%-10%) in the discrete period.

No impairment loss was identified on the above assessment.

ii. The amount of contractual commitments for the acquisitions of intangible assets are disclosed in Note 44.

iii. Refer Note 56 for information on other intangible assets pledged as security by the Group.

## 5C. Intangible assets under development:

The changes in the carrying value of Intangible assets under development for the year ended 31 December 2024 and 31 December 2023 are as follows :

(₹ in million)

| | Amount |
|---|---|
| **Gross carrying amount** | |
| Balance as at 01 January 2024 | - |
| Additions for the year | 43.69 |
| Transfer to Intangible assets | - |
| **Balance as at 31 December 2024** | **43.69** |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

(₹ in million)

| | Amount |
|---|---|
| **Gross carrying amount** | |
| Balance as at 01 January 2023 | - |
| Additions for the year | - |
| Transfer to Intangible assets | - |
| **Balance as at 31 December 2023** | **-** |

**Footnotes to Note 5C:**

(i) Intangible assets under development ageing schedule

(₹ in million)

| | Amount in Intangible assets under development for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| **Projects in progress** | | | | | |
| As at 31 December 2024 | 43.69 | - | - | - | 43.69 |
| As at 31 December 2023 | - | - | - | - | - |

There are no projects as on each reporting period where activity has been suspended. Also, there are no projects as on each reporting period which has exceeded cost as compared to its original plan or where completion is overdue.

## 6. Investment in associate and joint venture

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **Investment in joint ventures accounted as per equity method (unquoted)** | | |
| 50,000,000 (31 December 2023: 13,007,000) fully paid equity shares of ₹ 10 each in IDVB Recycling Operations Private Limited~ | 500.00 | 130.07 |
| Add: Share in loss of joint venture (refer note 59) | (15.57) | (3.07) |
| | **484.43** | **127.00** |
| **Investment in associates accounted as per equity method (unquoted)** | | |
| 21,030 (31 December 2023: 21,030) fully paid equity shares of ₹ 10 each in Clean Max Tav Private Limited@ | 32.85 | 32.85 |
| Add: Share in loss of associate (refer note 59) | (1.55) | (0.26) |
| | **31.30** | **32.59** |
| 1,247,943 (31 December 2023: 1,247,943) fully paid equity shares of ₹ 10 each in Huoban Energy 7 Private Limited# | 21.24 | 21.24 |
| Add: Share in loss of associate (refer note 59) | (2.50) | (1.51) |
| | **18.74** | **19.73** |
| **Aggregate amount of unquoted investments*** | **534.47** | **179.32** |

~The Holding Company has subscribed the equity investment of IDVB Recycling Operations Private Limited amounting to ₹ 369.93 million (31 December 2023: ₹ 120.00 million). During the previous year, loan given amounting to ₹ 10.00 million were converted into equity investment on 25 September 2023.

@The Holding Company had made investment in Clean Max Tav Private Limited amounting to ₹ 3.28 million and ₹ 29.54 million on 27 January 2023 and 13 March 2023 respectively.

# The Holding Company had made equity investment in Huoban Energy 7 Private Limited amounting to ₹ 21.24 million on 09 May 2023.

The above investment is for business purposes.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 7. Investments

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **Fair value through Profit and Loss ("FVTPL")** | | |
| **Investment in fully paid equity shares (unquoted)** | | |
| 200 (31 December 2023: 200) shares of ₹ 50 each in The Margao Urban Co-operative Bank Limited | 0.01 | 0.01 |
| 250 (31 December 2023: 250) shares of ₹ 10 each in The Goa Urban Co-operative Bank Limited** | 0.00 | 0.00 |
| 3,150,000 (31 December 2023: 3,150,000) fully paid equity shares of ₹ 10 each in Lone Cypress Ventures Private Limited~ | 31.50 | 31.50 |
| 9,58,415 (31 December 2023: Nil) fully paid equity shares of ₹ 10 each in Huoban Energy 11 Private Limited^ | 29.04 | - |
| | **60.55** | **31.51** |
| **Rounded off to Nil. | | |
| Aggregate amount of unquoted investments | **60.55** | **31.51** |

~ The Holding Company has made equity investment in Lone Cypress Ventures Private Limited amounting to ₹ 31.50 million on 13 March 2023.

^ The Holding Company has made equity investment in Huoban Energy 11 Private Limited amounting to ₹ 29.04 million on 28 August 2024.

## 8. Loan

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **Loans carried at amortised cost** | | |
| Loan to others | 218.87 | - |
| | **218.87** | **-** |

## 9. Other non-current financial asset

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **Financial assets at amortised cost** | | |
| Security deposits | 914.16 | 577.63 |
| Balance in deposit accounts with remaining maturity of more than 12 months# | 9.61 | 10.49 |
| Interest accured on loans | 15.85 | - |
| Others | 47.64 | 34.55 |
| | **987.26** | **622.67** |

#Includes deposits pledged as security with banks for utility services.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 10. Deferred tax assets and liabilities

Movement in deferred tax assets/liabilities during the year ended 31 December 2024 and 31 December 2023:

(₹ in million)

| Deferred tax liabilities/(assets) | As at 01 January 2024 | Acquired in business combination (refer note 50(i)) | Recognised in other comprehensive income** | Recognised in the Consolidated Statement of Profit and Loss | As at 31 December 2024 |
|---|---|---|---|---|---|
| Accelerated depreciation for tax purposes | 4,127.78 | 1,144.81 | - | 798.77 | 6,071.36 |
| Benefit accrued on government grants | 74.45 | - | - | (6.96) | 67.49 |
| Carry forward of unused tax losses | - | (218.05) | - | 83.56 | (134.49) |
| Allowance for doubtful debts | (86.24) | (72.43) | - | (10.68) | (169.35) |
| Accrued bonus | (44.51) | - | - | (10.31) | (54.82) |
| Provision for retirement benefits | (510.89) | - | 67.99 | (38.89) | (481.79) |
| Fair valuation of financial instruments | (25.87) | (450.54) | - | (249.19) | (725.60) |
| Borrowings | (0.65) | - | - | 0.49 | (0.16) |
| Gain on acquisition of control over existing associate | 36.83 | - | - | - | 36.83 |
| Property, plant and equipment fair valuation and newly identified assets through business combination | - | 359.23 | - | (17.00) | 342.23 |
| Others | (140.79) | (89.46) | - | (38.67) | (268.92) |
| | **3,430.11** | **673.56** | **67.99** | **511.12** | **4,682.78** |
| Exchange difference on re-statement of deferred tax balances | - | - | - | (30.41) | - |
| | **3,430.11** | **673.56** | **67.99** | **480.71** | **4,682.78** |
| **Classified as:** | | | | | |
| Deferred tax assets (Net) | - | | | | 196.31 |
| Deferred tax liabilities (Net) | 3,430.11 | | | | 4,879.09 |

(₹ in million)

| Deferred tax liabilities/(assets) | As at 01 January 2023 | Acquired in business combination | Recognised in other comprehensive income** | Recognised in the Consolidated Statement of Profit and Loss | As at 31 December 2023 |
|---|---|---|---|---|---|
| Accelerated depreciation for tax purposes | 3,914.39 | - | - | 213.39 | 4,127.78 |
| Benefit accrued on government grants | 96.59 | - | - | (22.14) | 74.45 |
| Carry forward of unused tax losses | (61.07) | - | - | 61.07 | - |
| Allowance for doubtful debts | (85.32) | - | - | (0.92) | (86.24) |
| Accrued bonus | (47.50) | - | - | 2.99 | (44.51) |
| Provision for retirement benefits | (481.66) | - | (6.98) | (22.25) | (510.89) |
| Fair valuation of financial instruments | (15.22) | - | - | (10.65) | (25.87) |
| Borrowings | (1.00) | - | - | 0.35 | (0.65) |
| Gain on acquisition of control over existing associate | 36.83 | - | - | - | 36.83 |
| Others | 12.44 | - | - | (153.23) | (140.79) |
| | **3,368.48** | **-** | **(6.98)** | **68.61** | **3,430.11** |
| Exchange difference on re-statement of deferred tax balances | **-** | **-** | - | (4.50) | **-** |
| | **3,368.48** | **-** | **(6.98)** | **64.11** | **3,430.11** |
| **Classified as:** | | | | | |
| Deferred tax assets (Net) | - | | | | - |
| Deferred tax liabilities (Net) | 3,368.48 | | | | 3,430.11 |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

(i) In one of the subsidiary of the Group, unused unabsorbed depreciation on tangible assets amounting to ₹ 887.26 million (31 December 2023: ₹ 1,957.14 million) can be carried forward indefintely.

**Notes:**

** The amounts recognised in other comprehensive income relates to the re-measurement of net defined retirement benefit liability and exchange differences arising on translation of foreign operations. Refer note 37 for the amount of the income tax relating to these components of other comprehensive income.

All significant deferred tax assets have been recognised in the balance sheet.

(ii) Two subsidiaries (31 December 2023: three subsidiaries) included in the Group are under the tax holiday period and based on the evaluation of future taxability and estimates of reversal of timing differences during the tax holiday periods, no deferred tax assets/liabilities has been recognised for these subsidiaries.

## 11. Other non-current assets

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| (Unsecured, considered good) | | |
| Capital advances | 4,862.11 | 5,194.24 |
| Advances other than capital advances | | |
| - Security deposits | 104.13 | 12.07 |
| - Income tax paid (includes amount paid under protest) | 16.42 | 10.42 |
| - Balance with statutory authorities (paid under protest) | 107.93 | 117.21 |
| - Prepaid expenses | 26.83 | 34.18 |
| | **5,117.42** | **5,368.12** |

## 12. Inventories

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| (Valued at lower of cost or net realisable value) | | |
| Raw and packing material (including raw material in transit of ₹ 599.68 (31 December 2023: ₹ 345.74) | 13,786.10 | 9,756.31 |
| Work in progress | 78.51 | 25.81 |
| Intermediate goods (including goods in transit of ₹ 220.55 (31 December 2023: ₹ 232.21)) | 4,582.73 | 4,372.42 |
| Finished goods (including goods in transit of ₹ 223.54 (31 December 2023: ₹ 152.14))* | 5,233.22 | 4,160.22 |
| Stores and spares | 4,231.78 | 3,190.57 |
| | **27,912.34** | **21,505.33** |

*The Group manufactures as well as purchases the same product from market for sale and is also involved in trading of other products of capital nature. In the absence of demarcation between manufactured and purchased goods and the value of stock in trade being insignificant, it is not separately ascertainable and disclosed.

The cost of inventories recognised as an expense during the year are disclosed in Note 30, Note 31, Note 32 and Note 36.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 13. Trade receivables

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Trade receivables considered good - Unsecured | 8,243.01 | 3,330.75 |
| Trade receivables considered good - Secured | 215.41 | 263.10 |
| Trade receivables - Credit impaired | 1,077.51 | 586.23 |
| | **9,535.93** | **4,180.08** |
| Less : Allowance for expected credit loss (Refer note 53.2) | (1,077.51) | (586.23) |
| | **8,458.42** | **3,593.85** |
| Includes amounts due, in the ordinary course of business, from companies in which directors of the Holding Company are also directors: | | |
| Alisha Torrent Closures (India) Private Limited | 4.29 | 0.00* |

*Rounded off to Nil.

Trade receivables are non-interest bearing and credit period generally falls in the range of 0 to 120 days.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed above.

### Trade receivables ageing schedule

**31 December 2024**

(₹ in million)

| Particulars | Outstanding from transaction date | | | | | Total |
|---|---|---|---|---|---|---|
| | Less than 6 months | 6 Months-1 Year | 1-2 Years | 2-3 Years | More than 3 years | |
| Undisputed Trade Receivables – considered good | 8,199.98 | 87.12 | 72.45 | 41.33 | 57.54 | 8,458.42 |
| Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| Undisputed Trade receivable – credit impaired | 463.50 | 69.04 | 30.53 | 17.50 | 75.59 | 656.16 |
| Disputed Trade receivables - considered good | - | - | - | - | - | - |
| Disputed Trade receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| Disputed Trade receivables – credit impaired | 0.45 | 14.04 | 80.51 | 142.19 | 184.16 | 421.35 |
| **Total** | **8,663.93** | **170.20** | **183.49** | **201.02** | **317.29** | **9,535.93** |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

**31 December 2023**

(₹ in million)

| Particulars | Outstanding from date of transactions | | | | | Total |
|---|---|---|---|---|---|---|
| | Less than 6 months | 6 months-1 year | 1-2 Years | 2-3 Years | More than 3 years | |
| Undisputed Trade Receivables – considered good | 3,413.46 | 60.32 | 57.86 | 7.35 | 54.86 | 3,593.85 |
| Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| Undisputed Trade receivable – credit impaired | 193.48 | 11.64 | 21.95 | 6.80 | 175.79 | 409.66 |
| Disputed Trade receivables - considered good | - | - | - | - | - | - |
| Disputed Trade receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| Disputed Trade receivables – credit impaired | - | 3.10 | 3.03 | 24.51 | 145.93 | 176.57 |
| **Total** | **3,606.94** | **75.06** | **82.84** | **38.66** | **376.58** | **4,180.08** |

## 14. Cash and cash equivalents

(also for the purpose of Consolidated Statement of Cash Flow)

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Balance with banks in current accounts* | 2,094.38 | 1,707.72 |
| Balance in deposits with original maturity of less than three months# | 19,008.68 | 613.35 |
| Balances with banks in QIP monitoring accounts# | 125.02 | - |
| Cash on hand | 115.54 | 101.05 |
| Investment in Liquid Mutual Fund# | 1,319.21 | - |
| | **22,662.83** | **2,422.12** |

* Includes inward remittance not yet cleared amounting to ₹ 50.18 million (31 December 2023: ₹ 127.77 millions)

#Includes balance of qualified institutional placement (QIP) proceeds of ₹ 20,055.02 million, which will be utilised for the purpose as stated in the preliminary placement document for QIP. Net unutilised proceeds from QIP as on 31 December 2024 have been temporarily invested and kept in fixed deposits of ₹ 18,630.00 million, mutual fund of ₹ 1,300.00 million and QIP monitoring account for ₹ 125.02 million. (Refer Note 39)

## 15. Bank balances other than cash and cash equivalents

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Deposits with original maturity more than 3 months but less than 12 months* | 1,836.39 | 2,150.25 |
| Deposits with bank held as margin money | - | 25.28 |
| Unpaid dividend account** | 1.32 | 0.97 |
| | **1,837.71** | **2,176.50** |

*Includes deposits pledged as security with banks for statutory authority.

**These balances are not available for use by the Group and corresponding balance is disclosed as unclaimed dividend in Note 25.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 16. Other current financial assets

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| (Unsecured, considered good) | | |
| Interest accrued on: | | |
| - Term deposits | 148.63 | 22.37 |
| - Others | 46.60 | 34.99 |
| Security deposits | 141.80 | 137.93 |
| Advances to Employees~ | 128.19 | 141.57 |
| Government grants receivable* | 7,110.08 | 6,002.38 |
| Claims receivable | 331.93 | 595.27 |
| Other receivables | 448.93 | 453.72 |
| | **8,356.16** | **7,388.23** |
| ~Advance given to key management personnel (Refer Note 46A) | 0.76 | 38.50 |

* Net of provision amounting to ₹ 236.45 (31 December 2023: Nil).

## 17. Current tax assets (Net)

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Advance tax (net of provision) | 48.72 | 3.11 |
| | **48.72** | **3.11** |

## 18. Other current assets

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| (Unsecured, considered good) | | |
| Security deposits | 17.17 | 16.79 |
| Advance to related party* | 50.92 | 66.75 |
| Other advances: | | |
| - Contractors and suppliers | 5,908.02 | 2,029.35 |
| - Prepaid expenses | 501.77 | 290.14 |
| - Balance with statutory/government authorities | 2,736.94 | 2,732.46 |
| - Other advances | 148.74 | 131.67 |
| | **9,363.56** | **5,267.16** |
| *Amounts due, in the ordinary course of business, from related party: | | |
| SMV Beverages Private Limited | 50.92 | 66.75 |

## 19. Equity share capital

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **Authorised share capital:** | | |
| 5,000,000,000 equity shares of ₹2 each (31 December 2023: 2,000,000,000 equity shares of ₹ 5 each) | 10,000.00 | 10,000.00 |
| | **10,000.00** | **10,000.00** |
| **Issued, subscribed and fully paid up:** | | |
| 3,381,510,017 equity shares of ₹ 2 each (31 December 2023: 1,299,214,976 equity shares of ₹ 5 each) | 6,763.02 | 6,496.07 |
| | **6,763.02** | **6,496.07** |

## Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

**a) Reconciliation of share capital**

(₹ in million)

| Particular | No. of shares | Amount |
|---|---|---|
| Balance as at 01 January 2024 | 1,299,214,976 | 6,496.07 |
| Add: Shares issued of ₹ 5 each pursuant to exercise of employee stock options | 233,436 | 1.17 |
| Add: Sub-division/split of 1 share of face value ₹ 5 each into such number share of face value ₹ 2 each effective 12 September 2024 (Increase in shares on account of sub-division/split) (Refer note (g) below) | 1,949,172,618 | - |
| Add: Shares issued of ₹ 2 each pursuant to Qualified institutions placement (QIP) | 132,743,362 | 265.49 |
| Add: Shares issued of ₹ 2 each pursuant to exercise of employee stock options | 145,625 | 0.29 |
| **Balance as at 31 December 2024** | **3,381,510,017** | **6,763.02** |

(₹ in million)

| Particular | No. of shares | Amount |
|---|---|---|
| Balance as at 01 January 2023 | 649,549,620 | 6,495.50 |
| Add: Shares issued of ₹ 10 each pursuant to exercise of employee stock options | 8,412 | 0.08 |
| Add: Sub-division/split of 1 share of face value ₹ 10 each into 2 share of face value ₹ 5 each effective 15 June 2023 (Increase in shares on account of sub-division/split) (Refer note (g) below) | 649,558,032 | - |
| Add: Shares issued of ₹ 5 each pursuant to exercise of employee stock options | 98,912 | 0.49 |
| **Balance as at 31 December 2023** | **1,299,214,976** | **6,496.07** |

**b) Terms/rights attached to shares**

The Holding Company has only one class of equity shares having a par value of ₹ 2 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Holding Company, holders of equity shares will be entitled to receive any of the remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

**c) List of shareholders holding more than 5% of the aggregate equity share capital of the Holding Company at the beginning and at the end of the year :**

| Shareholders as at 31 December 2024 | No. of shares (face value of ₹ 2 each) | % of shareholding |
|---|---|---|
| R J Corp Limited | 868,877,060 | 25.69% |
| Mr. Ravi Kant Jaipuria | 564,736,222 | 16.70% |
| Mr. Varun Jaipuria | 520,859,870 | 15.40% |

| Shareholders as at 31 December 2023 | No. of shares (face value of ₹ 5 each) | % of shareholding |
|---|---|---|
| R J Corp Limited | 349,750,824 | 26.92% |
| Mr. Ravi Kant Jaipuria | 229,104,059 | 17.63% |
| Mr. Varun Jaipuria | 208,343,948 | 16.04% |

As per records of the Holding Company, including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

**d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

(i) During the year ended 31 December 2019, the Holding Company has issued 91,327,613 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

(ii) During the year ended 31 December 2021, the Holding Company has issued 144,344,360 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

(iii) During the year ended 31 December 2022, the Holding Company has issued 216,516,540 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

For the period of five years of the date of the immediately preceding the reporting date, there was no share allotment made for consideration other than cash except as disclosed above. Further, there has been no buy back of shares during the period of five years immediately preceding 31 December 2024 and 31 December 2023.

**e) Shares held by holding and ultimate Holding Company**

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| RJ Corp Limited, Parent company* | 1,737.75 | 1,748.75 |
| 868,877,060 fully paid-up equity shares of ₹ 2 each (31 December 2023: 349,750,824 fully paid-up equity shares of ₹ 5 each) | | |
| | **1,737.75** | **1,748.75** |

*As defined under Ind AS 110 - Consolidated Financial Statements

**f) Details of shares held by promoters:**

| Shareholders as at 31 December 2024 | No. of shares (face value of ₹ 2 each) | % of shareholding | % change during the year |
|---|---|---|---|
| R J Corp Limited | 868,877,060 | 25.69% | (1.23%) |
| Mr. Ravi Kant Jaipuria | 564,736,222 | 16.70% | (0.93%) |
| Mr. Varun Jaipuria | 520,859,870 | 15.40% | (0.64%) |

| Shareholders as at 31 December 2023 | No. of shares (face value of ₹ 5 each) | % of shareholding | % change during the year |
|---|---|---|---|
| R J Corp Limited | 349,750,824 | 26.92% | (0.47%) |
| Mr. Ravi Kant Jaipuria | 229,104,059 | 17.63% | (0.34%) |
| Mr. Varun Jaipuria | 208,343,948 | 16.04% | 0.00% |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

**g) Sub-division/split of equity shares**

i) During the year ended 31 December 2024, the Board of Directors of the Holding Company in their meeting held on 30 July 2024 recommended the sub-division/split of existing Equity Shares of the Holding Company from 1 (One) Equity Share having face value of ₹ 5/- (Rupees Five only) each fully paid-up, into such number Equity Shares having face value of ₹ 2/- (Rupees Five only) each fully paid-up. The above sub-division/split has been approved by the equity shareholders of the Holding Company dated 30 August 2024 through postal ballot. Pursuant to sub-division/split of shares effective 12 September 2024 ("Record Date"), the paid up equity share capital of the Holding Company is ₹ 6,497.24 consisting of 3,248,621,030 equity shares having face value of ₹ 2/- (Rupees two only) each fully paid-up.

ii) During the year ended 31 December 2023, the Board of Directors of the Holding Company in their meeting held on 02 May 2023 recommended the sub-division/split of existing Equity Shares of the Holding Company from 1 (One) Equity Share having face value of ₹ 10/- (Rupees Ten only) each fully paid-up, into 2 (Two) Equity Shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up. The above sub-division/split has been approved by the equity shareholders of the Holding Company dated 02 June 2023 through postal ballot. Pursuant to sub-division/split of shares effective 15 June 2023 ("Record Date"), the paid up equity share capital of the Holding Company is ₹ 6,495.58 consisting of 1,299,116,064 equity shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up.

**h) Pursuant to QIP the Holding Company has issued 132,743,362 equity shares of ₹ 2 each at a premium of ₹ 563 per share: (Refer note 39)**

| Date of allotment | Share capital | Securities premium | Total |
|---|---:|---:|---:|
| 19 November 2024 | 265.49 | 74,734.51 | 75,000.00 |

## 20. Other equity

Refer Consolidated Statement of Changes in Equity for detailed movement in Other Equity balance.

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---:|---:|
| Capital reserve on consolidation | (3,483.45) | (2,294.91) |
| Capital reserve | 533.93 | 533.93 |
| Securities premium | 96,939.28 | 22,636.59 |
| Share option outstanding account | 184.70 | 84.97 |
| General reserve | 444.26 | 444.26 |
| Retained earnings | 68,582.06 | 45,663.50 |
| Share application money pending allotment | - | 3.51 |
| Foreign currency translation reserve | (3,865.50) | (4,202.94) |
| | **159,335.27** | **62,868.91** |

**Description of nature and purpose of each reserve:**

**Capital reserve on consolidation -** Created on additional consideration paid in form of cash on business combinations involving entities including businesses/entities under common control.

**Capital reserve -** Created on merger of Varun Beverages (International) Limited with the Holding Company pursuant to and in accordance with the Court approved scheme of amalgamation. Includes gain from bargain purchases.

**General reserve -** Created by way of transfer from debenture redemption reserve on redemption of debentures.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

**Securities premium -** Created to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

**Retained earnings -** Created from the profit of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

**Share option outstanding account -** Created to recognise the grant date fair value of options issued to employees under the employee stock option schemes and is adjusted on exercise / forfeiture of options.

**Share application money pending allotment -** Created to record the amount of money received for the purpose of allotment of equity share of the Holding company pending at the reporting date. It will be utilised in accordance with the provisions of the Companies Act, 2013 upon issuance of equity shares.

**Foreign currency translation reserve -** Exchange differences arising on translation of the foreign operations of the Group, recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within other equity.

## 21. Borrowings

### A. Non-current borrowings:

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Term loans (secured) (Refer note 21E) | | |
| - Loans from banks | 8,146.22 | 31,442.52 |
| - Loan from others | 260.67 | 446.86 |
| | **8,406.89** | **31,889.38** |

Loans and borrowing above are recognised at amortised cost taking into account any discount or premium on acquisition and fee or costs that are part of effective interest rate, accordingly the outstanding balances above may not necessarily reconcile with repayment amounts.

The carrying value of financial assets pledged as security for borrowings as disclosed under Note 56.

### B. Non-current financial liabilities:

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Lease liabilities (Refer note 47) | 3,570.86 | 1,978.85 |
| | **3,570.86** | **1,978.85** |

### C. Current borrowings:

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Loans repayable on demand | | |
| - Working capital facilities from banks (secured) (Refer footnote (a)) | 9,616.11 | 7,082.05 |
| - Working capital facilities from banks (unsecured) (Refer footnote (b)) | 1,800.00 | 2,450.00 |
| Working capital facility from banks (unsecured) (Refer footnote (c)) | 1,450.00 | 500.00 |
| Current maturities of long-term debts (Refer note 21E) | 2,369.65 | 10,022.44 |
| | **15,235.76** | **20,054.49** |

a) In case of the Holding Company, the working capital facilities from banks are secured by first charge on entire current assets of the Holding Company ranking pari-passu amongst the banks and second charge on the movable and immovable assets of the Holding Company pertaining to specific manufacturing units (wherever applicable). During the previous year one short term loan facility from a bank was secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Holding Company. These facilities carry interest rates ranging between 7.10% to 7.53 % (31 December 2023: 7.45% to 7.76%). Working capital facilities in case of subsidiaries amounting to ₹ 7,182.69 million (31 December 2023: ₹ 2,277.05 million), are secured mainly by charge on trade receivables, inventories and other current assets of the respective subsidiary company, ranking pari passu and charge on certain movable and immovable assets of the respective subsidiary. Some of the facilities of subsidiaries are guaranteed by respective subsidiary company, as per the terms of respective agreements. The working capital facilities carries interest rates ranging between 5.20% to 17% (31 December 2023: 5.50% to 14.50%).

b) The Holding Company has availed working capital facilities from banks carrying interest rate 7.16% per annum (31 December 2023: 7.70% to 7.72% per annum).

c) In case of the Holding Company, working capital facility from a bank carrying interest rate 7.15% per annum is repayable in two equal instalments from the date of disbursement. During the previous year working capital facility from a bank carrying interest rate 7.76% per annum is repayable in three equal instalments from the date of disbursement and was repaid during the year.

There are no defaults in repayment of principal borrowing or interest thereon.

**D. Current financial liabilities:**

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Lease liabilities (Refer note 47) | 1,049.03 | 390.38 |
| | **1,049.03** | **390.38** |

**E. Terms and conditions/details of securities for loans:**

(₹ in million)

| Particulars | Loan outstanding | | | |
|---|---|---|---|---|
| | 31 December 2024 | | 31 December 2023 | |
| | Non-current | Current | Non-current | Current |
| **Term loans** | | | | |
| **i) Indian rupee loan from banks (secured)** | | | | |
| Loans carrying weighted average rate of interest 7.56% (31 December 2023: 8.01%) depending upon tenure of the loans. | 1,181.43 | 547.17 | 29,283.63 | 8,068.46 |
| These loans are secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Holding Company including the territory /franchisee rights acquired under the business acquisition except vehicles and lands for which no mortgages have been created till date. | | | | |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

(₹ in million)

| Particulars | Loan outstanding | | | |
|---|---|---|---|---|
| | 31 December 2024 | | 31 December 2023 | |
| | Non-current | Current | Non-current | Current |
| **ii) Indian rupee loan from banks (secured)** | | | | |
| Loans carrying weighted average rate of interest Nil (31 December 2023: 7.40%) depending upon tenure of the loans. | - | - | - | 800.00 |
| These loans are secured with subservient charge on movable fixed assets of the Holding Company and one facility during the previous year was further secured with first pari passu charge on the inventories and receivables of the Holding Company. | | | | |
| | | | | |
| **iii) Indian rupee loan from banks (secured)** | | | | |
| Loans carrying rate of interest 7.95% (31 December 2023: 7.95%) depending upon tenure of the loans. | - | 375.00 | 375.00 | 541.67 |
| These loan are secured on first pari-passu charge on the entire movable assets of the Company including the territory /franchisee rights acquired under the business acquisition except vehicles. | | | | |
| | | | | |
| **iv) Term loan at Varun Beverages Morocco** | | | | |
| (a) Loan carrying rate of interest of 4.00% (31 December 2023: 4.00%) and is secured by corporate guarantee of the Holding Company. | 11.27 | 43.81 | 54.72 | 41.67 |
| (b) Loan carrying rate of interest of 4.75% (31 December 2023: 5.00%) and is secured by corporate guarantee of the Holding Company. | 240.92 | 98.35 | 337.04 | 92.25 |
| (c) Loan carrying rate of interest of 5.75% (31 December 2023: 5.75%) and is secured against Land and plant & machinery. | 1,561.47 | 257.75 | 799.95 | - |
| | | | | |
| **v) Term loan at Lunarmech Technologies Private Limited** | | | | |
| (a) Loan carrying rate of interest of Euribor+88 bps and was secured against respective asset financed. | - | - | - | 99.28 |
| (b) Loan carrying rate of interest of Euribor+88 bps and were secured against respective asset financed. | - | - | - | 48.69 |
| (c) Loan carrying rate of interest of Euribor+88 bps (31 December 2023: Euribor+88 bps) and is secured against current asset and movable fixed assets. | - | 96.13 | 99.28 | - |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

(₹ in million)

| Particulars | Loan outstanding | | | |
|---|---|---|---|---|
| | 31 December 2024 | | 31 December 2023 | |
| | Non-current | Current | Non-current | Current |
| (d) Loan carrying rate of interest of 8.10% (31 December 2023: 8.10%). The loan is secured against current asset and movable fixed assets. | 0.75 | 0.25 | 1.00 | - |
| (e) Loan carrying rate of interest of 7.79%. The loan is secured against current asset and movable fixed assets. | 142.88 | 47.63 | - | - |
| (f) Loan carrying rate of interest of 7.79%. The loan is secured against current asset and movable fixed assets. | 142.92 | 47.64 | - | - |
| | | | | |
| **vi) Term loan at Varun Beverages RDC SAS** | | | | |
| (a) Loan carrying rate of interest of 7.25%. The loan is secured against assets of the company and also by corporate guarantee of the Holding Company. | 776.14 | 356.35 | 491.90 | - |
| (b) Loan carrying rate of interest of 7.25%. The loan is secured against vehicles of the company. | - | 231.85 | - | - |
| **vii) Term loan at The Beverage Company Proprietary Limited** | | | | |
| (a) Loan carrying rate of interest of JIBAR+1.45%. The loan is secured against assets of the company and also by corporate guarantee of the Holding Company. | 4,088.44 | - | - | - |
| **Total loans from banks (secured)** | **8,146.22** | **2,101.93** | **31,442.52** | **9,692.02** |
| For repayment terms of above loans, refer note 21F . | | | | |
| **Loans from others (secured)** | | | | |
| Interest free loans from The Pradeshiya Industrial & Investment Corporation of U.P. Limited are repayable in one instalment after expiry of seven years from the date of disbursement. Loans are secured against bank guarantee equivalent to 100% of loan amount valid up to the repayment date of loan plus six months grace period.<br>The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 7.63%-8.77% (31 December 2023: 8.52%-9.72%)<br>The repayment schedule is as under:<br>**Date of repayment** — **Amount**<br>01 November 2025 — 211.98<br>31 March 2030 — 65.90<br>07 July 2030 — 139.92<br>22 February 2031 — 22.87<br>01 October 2031 — 46.59 | 176.18 | 201.53 | 308.20 | 166.86 |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

(₹ in million)

| Particulars | Loan outstanding | | | |
|---|---|---|---|---|
| | 31 December 2024 | | 31 December 2023 | |
| | Non-current | Current | Non-current | Current |
| Interest free loan from The Director of Industries and Commerce, Haryana are repayable in one instalment after expiry of five years from the date of disbursement. Loans are secured against bank guarantee equivalent to 100% of loan amount valid up to the repayment date of loan plus six months grace period.<br>The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.33% (31 December 2023: 8.33%)<br>The repayment schedule is as under:<br>**Date of repayment** — **Amount**<br>17 February 2025 — 43.98<br>13 October 2025 — 23.96<br>21 February 2027 — 70.83<br>18 July 2028 — 33.30 | 84.49 | 66.19 | 138.66 | 163.56 |
| **Total loans from others (secured)** | **260.67** | **267.72** | **446.86** | **330.42** |
| **Total** | **8,406.89** | **2,369.65** | **31,889.38** | **10,022.44** |

F. **Repayment terms:**

(₹ in million)

| S.No | Description | 31 December 2024 | | 31 December 2023 | | Repayment terms |
|---|---|---|---|---|---|---|
| | | Non-current | Current | Non-current | Current | |
| **i)** | **Indian rupee loan from banks** | | | | | |
| 1 | Term loan - 1 | - | - | - | 240.00 | Loan was repaid during the year |
| 2 | Term loan - 2 | - | - | 291.49 | 291.80 | Loan was repaid during the year |
| 3 | Term loan - 3 | - | - | 499.32 | 500.00 | Loan was repaid during the year |
| 4 | Term loan - 4 | - | - | 200.00 | 200.00 | Loan was repaid during the year |
| 5 | Term loan - 5 | - | - | 199.73 | 200.00 | Loan was repaid during the year |
| 6 | Term loan - 6 | - | - | 699.75 | 400.00 | Loan was repaid during the year |
| 7 | Term loan - 7 | 560.28 | 317.77 | 1,050.00 | 380.00 | Two instalments of ₹ 158.89 each due in May 2025 and June 2025, two instalments of ₹ 154.70 each due in May 2026 and June 2026 and two instalments of ₹ 125.44 each due in May 2027 and June 2027. |
| 8 | Term loan - 8 | - | - | - | 800.00 | Loan was repaid during the year |
| 9 | Term loan - 9 | - | - | 1,600.00 | 500.00 | Loan was repaid during the year |
| 10 | Term loan - 10 | - | - | 1,350.00 | 300.00 | Loan was repaid during the year |
| 11 | Term loan - 11 | - | - | 1,333.34 | 666.66 | Loan was repaid during the year |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

(₹ in million)

| S.No | Description | 31 December 2024 | | 31 December 2023 | | Repayment terms |
|---|---|---|---|---|---|---|
| | | Non-current | Current | Non-current | Current | |
| 12 | Term loan - 12 | 282.65 | 141.32 | 3,750.00 | 1,250.00 | Two instalments of ₹ 70.66 each due in May 2025 and June 2025, two instalments of ₹ 70.66 each due in May 2026 and June 2026 and two instalments of ₹ 70.66 each due in May 2027 and June 2027. |
| 13 | Term loan - 13 | - | 375.00 | 375.00 | 375.00 | Two instalments of ₹ 187.50 each due in May 2025 and June 2025. |
| 14 | Term loan - 14 | - | - | - | 166.67 | Loan was repaid during the year |
| 15 | Term loan - 15 | - | - | 2,000.00 | 1,000.00 | Loan was repaid during the year |
| 16 | Term loan - 16 | 170.50 | 46.08 | 2,350.00 | 100.00 | Two instalments of ₹ 23.04 each due in May 2025 and June 2025, two instalments of ₹ 23.04 each due in May 2026 and June 2026, two instalments of ₹ 32.26 each due in May 2027 and June 2027,one instalment of ₹ 32.26 due in May 2028 and one instalment of ₹ 27.65.00 due in June 2028. |
| 17 | Term loan - 17 | - | - | 2,400.00 | 600.00 | Loan was repaid during the year |
| 18 | Term loan - 18 | - | - | 1,900.00 | 100.00 | Loan was repaid during the year |
| 19 | Term loan - 19 | - | - | 750.00 | 250.00 | Loan was repaid during the year |
| 20 | Term loan - 20 | - | - | 3,150.00 | 350.00 | Loan was repaid during the year |
| 21 | Term loan - 21 | - | - | 2,760.00 | 240.00 | Loan was repaid during the year |
| 22 | Term loan - 22 | - | - | 1,500.00 | - | Loan was repaid during the year |
| 23 | Term loan - 23 | - | - | 1,500.00 | 500.00 | Loan was repaid during the year |
| 24 | Term loan - 24 | 168.00 | 42.00 | - | - | Two instalments of ₹ 21.00 each due in May 2025 and June 2025, two instalments of ₹ 21.00 each due in May 2026 and June 2026, two instalments of ₹ 21.00 each due in May 2027 and June 2027, two instalments of ₹ 21.00 each due in May 2028 and June 2028 and two instalments of ₹ 21.00 each due in May 2029 and June 2029. |
| | **Total (A)** | **1,181.43** | **922.17** | **29,658.63** | **9,410.13** | |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

(₹ in million)

| S.No | Description | 31 December 2024 | | 31 December 2023 | | Repayment terms |
|---|---|---|---|---|---|---|
| | | Non-current | Current | Non-current | Current | |
| **ii)** | **Term Loan at Varun Beverages Morocco** | | | | | |
| 25 | Term loan - 25 | 11.27 | 43.81 | 54.72 | 41.67 | Loan is repayable in 5 quarterly instalments till January 2026. |
| 26 | Term loan - 26 | 240.92 | 98.35 | 337.04 | 92.25 | Loan is repayable in 13 quarterly instalments till January 2028. |
| 27 | Term loan - 27 | 1,561.47 | 257.75 | 799.95 | - | Loan is repayable in 24 quarterly instalments till December 2030. |
| | **Total (B)** | **1,813.66** | **399.91** | **1,191.71** | **133.92** | |
| **iii)** | **Term Loan at Lunarmech Technologies Private Limited** | | | | | |
| 28 | Term loan - 28 | - | - | - | 99.28 | Loan was repaid during the year. |
| 29 | Term loan - 29 | - | - | - | 48.69 | Loan was repaid during the year. |
| 30 | Term loan - 30 | - | 96.13 | 99.28 | - | Loan is repayable on 14 April 2025. |
| 31 | Term loan - 31 | 0.75 | 0.25 | 1.00 | - | Loan is repayable in 16 quarterly EMI starting from March 2025. |
| 32 | Term loan - 32 | 142.88 | 47.63 | - | - | Loan is repayable in 16 quarterly EMI starting from March 2025. |
| 33 | Term loan - 33 | 142.92 | 47.64 | - | - | Loan is repayable in 16 quarterly EMI starting from March 2025. |
| | **Total (C)** | **286.55** | **191.65** | **100.28** | **147.97** | |
| **iv)** | **Varun Beverage RDC SAS** | | | | | |
| 34 | Term loan - 34 | 776.14 | 356.35 | 491.90 | - | Loan is repayable in 38 equal monthly instalments till February 2028. |
| 35 | Term loan - 35 | - | 231.85 | - | - | Loan is repayable in 11 equal monthly instalments till November 2025. |
| | **Total (D)** | **776.14** | **588.20** | **491.90** | **-** | |
| **v)** | **Term Loan at The Beverage Company Proprietary Limited** | | | | | |
| 36 | Term loan - 36 | 4,088.44 | - | - | - | Loan is repayable on 27 March 2027. |
| | **Total (E)** | **4,088.44** | **-** | **-** | **-** | |
| | **Total (A+B+C+D+E)** | **8,146.22** | **2,101.93** | **31,442.52** | **9,692.02** | |

## 22. Provisions

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **Non-current** | | |
| Provision for employee benefits (Refer note 40) | | |
| Defined benefit liability (net) | 1,166.30 | 1,470.83 |
| Other long term employee obligations | 728.04 | 655.61 |
| | **1,894.34** | **2,126.44** |
| **Current** | | |
| Provision for employee benefits (Refer note 40) | | |
| Defined benefit liability (net) | 6.82 | 3.99 |
| Other short term employee obligations | 438.06 | 317.72 |
| Others (Refer note 60) | 294.12 | 503.72 |
| | **739.00** | **825.43** |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 23. Other non-current liabilities

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Deferred revenue on government grant | 4.37 | 5.16 |
| Deferred income | 42.94 | 63.24 |
| | **47.31** | **68.40** |

## 24. Trade payables

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Total outstanding dues of- | | |
| Micro enterprises and small enterprises (Refer note 49) | 645.75 | 767.43 |
| Creditors other than micro enterprises and small enterprises | 14,958.52 | 6,815.05 |
| | **15,604.27** | **7,582.48** |

**Trade payables ageing schedule**

**31 December 2024**

(₹ in million)

| Particulars | Outstanding from date of transactions | | | | | Total |
|---|---|---|---|---|---|---|
| | Unbilled | Less than 1 year | 1-2 Years | 2-3 Years | More than 3 years | |
| **Undisputed trade payable** | | | | | | |
| Micro enterprises and small enterprises | 113.98 | 528.21 | 2.88 | 0.25 | 0.43 | 645.75 |
| Others | 3,088.40 | 11,425.05 | 168.55 | 131.92 | 61.49 | 14,875.41 |
| **Disputed trade payable** | | | | | | |
| Micro enterprises and small enterprises | - | - | - | - | - | - |
| Others | - | 52.40 | 12.01 | 8.85 | 9.85 | 83.11 |
| **Total** | **3,202.38** | **12,005.66** | **183.44** | **141.02** | **71.77** | **15,604.27** |

**31 December 2023**

(₹ in million)

| Particulars | Outstanding from date of transactions | | | | | Total |
|---|---|---|---|---|---|---|
| | Unbilled | Less than 1 year | 1-2 Years | 2-3 Years | More than 3 years | |
| **Undisputed trade payable** | | | | | | |
| Micro enterprises and small enterprises | 68.73 | 692.31 | 5.34 | 0.36 | 0.50 | 767.24 |
| Others | 2,123.29 | 4,408.76 | 157.26 | 16.32 | 30.08 | 6,735.71 |
| **Disputed trade payable** | | | | | | |
| Micro enterprises and small enterprises | - | 0.19 | - | - | - | 0.19 |
| Others | - | 52.46 | 13.18 | 6.95 | 6.75 | 79.34 |
| **Total** | **2,192.02** | **5,153.72** | **175.78** | **23.63** | **37.33** | **7,582.48** |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 25. Other current financial liabilities

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Interest accrued but not due on borrowings | 36.44 | 115.82 |
| Interest payable | 48.59 | 27.21 |
| Payable for capital expenditures | 3,639.04 | 4,543.04 |
| Employee related payables | 995.51 | 810.91 |
| Unclaimed dividends# | 1.32 | 0.97 |
| Security deposits | 2,322.51 | 2,140.44 |
| | **7,043.41** | **7,638.39** |

#Not due for deposit to the Investor Education and Protection Fund in the books of Holding Company.

## 26. Other current liabilities

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Advances from customers | 2,194.82 | 1,804.71 |
| Statutory dues payable | 2,604.36 | 2,806.31 |
| Deferred income | 117.37 | 39.91 |
| | **4,916.55** | **4,650.93** |

## 27. Current tax liabilities (Net)

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Provision for tax (net of taxes paid) | 656.23 | 390.02 |
| | **656.23** | **390.02** |

The key components of income tax expense for the year ended 31 December 2024 and 31 December 2023 are:

### A. Consolidated Statement of Profit and Loss:

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| **(i) Profit and Loss section** | | |
| (a) Current tax | 7,502.05 | 6,290.81 |
| (b) Adjustment of tax relating to earlier years | 5.28 | 20.55 |
| (c) Deferred tax charge | 480.71 | 64.11 |
| **Tax expense reported in the Consolidated Statement of Profit and Loss** | **7,988.04** | **6,375.47** |
| **(ii) Other Comprehensive Income (OCI) section** | | |
| Deferred tax related to items recognised in OCI during the year: | | |
| (a) Net gain/(loss) on remeasurements of defined benefit plans | (67.99) | 6.98 |
| **Tax charged to OCI** | **(67.99)** | **6.98** |

**B. Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:**

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **Accounting profit before tax** | **34,330.89** | **27,393.60** |
| Tax expense at statutory income tax rate of 25.17% (31 December 2023: 25.17%) | 8,640.40 | 6,894.15 |
| Adjustment of tax relating to earlier years | 5.28 | 20.55 |
| Non deductible expenses/income not taxable | 64.98 | 75.14 |
| Deduction claimed u/s Chapter-VI A of Income-tax Act, 1961 by Holding Company | (20.15) | (6.90) |
| Non-Taxable Subsidiaries and effect of Differential Tax Rate under various jurisdiction | (793.69) | (658.21) |
| Income chargeable at special rates | (1.64) | - |
| Others | 92.86 | 50.74 |
| **Tax expense at effective tax rate reported in the Consolidated Statement of Profit and Loss** | **7,988.04** | **6,375.47** |

## 28. Revenue from operations

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Sale of products (inclusive of excise duty) * | 198,394.21 | 158,687.38 |
| Rendering of services | 793.03 | 314.86 |
| Other operating revenue | 5,626.04 | 4,208.39 |
| | **204,813.28** | **163,210.63** |

*Sale of products includes excise duty collected from customers of ₹ 4,736.78 million (31 December 2023: ₹ 2,784.82 million) in subsidiaries.

**Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers:**

**A. Reconciliation of revenue recognised with the contracted price:**

(₹ in million)

| Particulars | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Gross revenue/Contracted price | 206,715.39 | 162,329.34 |
| Less: Discounts and rebates | (7,528.15) | (3,327.10) |
| **Revenue from contracts with customers** | **199,187.24** | **159,002.24** |

**B. Disaggregation of revenue**

a) Information about geographical area

(₹ in million)

| Particulars | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| i. Sale of products and rendering of services | | |
| (i) Within India | 136,173.93 | 121,594.93 |
| (ii) Outside India | 63,013.31 | 37,407.31 |
| **Total sale of products and rendering of services** | **199,187.24** | **159,002.24** |

b) b) Revenue from sale of goods and services are recognised at a point in time.There are no disaggregation of revenue with respect to this information.

c) No single external customer amounts to 10% or more of the Company's revenue from operations.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

**C. Contract balances:**

The following table provides information about trade receivables and contract liabilities from contract with customers:

**Receivables**

(₹ in million)

| Particulars | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Trade receivables | 9,535.93 | 4,180.08 |
| Less: Allowances for expected credit loss | (1,077.51) | (586.23) |
| **Net receivables** | **8,458.42** | **3,593.85** |

**Contract liabilities**

(₹ in million)

| Particulars | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Advance from customers (Refer note 26) | 2,194.82 | 1,804.71 |
| | **2,194.82** | **1,804.71** |

**D.** Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liabilities are on account of the advance payment received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 120 days from the completion of performance obligation.

There is no significant financing component in any transaction with the customers.

**E.** Government grant recongnised under the head 'Other operating revenue' amounts to ₹ 4,829.26 million (31 December 2023 ₹ 3,462.98 million) under different industrial promotion tax exemption schemes.

**F. Changes in the contract liabilities balances during the year are as follows:**

(₹ in million)

| Particulars | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Balance at the beginning of the year | 1,804.71 | 2,033.83 |
| Addition during the year | 2,194.82 | 1,804.71 |
| Revenue recognised during the year | (1,804.71) | (2,033.83) |
| **Balance at the closing of the year** | **2,194.82** | **1,804.71** |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 29. Other income

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---:|---:|
| Interest income on items at amortised cost: | | |
| - term deposits | 362.97 | 205.44 |
| - others | 56.03 | 32.56 |
| Gain on sale of current investments | 22.47 | 3.51 |
| Excess provisions and liabilities written back | 646.15 | 322.36 |
| Gain on derecognition of financial instruments | 0.08 | 0.81 |
| Miscellaneous income | 124.98 | 228.91 |
| | **1,212.68** | **793.59** |

## 30. Cost of materials consumed

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---:|---:|
| **Raw material and packing material consumed** | | |
| Inventories at beginning of the year | 9,756.31 | 9,613.51 |
| Acquired in business combination | 640.72 | - |
| Purchases during the year (net) | 87,635.34 | 72,762.19 |
| | **98,032.37** | **82,375.70** |
| Less: Sold during the year | 1,308.84 | 2,354.78 |
| Less: Inventories at end of the year | 13,786.10 | 9,756.31 |
| | **82,937.43** | **70,264.61** |

## 31. Purchases of stock-in-trade

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---:|---:|
| Beverages | 982.89 | 1,378.89 |
| Others | 5,876.32 | 3,248.07 |
| | **6,859.21** | **4,626.96** |

## 32. Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---:|---:|
| **As at the beginning of the year** | | |
| - Finished goods | 4,160.22 | 4,313.41 |
| - Intermediate goods | 4,372.42 | 3,392.40 |
| - Work in progress | 25.81 | 61.80 |
| | **8,558.45** | **7,767.61** |
| **Acquired in a business combination** | | |
| - Finished goods | 593.63 | - |
| | **593.63** | **-** |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| **As at the closing of the year** | | |
| - Finished goods | 5,233.22 | 4,160.22 |
| - Intermediate goods | 4,582.73 | 4,372.42 |
| - Work in progress | 78.51 | 25.81 |
| | **9,894.46** | **8,558.45** |
| **Finished goods used as property, plant and equipment*** | (7.02) | (51.85) |
| | **(749.40)** | **(842.69)** |

*The Holding Company and a subsidiary manufactures plastic shells at some of their manufacturing facilities. The shells manufactured are used for beverages operations of the Group as property, plant and equipment (under the head 'Containers'). These containers are sold to third parties. The cost of manufacturing of plastic shells is being shown here separately with a corresponding debit to property, plant and equipment.

## 33. Employee benefits expense

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Salaries, wages and bonus* | 17,067.81 | 13,041.12 |
| Contribution to provident fund and other funds* | 816.67 | 679.36 |
| Staff welfare expenses* | 803.35 | 666.78 |
| Share based payments** (Refer note 52) | 162.43 | 78.61 |
| | **18,850.26** | **14,465.87** |

*Refer note 4A for capitalisation of employee benefits expense in setting-up of new manufacturing facilities.

**excluding expenses of ₹ 0.50 (31 December 2023: ₹ 0.49) related to one subsidiary, which has been capitalised in new projects.

## 34. Finance costs

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Interest on items at amortised cost: | | |
| - Term loans* | 3,039.34 | 2,044.26 |
| - Working capital facilities* | 919.71 | 214.28 |
| - Financial liabilities (inclusive of interest on lease liabilities ₹ 404.03 (31 December 2023: ₹ 170.04)) | 440.42 | 260.05 |
| - Bank guarantee fees | 16.39 | 17.82 |
| - Others (inclusive of interest on income tax ₹ 6.50 (31 December 2023: ₹ 82.28)) | 69.56 | 130.03 |
| Other ancillary borrowing costs | 18.44 | 14.55 |
| | **4,503.86** | **2,680.99** |

*Refer note 4A for capitalisation of finance costs in setting-up of new manufacturing facilities.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 35. Depreciation, amortisation expense

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Depreciation on property, plant and equipment (refer note 4A) | 8,386.95 | 6,409.04 |
| Amortisation of intangible assets (refer note 5B) | 268.38 | 40.51 |
| Amortisation of ROU (refer note 4C) | 818.53 | 359.51 |
| | **9,473.86** | **6,809.06** |

## 36. Other expenses*

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Power and fuel | 6,295.08 | 5,502.85 |
| Repairs to plant and equipment | 3,837.09 | 2,973.81 |
| Repairs to buildings | 292.18 | 178.12 |
| Other repairs | 1,163.65 | 923.29 |
| Consumption of stores and spares | 1,512.34 | 1,296.28 |
| Rent (Refer note 47 (iv)) | 970.54 | 801.60 |
| Rates and taxes | 518.68 | 901.80 |
| Insurance | 341.38 | 180.99 |
| Printing and stationery | 105.80 | 91.43 |
| Communication | 241.28 | 121.27 |
| Travelling and conveyance | 1,550.41 | 1,215.23 |
| Sitting fees paid to directors (Refer note 46A) | 8.45 | 5.85 |
| Payment to auditors** | 43.13 | 27.69 |
| Vehicle running and maintenance | 1,235.53 | 594.23 |
| Lease and hire (Refer note 47 (iv)) | 645.67 | 297.62 |
| Security and service charges | 847.36 | 564.00 |
| Legal, professional and consultancy | 872.70 | 510.05 |
| Bank charges | 324.72 | 234.96 |
| Advertisement and sales promotion | 2,521.15 | 1,963.65 |
| Meeting and conferences | 90.03 | 117.98 |
| Royalty | 177.84 | 165.93 |
| Freight, octroi and insurance paid (net) | 14,031.34 | 11,020.58 |
| Delivery vehicle running and maintenance | 836.18 | 832.34 |
| Distribution expenses | 3,064.82 | 2,250.15 |
| Loading and unloading charges | 1,109.55 | 881.69 |
| Donations | 4.16 | 2.23 |
| Property, plant and equipment written off | 33.26 | 1.37 |
| Loss on disposal of property, plant and equipment (net) | 728.70 | 842.27 |
| Bad debts and advances written off | 28.73 | 3.24 |
| Allowance for expected credit loss and advances | 84.85 | 69.47 |
| Corporate social responsibility expenditure | 317.92 | 169.42 |
| Net loss on foreign currency transactions and translations | 634.02 | 574.92 |
| General office and other miscellaneous | 599.75 | 499.90 |
| | **45,068.29** | **35,816.21** |

*Refer note 4A for capitalisation of other expenses in setting-up of new manufacturing facilities.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

****Includes payment to statutory auditors of the Holding Company as follows:-**

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| **Services rendered for:** | | |
| - Audit and reviews | 13.50 | 11.46 |
| - taxation matters | 3.23 | 2.11 |
| - other matters# | 1.40 | 1.86 |
| - reimbursement of expenses | 0.94 | 0.23 |
| | **19.07** | **15.66** |

#Excludes expense of ₹ 6.07 (31 December 2023: ₹ Nil) towards fee related to share issue expenes, netted off with share premium account and expense of ₹ Nil (31 December 2023: ₹ 0.23) towards other matters, which has been capitalised in new projects.

## 37. Other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserves in equity is shown below:

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| **Retained earnings** | | |
| Re-measurement gain/(loss) on defined benefit plans | 288.77 | (28.16) |
| Tax impact on re-measurement gains on defined benefit plans (Refer note 10) | (67.99) | 6.98 |
| Exchange differences arising on translation of foreign operations | 356.41 | (58.83) |
| | **577.19** | **(80.01)** |

## 38. Composition of the Group

These consolidated financial statements include the respective financial statements of Varun Beverages Limited (the "Parent Company" or the "Holding Company"), its subsidiaries and the results of operations of its associates & joint venture as listed below. The principal activity of the Parent Company and its subsidiaries predominantly comprise manufacturing and sale of beverages including its packing material.

| Name of the company/ entity | Nature | Country of incorporation and principal place of business | Proportion of ownership interests held by the Group at year end | |
|---|---|---|---|---|
| | | | As at 31 December 2024 | As at 31 December 2023 |
| Varun Beverages (Nepal) Private Limited ("VBL Nepal") | Foreign wholly owned subsidiary | Nepal | 100.00% | 100.00% |
| Varun Beverages Lanka (Private) Limited ("VBL Lanka") | Foreign wholly owned subsidiary | Sri Lanka | 100.00% | 100.00% |
| Varun Beverages Morocco SA ("VBL Morocco") | Foreign wholly owned subsidiary | Morocco | 100.00% | 100.00% |
| Ole Spring Bottlers Private Limited ("Ole")* | Foreign wholly owned subsidiary | Sri Lanka | 100.00% | 100.00% |
| Varun Beverages (Zambia) Limited ("VBL Zambia") | Foreign subsidiary | Zambia | 90.00% | 90.00% |
| Varun Beverages (Zimbabwe) (Private) Limited ("VBL Zimbabwe") | Foreign subsidiary | Zimbabwe | 85.00% | 85.00% |
| Varun Beverages RDC SAS ("VBL RDC") | Foreign wholly owned subsidiary | Democratic Republic of the Congo | 100.00% | 100.00% |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

| Name of the company/ entity | Nature | Country of incorporation and principal place of business | Proportion of ownership interests held by the Group at year end | |
|---|---|---|---|---|
| | | | As at 31 December 2024 | As at 31 December 2023 |
| Varun Beverages South Africa (PTY) Limited** | Foreign wholly owned subsidiary | South Africa | 100.00% | 100.00% |
| Lunarmech Technologies Private Limited# | Domestic subsidiary | India | 100.00% | 60.07% |
| Varun Beverages International DMCC | Foreign wholly owned subsidiary | Dubai | 100.00% | 100.00% |
| VBL Mozambique, SA^ | Foreign wholly owned subsidiary | Mozambique | 100.00% | 100.00% |
| The Beverage Company Proprietary Limited ("Bevco")@ | Foreign subsidiary | South Africa | 95.00% | 0.00% |
| The Beverage Company Bidco Proprietary Limited^^@ | Foreign subsidiary | South Africa | 95.00% | 0.00% |
| Little Green Beverages Proprietary Limited^^@ | Foreign subsidiary | South Africa | 95.00% | 0.00% |
| Softbev Proprietary Limited^^@ | Foreign subsidiary | South Africa | 95.00% | 0.00% |
| Varun Foods Zimbabwe (Private) Limited$ | Foreign wholly owned subsidiary | Zimbabwe | 100.00% | 0.00% |
| Clean Max Tav Private Limited | Associate | India | 26.00% | 26.00% |
| Huoban Energy 7 Private Limited~ | Associate | India | 26.34% | 26.34% |
| IDVB Recycling Operations Private Limited | Joint Venture | India | 50.00% | 50.00% |

*subsidiary of VBL Lanka
**w.e.f 23 May 2023 (refer note 50)
# wholly owned subsidiary w.e.f. 16 December 2024 (refer note 50(ii))
^w.e.f 21 November 2023 (refer note 50(viii)
@Acquired on 26 March 2024 (refer note 50(i))
$ w.e.f 22 May 2024 (refer note 50(iii))
~w.e.f 09 May 2023 (refer note 6)
^^subsidiary of Bevco

**39.** During the year ended 31 December 2024, pursuant to Qualified institutions placement (QIP), the Holding Company has raised ₹ 75,000 million through fresh issue of 132,743,362 equity shares of ₹ 2 each at a premium of ₹ 563 per share on 19 November 2024. The Audit, Risk Management and Ethics Committee and the Board of Directors noted the utilisation of funds raised through such fresh issue of equity shares to be in line with the object of the issue, the details of which are as follows:

(₹ in million)

| Particulars | Amount as per placement document | Amount utilised upto 31 December 2024 | Amount Unutilised/ (Excess spent) as at 31 December 2024 |
|---|---|---|---|
| Repayment / pre-payment, in part or in full, of certain outstanding borrowings availed by Holding Company and/or one of our Subsidiaries | 56,000.00 | 50,475.46 | 5,524.54 |
| Inorganic acquisitions and general corporate purposes | 18,390.00 | 3,858.42 | 14,531.58 |
| Share issue expenses# | 610.00 | 611.10 | (1.10) |
| **Total** | **75,000.00** | **54,944.98** | **20,055.02** |

#excludes expenses of ₹ 4.28 million which is paid subsequent to year ended 31 December 2024.
Unutilised amounts have been kept in fixed deposits, mutual funds and QIP monitoring account.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 40. Gratuity and other post-employment benefit plans

Parent Company and other components of the Group provide its employees gratuity and compensated absences benefits in accordance with the respective local statutory requirements and entity's policies. The following tables summaries the changes in their present values over the reporting periods, components of expense recognised in the Consolidated Statement of Profit and Loss, their funded status and amounts recognised in the consolidated balance sheet:

(₹ in million, unless otherwise stated)

| | Gratuity | | Compensated Absences | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| **Changes in present values are as follows:** | | | | |
| Balance at the beginning of the year | 2,147.71 | 1,852.54 | 973.33 | 898.93 |
| Acquired on business combination | - | - | 90.61 | - |
| Current service cost | 278.76 | 235.94 | 229.96 | 168.68 |
| Interest cost | 152.92 | 137.42 | 70.63 | 65.54 |
| Benefits settled | (129.57) | (101.03) | (78.61) | (59.74) |
| Actuarial loss/(gain) | (238.15) | 25.66 | (118.02) | (99.43) |
| Foreign currency translation difference | 4.46 | (2.82) | (1.80) | (0.65) |
| **Balance at the end of the year** | **2,216.13** | **2,147.71** | **1,166.10** | **973.33** |

(₹ in million, unless otherwise stated)

| | Gratuity | | Compensated Absences | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| **Changes in fair value of plan assets are as follows:** | | | | |
| Plan assets at the beginning of the year, at fair value | 672.89 | 418.43 | - | - |
| Expected income on plan assets | 49.81 | 36.31 | - | - |
| Actuarial gain/(loss) | 28.35 | (2.51) | - | - |
| Contributions by employer | 300.00 | 250.00 | - | - |
| Benefits settled | (8.04) | (29.34) | - | - |
| **Plan assets at the end of the year, at fair value** | **1,043.01** | **672.89** | **-** | **-** |

The Holding Company has taken an insurance policy against its liability towards gratuity, the same has been disclosed as plan assets above.

(₹ in million, unless otherwise stated)

| | Gratuity | | Compensated Absences | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| **Reconciliation of present value of the obligation and the fair value of the plan assets:** | | | | |
| Present value of obligation | 2,216.13 | 2,147.71 | 1,166.10 | 973.33 |
| Fair value of plan assets | (1,043.01) | (672.89) | - | - |
| **Net liability recognised in the consolidated balance sheet** | **1,173.12** | **1,474.82** | **1,166.10** | **973.33** |

(₹ in million, unless otherwise stated)

| | Gratuity | | Compensated Absences | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| **Amount recognised in consolidated statement of profit and loss:** | | | | |
| Current service cost | 278.76 | 235.94 | 229.96 | 168.68 |
| Interest cost | 152.92 | 137.42 | 70.63 | 65.54 |
| Expected return on plan assets | (49.81) | (36.31) | - | - |
| Actuarial gain | - | - | (118.02) | (99.43) |
| **Net cost recognised** | **381.87** | **337.05** | **182.57** | **134.79** |

(₹ in million, unless otherwise stated)

| | Gratuity | | Compensated Absences | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| **Amount recognised in Other Comprehensive Income:** | | | | |
| Actuarial changes arising from changes in financial assumptions | (229.31) | 21.67 | - | - |
| Actuarial changes arising from changes in demographic assumptions | (5.02) | - | - | - |
| Experience adjustments | (26.09) | 3.98 | - | - |
| Return on plan assets | (28.35) | 2.51 | - | - |
| **Amount recognised loss/(gain)** | **(288.77)** | **28.16** | **-** | **-** |

(₹ in million, unless otherwise stated)

| | Gratuity | | Compensated Absences | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| **Assumptions used:** | | | | |
| Mortality | IALM 2012-2014 and A 1967/70 mortality table (issued by Institute of Actuaries, London) | IALM 2012-2014 and A 1967/70 mortality table (issued by Institute of Actuaries, London) | IALM 2012-2014 | IALM 2012-2014 |
| Discount rate | 6.95% - 11.50% | 7.23%-13.50% | 6.95%-8.00% | 7.23%-8.50% |
| Rate of return on plan assets | 7.33% - 7.67% | 6.79%-7.65% | 0.00% | 0.00% |
| Withdrawal rate | 1%-12% | 3%-12% | 1%-12% | 3%-12% |
| Salary increase | 6% -10% | 6% -12% | 6%-11% | 6%-12% |
| Rate of leave availment | - | - | 3.50%-20% | 3.50%-20% |
| Retirement age (Years) | 58-70 years | 58-70 years | 58-70 years | 58-70 years |

These assumptions were developed by management of the respective company/entity with the assistance of independent actuaries wherever applicable. Discount factors are determined close to each year-end by reference to market yields of high quality corporate bonds that are denominated in the respective currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligations. Other assumptions are based on current actuarial benchmarks and respective management's historical experience.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

The defined benefit obligation and plan assets are composed by geographical locations as follows:

(₹ in million, unless otherwise stated)

| 31 December 2024 | India | Outside India | Total |
|---|---|---|---|
| Defined benefit obligation | 2,141.35 | 74.78 | 2,216.13 |
| Fair value of plan assets | 1,043.01 | - | 1,043.01 |

(₹ in million, unless otherwise stated)

| 31 December 2023 | India | Outside India | Total |
|---|---|---|---|
| Defined benefit obligation | 2,097.23 | 50.48 | 2,147.71 |
| Fair value of plan assets | 672.89 | - | 672.89 |

**A quantitative sensitivity analysis for significant assumption is as shown below:**

(₹ in million, unless otherwise stated)

| | Sensitivity level | | Gratuity | | Compensated Absences | |
|---|---|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| Discount rate | +1% | +1% | (137.23) | (129.68) | (33.42) | (29.68) |
| | -1% | -1% | 123.68 | 145.63 | 31.70 | 31.60 |
| Salary increase | +1% | +1% | 121.55 | 138.06 | 31.11 | 29.98 |
| | -1% | -1% | (132.14) | (125.76) | (32.20) | (28.73) |
| Withdrawal rate | +1% | +1% | (21.13) | (30.37) | (9.65) | (9.80) |
| | -1% | -1% | 19.23 | 33.59 | 9.19 | 10.33 |

The sensitivity analysis above has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

| Risk associated: | |
|---|---|
| Investment risk | The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit. |
| Interest risk (discount rate risk) | A decrease in the bond interest rate (discount rate) will increase the plan liability. |
| Mortality risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2012-2014) (31 December 2023: (2012-14) ultimate table). A change in mortality rate will have a bearing on the plan's liability. |
| Salary risk | The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability. |

**Effect of the defined benefit plan on the Holding Company's future cash flows:**

**Funding arrangements and funding policy:**

The Holding Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance Holding Company carries out a funding valuation based on the latest employee data provided by the Holding Company. Any deficit in the assets arising as a result of such valuation is funded by the Holding Company.

**Expected contribution during the next annual reporting period:**

The Holding Company's best estimate of contribution during the next financial year approximates to ₹ 1,310.68 million (31 December 2023: ₹ 1,637.97 million).

**The following are maturity profile of Defined Benefit Obligations in future years (before adjusting fair value of plan assets):**

(₹ in million, unless otherwise stated)

| | Gratuity | | Compensated Absences | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| i) Weighted average duration of the defined benefit obligation | 6-6.2 years | 6-10 years | 3-5 years | 3-5 years |
| ii) Expected cash flows over the years (valued on undiscounted basis): | | | | |
| Duration (years) | | | | |
| 1 | 366.32 | 328.23 | 357.96 | 315.81 |
| 2 to 5 | 1,065.09 | 961.20 | 682.20 | 627.31 |
| Above 5 | 2,134.70 | 2,433.78 | 307.83 | 312.80 |
| | **3,566.11** | **3,723.21** | **1,347.99** | **1,255.92** |

**Defined contribution plan:**

Contribution to defined contribution plans, recognised as expense for the year is as under:

Employer's contribution to provident and other funds ₹ 816.67 million (31 December 2023 ₹ 679.36 million) (Refer note 33)

## 41. Earnings per share (EPS)

(₹ in million, unless otherwise stated)

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Profit attributable to the equity shareholders | 25,946.33 | 20,559.22 |
| Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (nos.)* | 3,264,147,731 | 3,247,850,643 |
| Add: Weighted average number of potential equity shares on account of employee stock options* | 1,610,654 | 1,397,832 |
| Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (nos.)* | 3,265,758,385 | 3,249,248,475 |
| Nominal value per equity shares (₹)* | 2.00 | 2.00 |
| Basic earnings per share (₹) | 7.95 | 6.33 |
| Diluted earnings per share (₹) | 7.94 | 6.33 |

*Previous year numbers are adjusted for shares splits during the current year (refer note 19(g)).

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 42. Dividend

(₹ in million)

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **Dividend on equity shares declared and paid during the year:** | | |
| Final dividend | 1,624.24 | 649.55 |
| Interim dividend | 1,624.31 | 1,623.93 |

## 43. Contingent liabilities

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Claims against the Group not acknowledged as debts (being contested): | | |
| i. Goods and Service Tax | 308.74 | 140.90 |
| ii. For excise and service tax | 67.88 | 103.35 |
| iii. For customs | 207.81 | 90.75 |
| iv. For sales tax (VAT)/entry tax | 1,005.20 | 778.65 |
| v. For income tax | 771.29 | 378.35 |
| vi. For mandi tax and others* | 205.02 | 388.60 |

*excludes pending matters where amount of liability is not ascertainable.

## 44. Commitments

(₹ in million, unless otherwise stated)

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| a. Guarantee issued to third party by subsidiaries for business purposes | 458.48 | 373.39 |
| b. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 4,862.11 (31 December 2023 ₹ 5,194.24))* | 26,908.22 | 30,726.98 |

*Inclusive of commitment as mentioned in note no. 50 (iv) and (v).

**45.** Pursuant to transfer pricing legislations under the Income-tax Act, 1961, the Holding Company is required to use specified methods for computing arm's length price in relation to specified international and domestic transactions with its associated enterprises. Further, the Holding Company is required to maintain prescribed information and documents in relation to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Holding Company is in the process of updating its transfer pricing documentation for the current financial year. Based on the preliminary assessment, the management is of the view that the update would not have a material impact on the tax expense recorded in these consolidated financial statements. Accordingly, these consolidated financial statements do not include any adjustments for the transfer pricing implications, if any.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 46. Related party disclosures (as per Ind AS-24)

**Following are the related parties and transactions entered with related parties for the relevant financial year:**

**(i) List of related parties and relationships:-**

**I. Key managerial personnel (KMPs)**

| | |
|---|---|
| Mr. Ravi Kant Jaipuria | Non-executive chairman |
| Mr. Varun Jaipuria | Executive vice-chairman and Whole time Director |
| Mr. Raj Pal Gandhi | Whole Time Director |
| Mr. Rajinder Jeet Singh Bagga | Whole Time Director |
| Mrs. Sita Khosla | Non-executive independent director |
| Dr. Ravi Gupta | Non-executive independent director |
| Mrs. Rashmi Dhariwal | Non-executive independent director |
| Mr. Abhiram Seth | Non-executive independent director (w.e.f 02 May 2023) |
| Mr. Anil Kumar Sondhi | Non-executive independent director (w.e.f 02 May 2023) |
| Mr. Pradeep Khushalchand Sardana | Non-executive independent director (till 27 March 2023) |
| Dr. Naresh Kumar Trehan | Non-executive Non-independent director (w.e.f 21 April 2024) |
| Mr. Ravi Batra | Company secretary |
| Mr. Mahavir Prasad Garg | Company secretary of the parent, namely RJ Corp Limited |
| Mr. Lalit Malik | Chief Financial Officer (till 13 May 2024) |
| Mr. Rajesh Chawla | Chief Financial Officer (w.e.f 14 May 2024) |

**II. Parent and ultimate parent**

| | |
|---|---|
| RJ Corp Limited | Parent |

**III. Fellow subsidiaries and entities controlled by parent and ultimate parent***

Devyani International Limited
Devyani Food Industries Limited
Varun Food and Beverages Zambia Limited
Varun Developers Private Limited
Wellness Holdings Limited
SVS India Private Limited
Ole Marketing (Private) Limited
Devyani Food Industries (Kenya) Limited
Devyani Airport Services (Mumbai) Private Limited#
Devyani International Nepal Private Limited
Cryoviva Biotech Private Limited

**IV. Joint venture and associate***

| | |
|---|---|
| IDVB Recycling Operations Private Limited | Joint Venture |
| Clean Max Tav Private Limited | Associate |
| Huoban Energy 7 Private Limited | Associate (w.e.f 09 May 2023) |

**V. Relatives of KMPs***

Mrs. Dhara Jaipuria
Mrs. Devyani Jaipuria
Mr. Ravindra Dhariwal

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

**VI. Entities in which a director or his/her relative is a member/director/trustee***

SMV Beverages Private Limited
Alisha Torrent Closures (India) Private Limited
Lineage Healthcare Limited
Jai Beverages Private Limited
RJ Foundation
Global Health Limited

**VII. Entities which are post employment benefits plans**

VBL Employees' Gratuity Trust

*With whom the Group had transactions during the current year and previous year.

#Amalgamated with Devyani International Limited w.e.f. 01 April 2022 vide Hon'ble National Company Law Tribunal order dated 13 July 2023.

**(ii) Terms and conditions of transactions with related parties**

The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**(iii) Transactions with KMPs (Refer note 46A)**

**(iv) Transactions with related parties (Refer note 46B)**

## 46A. Transactions with KMPs

(₹ in million)

| | | For year ended 2024 | For year ended 2023 |
|---|---|---|---|
| I. | **Remuneration paid** | | |
| | Mr. Ravi Kant Jaipuria | 204.99 | 151.72 |
| | Mr. Varun Jaipuria | 72.02 | 54.02 |
| | Mr. Raj Pal Gandhi | 67.18 | 62.45 |
| | Mr. Ravi Batra | 16.18 | 14.85 |
| | Mr. Rajinder Jeet Singh Bagga | 61.56 | 57.66 |
| | Mr. Rajesh Chawla | 7.41 | 6.35 |
| | Mr. Mahavir Prasad Garg | 3.59 | 2.99 |
| | Mr. Lalit Malik | 38.17 | 20.63 |
| | | | |
| II. | **Director sitting fees paid** | | |
| | Mr. Pradeep Khushalchand Sardana | - | 0.10 |
| | Mrs. Sita Khosla | 1.70 | 1.00 |
| | Dr. Ravi Gupta | 2.20 | 1.40 |
| | Mrs. Rashmi Dhariwal | 2.90 | 1.80 |
| | Mr. Abhiram Seth | 0.60 | 0.40 |
| | Mr. Anil Kumar Sondhi | 0.80 | 0.40 |
| | | | |
| III. | **Dividend paid** | | |
| | Mr. Varun Jaipuria | 520.86 | 364.60 |
| | Mr. Raj Pal Gandhi | 6.59 | 4.66 |
| | Mr. Ravi Batra | 0.02 | - |
| | Mr. Rajesh Chawla | 0.01 | - |
| | Mr. Ravi Kant Jaipuria | 565.90 | 403.11 |
| | Mr. Rajinder Jeet Singh Bagga | 1.46 | 1.02 |
| | Mr. Abhiram Seth | 0.00 | - |
| | Mr. Pradeep Khushalchand Sardana | - | 0.00 |
| | | | |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

(₹ in million)

| | | For year ended 2024 | For year ended 2023 |
|---|---|---|---|
| **IV.** | **Defined benefit obligation (Cumulative) for KMP** | | |
| **i.** | **Gratuity** | | |
| | Mr. Varun Jaipuria | 69.55 | 56.52 |
| | Mr. Raj Pal Gandhi | 54.84 | 53.21 |
| | Mr. Ravi Batra | 3.87 | 3.41 |
| | Mr. Mahavir Prasad Garg | 1.21 | 0.97 |
| | Mr. Rajinder Jeet Singh Bagga | 49.13 | 45.13 |
| | Mr. Rajesh Chawla | 1.30 | - |
| | Mr. Lalit Malik | - | 0.01 |
| | | | |
| **ii.** | **Compensated absences** | | |
| | Mr. Varun Jaipuria | 26.47 | 21.01 |
| | Mr. Raj Pal Gandhi | 15.05 | 15.19 |
| | Mr. Ravi Batra | 2.34 | 2.29 |
| | Mr. Mahavir Prasad Garg | 0.68 | 0.68 |
| | Mr. Rajinder Jeet Singh Bagga | 13.59 | 12.93 |
| | Mr. Rajesh Chawla | 1.51 | - |
| | Mr. Lalit Malik | - | 0.79 |
| | | | |
| **V.** | **Advance given** | | |
| | Mr. Lalit Malik | - | 38.50 |
| | Mr. Mahavir Prasad Garg | 0.85 | - |
| | Mr. Ravi Batra | 4.40 | - |
| | | | |
| **VI.** | **Balances (payable)/receivable outstanding at the end of the year, net** | | |
| | Mr. Varun Jaipuria | (3.70) | (2.78) |
| | Mr. Raj Pal Gandhi | (2.20) | (1.96) |
| | Mr. Rajinder Jeet Singh Bagga | (2.49) | (2.22) |
| | Mr. Rajesh Chawla | (0.54) | (0.49) |
| | Mr. Ravi Batra | (0.80) | (0.73) |
| | Mr. Mahavir Prasad Garg | 0.52 | 0.46 |
| | Mr. Lalit Malik | - | 37.02 |
| | Dr. Ravi Gupta | - | (0.09) |
| | Mrs. Rashmi Dhariwal | - | (0.09) |
| | Mr. Abhiram Seth | - | (0.09) |
| | Mr. Anil Kumar Sondhi | - | (0.09) |
| | Mrs. Sita Khosla | - | (0.09) |

Amounts below the rounding off norms adopted by the Group are presented as "0.00".

**Note:**

(i) Stock options have been granted to KMPs of the Group. The number of stock options granted to such KMPs outstanding as at 31 December 2024: 35,000 (31 December 2023 : 145,000). However as the liability has not been determined for individual employees, the charge thereof for the individual employees is not disclosed above.

Previous year numbers are adjusted for shares splits during the current year (refer note 19(g)).

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 46B. Transactions with related parties

(₹ in million)

| Description | Parent and ultimate parent | | Fellow subsidiaries and entities controlled by parent and ultimate parent | | Joint Venture and Associate (or an associate of any member of the company) | | Relatives of KMPs | | Entities in which a director or his/her relative is a member/ director/trustee | | Entities which are post employment benefits plans | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| **Sale of goods** | | | | | | | | | | | | | | |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | 119.19 | 105.41 | - | - | **119.19** | **105.41** |
| - Alisha Torrent Closures (India) Private Limited | - | - | - | - | - | - | - | - | 11.45 | 11.35 | - | - | **11.45** | **11.35** |
| - Devyani Food Industries (Kenya) Limited | - | - | 3.95 | 32.38 | - | - | - | - | - | - | - | - | **3.95** | **32.38** |
| - Jai Beverages Private Limited | - | - | - | - | - | - | - | - | 115.85 | 170.49 | - | - | **115.85** | **170.49** |
| - Devyani International Limited | - | - | 38.37 | 59.15 | - | - | - | - | - | - | - | - | **38.37** | **59.15** |
| - Devyani Food Industries Limited | - | - | 32.57 | 30.19 | - | - | - | - | - | - | - | - | **32.57** | **30.19** |
| - Lineage Healthcare Limited | - | - | - | - | - | - | - | - | 0.10 | 0.11 | - | - | **0.10** | **0.11** |
| - Devyani Airport Services (Mumbai) Private Limited | - | - | - | 2.02 | - | - | - | - | - | - | - | - | **-** | **2.02** |
| - Devyani International Nepal Private Limited | - | - | 13.03 | - | - | - | - | - | - | - | - | - | **13.03** | **-** |
| - RJ Foundation | - | - | - | - | - | - | - | - | 0.00 | - | - | - | **0.00** | **-** |
| | | | | | | | | | | | | | | |
| **Sale of raw materials and stores** | | | | | | | | | | | | | | |
| - Devyani Food Industries (Kenya) Limited | - | - | - | 8.50 | - | - | - | - | - | - | - | - | **-** | **8.50** |
| - Jai Beverages Private Limited | - | - | - | - | - | - | - | - | 164.40 | - | - | - | **164.40** | **-** |
| - Devyani Food Industries Limited | - | - | 34.10 | 45.91 | - | - | - | - | - | - | - | - | **34.10** | **45.91** |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | 99.45 | 172.40 | - | - | **99.45** | **172.40** |
| | | | | | | | | | | | | | | |
| **Purchase of goods** | | | | | | | | | | | | | | |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | 449.81 | 575.53 | - | - | **449.81** | **575.53** |
| - Devyani Food Industries Limited | - | - | 291.16 | 384.89 | - | - | - | - | - | - | - | - | **291.16** | **384.89** |
| | | | | | | | | | | | | | | |
| **Purchase of raw materials and stores** | | | | | | | | | | | | | | |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | 5.32 | 16.65 | - | - | **5.32** | **16.65** |
| - Devyani Food Industries Limited | - | - | 5.61 | 60.45 | - | - | - | - | - | - | - | - | **5.61** | **60.45** |
| - Alisha Torrent Closures (India) Private Limited | - | - | - | - | - | - | - | - | 2.19 | - | - | - | **2.19** | **-** |

(₹ in million)

| Description | Parent and ultimate parent | | Fellow subsidiaries and entities controlled by parent and ultimate parent | | Joint Venture and Associate (or an associate of any member of the company) | | Relatives of KMPs | | Entities in which a director or his/her relative is a member/ director/trustee | | Entities which are post employment benefits plans | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| **Loan given** | | | | | | | | | | | | | | |
| - IDVB Recycling Operations Private Limited | - | - | - | - | - | 10.00 | - | - | - | - | - | - | **-** | **10.00** |
| - Varun Developers Private Limited | - | - | - | 407.08 | - | - | - | - | - | - | - | - | **-** | **407.08** |
| | | | | | | | | | | | | | | |
| **Loan taken** | | | | | | | | | | | | | | |
| -Varun Developers Private Limited | - | - | - | 407.08 | - | - | - | - | - | - | - | - | **-** | **407.08** |
| | | | | | | | | | | | | | | |
| **Conversion of loan into investment** | | | | | | | | | | | | | | |
| - IDVB Recycling Operations Private Limited | - | - | - | - | - | 10.00 | - | - | - | - | - | - | **-** | **10.00** |
| | | | | | | | | | | | | | | |
| **Interest received/(paid)** | | | | | | | | | | | | | | |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | (4.00) | (7.00) | - | - | **(4.00)** | **(7.00)** |
| - IDVB Recycling Operations Private Limited | - | - | - | - | - | 0.68 | - | - | - | - | - | - | **-** | **0.68** |
| | | | | | | | | | | | | | | |
| **Contribution to corporate social responsibility activities** | | | | | | | | | | | | | | |
| - RJ Foundation | - | - | - | - | - | - | - | - | 308.11 | 158.50 | - | - | **308.11** | **158.50** |
| | | | | | | | | | | | | | | |
| **Equity investment** | | | | | | | | | | | | | | |
| - IDVB Recycling Operations Private Limited | - | - | - | - | 369.93 | 120.00 | - | - | - | - | - | - | **369.93** | **120.00** |
| - Clean Max Tav Private Limited | - | - | - | - | - | 32.82 | - | - | - | - | - | - | **-** | **32.82** |
| - Huoban Energy 7 Private Limited | - | - | - | - | - | 21.24 | - | - | - | - | - | - | **-** | **21.24** |
| | | | | | | | | | | | | | | |
| **Professional charges/Salary paid** | | | | | | | | | | | | | | |
| - Mr. Ravindra Dhariwal | - | - | - | - | - | - | - | 1.25 | - | - | - | - | **-** | **1.25** |
| | | | | | | | | | | | | | | |
| **Travelling expenses** | | | | | | | | | | | | | | |
| - Wellness Holdings Limited | - | - | - | 102.02 | - | - | - | - | - | - | - | - | **-** | **102.02** |
| | | | | | | | | | | | | | | |
| **Contribution to gratuity trust** | | | | | | | | | | | | | | |
| - VBL Employees' Gratuity Trust | - | - | - | - | - | - | - | - | - | - | 300.00 | 250.00 | **300.00** | **250.00** |

## Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

(₹ in million)

| Description | Parent and ultimate parent | | Fellow subsidiaries and entities controlled by parent and ultimate parent | | Joint Venture and Associate (or an associate of any member of the company) | | Relatives of KMPs | | Entities in which a director or his/her relative is a member/ director/trustee | | Entities which are post employment benefits plans | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| **Dividend paid** | | | | | | | | | | | | | | |
| - RJ Corp Limited | 871.63 | 615.09 | - | - | - | - | - | - | - | - | - | - | **871.63** | **615.09** |
| - Mrs. Dhara Jaipuria | - | - | - | - | - | - | 0.03 | 0.02 | - | - | - | - | **0.03** | **0.02** |
| - Mrs. Devyani Jaipuria | - | - | - | - | - | - | 78.78 | 55.15 | - | - | - | - | **78.78** | **55.15** |
| | | | | | | | | | | | | | | |
| **(Recovery of Expenses incurred by the Company on behalf of others)/expenses incurred by others on behalf of the Company** | | | | | | | | | | | | | | |
| - Devyani International Limited | - | - | 5.58 | 3.37 | - | - | - | - | - | - | - | - | **5.58** | **3.37** |
| - RJ Corp Limited | (1.73) | (2.43) | - | - | - | - | - | - | - | - | - | - | **(1.73)** | **(2.43)** |
| - Devyani Food Industries (Kenya) Limited | - | - | - | (0.61) | - | - | - | - | - | - | - | - | **-** | **(0.61)** |
| - Devyani Food Industries Limited | - | - | (24.70) | (21.36) | - | - | - | - | - | - | - | - | **(24.70)** | **(21.36)** |
| | | | | | | | | | | | | | | |
| **Licence fee paid** | | | | | | | | | | | | | | |
| - Devyani Food Industries Limited | - | - | 1.50 | 0.90 | - | - | - | - | - | - | - | - | **1.50** | **0.90** |
| | | | | | | | | | | | | | | |
| **Purchase of property, plant and equipment** | | | | | | | | | | | | | | |
| - Devyani Food Industries (Kenya) Limited | - | - | 1.86 | - | - | - | - | - | - | - | - | - | **1.86** | **-** |
| | | | | | | | | | | | | | | |
| **Rent/ lease charges paid/ (received)** | | | | | | | | | | | | | | |
| - RJ Corp Limited | 112.80 | 112.80 | - | - | - | - | - | - | - | - | - | - | **112.80** | **112.80** |
| - Devyani Food Industries Limited | - | - | (8.82) | (8.82) | - | - | - | - | - | - | - | - | **(8.82)** | **(8.82)** |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | 27.00 | 27.00 | - | - | **27.00** | **27.00** |
| - SVS India Private Limited | - | - | 3.24 | 2.97 | - | - | - | - | - | - | - | - | **3.24** | **2.97** |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

(₹ in million)

| Description | Parent and ultimate parent | | Fellow subsidiaries and entities controlled by parent and ultimate parent | | Joint Venture and Associate (or an associate of any member of the company) | | Relatives of KMPs | | Entities in which a director or his/her relative is a member/ director/trustee | | Entities which are post employment benefits plans | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| **IT infrastructure support fee** | | | | | | | | | | | | | | |
| - Devyani Food Industries Limited | - | - | 16.22 | 11.96 | - | - | - | - | - | - | - | - | **16.22** | **11.96** |
| - RJ Corp Limited | 1.75 | 0.84 | - | - | - | - | - | - | - | - | - | - | **1.75** | **0.84** |
| - Devyani Food Industries (Kenya) Limited | - | - | 2.81 | 2.06 | - | - | - | - | - | - | - | - | **2.81** | **2.06** |
| - Devyani International Limited | - | - | 10.13 | 4.41 | - | - | - | - | - | - | - | - | **10.13** | **4.41** |
| - Cryoviva Biotech Private Limited | - | - | 3.94 | 3.16 | - | - | - | - | - | - | - | - | **3.94** | **3.16** |
| - Lineage Healthcare Limited | - | - | - | - | - | - | - | - | 0.49 | 0.57 | - | - | **0.49** | **0.57** |
| | | | | | | | | | | | | | | |
| **Capital commitments** | | | | | | | | | | | | | | |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | 156.60 | 201.60 | - | - | **156.60** | **201.60** |
| | | | | | | | | | | | | | | |
| **Medical Expenditure paid** | | | | | | | | | | | | | | |
| - Global Health Limited | - | - | - | - | - | - | - | - | 0.15 | 0.11 | - | - | **0.15** | **0.11** |
| | | | | | | | | | | | | | | |
| **Utility charges** | | | | | | | | | | | | | | |
| - Clean Max Tav Private Limited | - | - | - | - | 67.40 | 28.24 | - | - | - | - | - | - | **67.40** | **28.24** |
| - Huoban Energy 7 Private Limited | - | - | - | - | 39.58 | 13.34 | - | - | - | - | - | - | **39.58** | **13.34** |
| | | | | | | | | | | | | | | |
| **Advance paid for acquisition of assets** | | | | | | | | | | | | | | |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | 45.00 | - | - | - | **45.00** | **-** |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

(₹ in million)

| Description | Parent and ultimate parent | | Fellow subsidiaries and entities controlled by parent and ultimate parent | | Joint Venture and Associate (or an associate of any member of the company) | | Relatives of KMPs | | Entities in which a director or his/her relative is a member/ director/trustee | | Entities which are post employment benefits plans | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| **Balances outstanding at the end of the year, (net)** | | | | | | | | | | | | | | |
| A. Receivable/(payable), net | | | | | | | | | | | | | | |
| - Devyani International Limited | - | - | 22.35 | 11.90 | - | - | - | - | - | - | - | - | **22.35** | **11.90** |
| - RJ Corp Limited | 67.19 | 36.24 | - | - | - | - | - | - | - | - | - | - | **67.19** | **36.24** |
| - Devyani International Nepal Private Limited | - | - | 0.92 | 0.49 | - | - | - | - | - | - | - | - | **0.92** | **0.49** |
| - Lineage Healthcare Limited | - | - | - | - | - | - | - | - | 0.59 | 0.39 | - | - | **0.59** | **0.39** |
| - Ole Marketing (Private) Limited | - | - | 28.09 | 24.68 | - | - | - | - | - | - | - | - | **28.09** | **24.68** |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | 129.42 | 100.23 | - | - | **129.42** | **100.23** |
| - Devyani Food Industries (Kenya) Limited | - | - | 3.66 | 24.94 | - | - | - | - | - | - | - | - | **3.66** | **24.94** |
| - Alisha Torrent Closures (India) Private Limited | - | - | - | - | - | - | - | - | 4.29 | 0.00 | - | - | **4.29** | **0.00** |
| - Jai Beverages Private Limited | - | - | - | - | - | - | - | - | (0.13) | 1.05 | - | - | **(0.13)** | **1.05** |
| - Devyani Food Industries Limited | - | - | 12.07 | 4.95 | - | - | - | - | - | - | - | - | **12.07** | **4.95** |
| - Varun Food and Beverages Zambia Limited | - | - | (45.84) | (48.85) | - | - | - | - | - | - | - | - | **(45.84)** | **(48.85)** |
| - SVS India Private Limited | - | - | - | (0.58) | - | - | - | - | - | - | - | - | **-** | **(0.58)** |
| - Cryoviva Biotech Private Limited | - | - | 5.88 | 4.78 | - | - | - | - | - | - | - | - | **5.88** | **4.78** |
| - IDVB Recycling Operations Private Limited | - | - | - | - | - | (0.00) | - | - | - | - | - | - | **-** | **(0.00)** |
| - RJ Foundation | - | - | - | - | 0.01 | - | - | - | - | - | - | - | **0.01** | **-** |
| - Clean Max Tav Private Limited | - | - | - | - | (0.00) | (1.88) | - | - | - | - | - | - | **(0.00)** | **(1.88)** |
| - Huoban Energy 7 Private Limited | - | - | - | - | (2.27) | (1.70) | - | - | - | - | - | - | **(2.27)** | **(1.70)** |

Amounts below the rounding off norms adopted by the Group are presented as “0.00”.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 47. Disclosure on lease transactions pursuant to Ind AS 116 - Leases

The Group lease asset class primarily consists of leases for land, buildings, plant and equipments and vehicles. With the exception of short-term leases, leases of low-value and cancellable long-term leases underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liability.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the weighted average borrowing rate on the date of adoption ranging between 5.44% - 13.56% (31 December 2023: 5.44% - 13.56%).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right of use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets other than leasehold lands as security against the Group's other debts and liabilities.

i. Lease liabilities are presented in the balance sheet as under:

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Current maturities of lease liabilities (Refer note 21D) | 1,049.03 | 390.38 |
| Non-current lease liabilities (Refer note 21B) | 3,570.86 | 1,978.85 |
| **Total** | **4,619.89** | **2,369.23** |

ii. The recognised right of use assets relate to land, buildings and plant and equipments as at 31 December 2024 and 31 December 2023:

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Right of use assets - land, buildings and plant and equipments | | |
| Balance at the beginning of the year | 10,347.07 | 9,155.01 |
| Acquired on business combination (Refer note 50(i)) | 1,567.24 | - |
| Additions for the year | 2,497.75 | 1,623.33 |
| Derecognition for the year | - | (2.43) |
| Rebate/grant related to asset received | - | (16.61) |
| Amortisation charge for the year | (818.53) | (359.51) |
| Foreign currency translation difference | 37.69 | (52.72) |
| **Balance at the end of the year** | **13,631.22** | **10,347.07** |

iii. The following are amounts recognised in Consolidated Statement of Profit and Loss:

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Amortisation charge on right of use assets | 818.53 | 359.51 |
| Interest expense on lease liabilities* | 402.65 | 179.04 |
| **Total** | **1,221.18** | **538.55** |

iv. Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less), non-cancellable long-term leases and for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 1,616.21 (31 December 2023: ₹ 1,099.22 million).

v. Refer Consolidated Cash Flow Statement for total cash outflow for leases.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

vi. Maturity of lease liabilities

Future minimum lease payments for year ended 31 December 2024 were as follows:

(₹ in million)

| | Lease payments | Interest expense | Net Present value* |
|---|---|---|---|
| Not later than 1 year | 1,478.96 | 429.93 | 1,049.03 |
| Later than 1 year not later than 5 years | 3,367.35 | 1,123.85 | 2,243.50 |
| Later than 5 years | 2,984.76 | 1,657.40 | 1,327.36 |
| **Total** | **7,831.07** | **3,211.18** | **4,619.89** |

Future minimum lease payments for year ended 31 December 2023 were as follows:

(₹ in million)

| | Lease payments | Interest expense | Net Present value* |
|---|---|---|---|
| Not later than 1 year | 554.90 | 169.21 | 390.38 |
| Later than 1 year not later than 5 years | 1,872.67 | 379.76 | 1,508.34 |
| Later than 5 years | 1,359.42 | 881.62 | 470.51 |
| **Total** | **3,786.99** | **1,430.59** | **2,369.23** |

* Includes exchange differences on translation of foreign operations of ₹ 12.83 million

## 48. Segment Reporting

The business activity of the Group predominantly fall within a single reportable business segment viz manufacturing and sale of beverages. There are no separate reportable business segments. As part of reporting for geographical segments, the Group operates in two principal geographical areas of the world, i.e., within India and other countries (outside India). The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Group is seasonal.

The following table presents segment non-current assets, revenue from external customers regarding geographical segments:

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **Non-current assets*** | | |
| - Within India | 106,527.75 | 89,820.78 |
| - Outside India | 44,274.15 | 18,861.25 |

* excluding Investment in associates & joint venture, non-current financial assets and deferred tax asset(net).

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **Revenue from operations** | | |
| - Within India | 141,755.87 | 125,763.47 |
| - Outside India | 63,057.41 | 37,447.16 |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 49. Dues to Micro and Small Enterprises

The dues to micro and small enterprises as required under the Micro, Small and Medium Enterprises Development Act ("MSMED"), 2006 to the extent information available with the Holding Company and its one Indian subsidiary is given below:

(₹ in million)

| Particulars | 31 December 2024 | 31 December 2023 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| Principal amount due to micro and small enterprises | 1,237.70 | 767.43 |
| Interest due | 6.56 | 4.83 |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year* | 949.98 | 522.67 |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006. | 14.82 | 8.67 |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | 48.59 | 27.21 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006 | 48.59 | 27.21 |

*includes principal amounting to ₹ 949.98 million (31 December 2023: ₹ 522.67 million).

The above amounts includes due to micro and small enterprises included within other financial liabilities.

## 50. Investments/Acquisitions of Subsidiary

**Investment/Acquisition of Subsidiary during the current year**

**i Business Combination- Bevco**

**(a) Summary of acquisition**

Pursuant to Share Purchase Agreement ("SPA") and Shareholders Agreement ("SHA") executed by Varun Beverages Limited ("VBL" or "the Company") with the existing Promoters and Shareholders of The Beverage Company Proprietary Limited along with its wholly owned subsidiaries (hereinafter referred as "Bevco"), the Group had acquired 95% equity shareholding of Bevco amounting to ₹ 4,037.26 million from its shareholders upon fulfilment of terms and conditions as per SPA and SHA and the said transaction had been completed on 26 March 2024. The remaining stake of 5% is held by ESOT (Trust). Consequent to the above transaction, Bevco had become a subsidiary of VBL w.e.f. 26 March 2024. Bevco is engaged in the business of manufacturing and distribution of licensed (PepsiCo Inc.) and own-branded non-alcoholic beverages in South Africa. Bevco has franchise bottling rights from PepsiCo Inc. for South Africa, Lesotho and Eswatini and distribution rights for Namibia, Botswana, Mozambique and Madagascar.

**(b) Accounting treatment**

Said transaction has been accounted for using the acquisition method prescribed under Ind AS 103 – 'Business Combinations', and accordingly, the identifiable assets (both tangible and intangible) acquired and liabilities assumed are recorded on acquisition date at their fair values as determined by an independent valuer. Excess of purchase consideration over the fair value of identified assets acquired, liabilities assumed and non-controlling interest in the acquiree has been recognised as Goodwill.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

**(c) The fair values of identifiable assets acquired and liabilities assumed on acquisition are as follows:**

(₹ in million)

| Particulars | | Amount |
|---|---|---|
| **A. Non-current assets** | | |
| Property, plant and equipment | 2,376.20 | |
| Capital work-in-progress | 466.37 | |
| Right of use assets | 1,567.24 | |
| Other Intangible assets | 5,719.68 | |
| Other non-current assets | 65.40 | 10,194.89 |
| **B. Non-current liabilities** | | |
| Financial liabilities | 3,263.57 | |
| Provisions | 16.83 | |
| Deferred tax liabilities | 314.33 | 3,594.73 |
| **C. Net working capital** | | **4,680.56** |
| **D. Deferred tax liability on fair valuation and newly identified assets** | | **359.23** |
| **Total liabilities (E=B+C+D)** | | **8,634.52** |
| **Total net assets (F=A-E)** | | **1,560.37** |
| Goodwill (G) | | 2,689.38 |
| **Total Equity Value H=(F+G)** | | **4,249.75** |
| Non-controlling stake on acquisition date (I) | | 212.49 |
| **Purchase consideration (H-I)** | | **4,037.26** |

The excess of the purchase price over the fair value of the acquired net assets was recorded as goodwill in consolidated financial statements.

**(d) Revenue and loss contribution**

i. From the date of acquisition, acquired business contributed revenue from operations and loss after tax of ₹ 15,763.29 million and ₹ 250.46 million respectively to the Group. If the acquisition had occured on 01 January 2024, revenue from operations for the Group would have been ₹ 209,536.36 million and since the details on loss after tax is not readily available, such information has not been disclosed.

There are no transaction costs incurred in relation to this aquisition.

The goodwill is attributable to the operational synergies and expansion on market share.

Further, through the acquisition the Group intends to expand in other geographical areas with franchise bottling rights from PepsiCo Inc. for South Africa, Lesotho and Eswatini and distribution rights for Namibia, Botswana, Mozambique and Madagascar which is part of its expansion strategy.

ii The Holding Company on 16 December 2024, has acquired 39.93% shareholding in Lunarmech Technologies Private Limited (LTPL) for a purchase consideration of ₹ 2,000 million. Post acquisition, LTPL has become wholly-owned subsidiary of the Holding Company w.e.f. 16 December 2024.

iii During the year ended 31 December 2024, the Holding Company on 22 May 2024 has incorporated a wholly owned subsidiary Varun Foods Zimbabwe (Private) Limited for a consideration of ₹ 0.84 million. Further, on 15 July 2024 Varun Foods Zimbabwe (Private) Limited and Varun Beverages (Zambia) Limited, subsidiaries of the Holding Company, had entered into exclusive agreements with Premier Nutrition Trading LLC, Dubai (subsidiary of PepsiCo Inc.) to manufacture, distribute and selling of snacks "Simba Munchiez" in the territory of Zimbabwe and Zambia. The expected date to start the commercial production is on or before, 01 October 2025 for Varun Foods Zimbabwe (Private) Limited and 01 April 2026 for Varun Beverages (Zambia) Limited.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

iv On 13 November 2024, the Holding Company has entered into a binding agreement to acquire 100% stake in the business conducted by SBC Beverages Tanzania Limited, Tanzania (SBCT), subject to approvals from PepsiCo Inc., Fair Competition Commission (FCC) Tanzania and other regulatory approvals (if any) for a proposed purchase consideration amounting to USD 154.50 million. The indicative time period for completion of the acquisition is on or before 31 March 2025. SBCT is engaged in the business of manufacturing and distribution of licensed (PepsiCo Inc.) branded non-alcoholic beverages in Tanzania. SBCT has five manufacturing facilities located at one each in Dar-es-Salaam, Mbeya, Arusha and two in Mwanza.

v On 13 November 2024, the Holding Company has entered into a binding agreement to acquire 100% stake in the business conducted by SBC Beverages Ghana Limited, Ghana (SBCG), subject to approvals from PepsiCo Inc. and other regulatory approvals (if any) for a proposed purchase consideration amounting to USD 15.06 million. The indicative time period for completion of the acquisition is on or before 28 February 2025. SBCG is engaged in the business of manufacturing and distribution of licensed (PepsiCo Inc.) branded non-alcoholic beverages in Ghana. SBCG has one manufacturing facility located at Accra, Ghana."

**Investment in Subsidiary during the previous year**

vi On 23 May 2023, the Holding Company incorporated a new wholly-owned subsidiary company i.e. Varun Beverages South Africa (Pty) Ltd in Johannesburg, South Africa by subscription of its 100% share capital for a consideration of ₹ 0.05 million to explore the business of manufacturing and distribution of beverages.

vii On 16 October 2023, the Holding Company had acquired 50,000 equity shares of Lunarmech Technologies Private Limited for a purchase consideration of ₹ 100 million. Post acquisition, the Holding Company is holding 60.07% of the effective equity share capital of Lunarmech Technologies Private Limited.

viii On 21 November 2023, incorporated a new subsidiary company i.e. VBL Mozambique,SA in Mozambique for selling and distribution of beverages. The Group has subscribed its 100% share capital for a consideration of ₹ 1.33 million on 31 January 2024.

ix The Holding Company had subscribed 370,370 equity shares of Varun Beverages (Nepal) Private Limited amounting to ₹ 625.00 million on 18 May 2023 and Varun Beverages (Nepal) Private Limited on 24 December 2023 allotted 551,130 equity shares as bonus shares of NPR 1,000 each to its existing shareholder.

**51.** The Holding Company follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

## 52. Share-based payments

**a. Description of share based payment arrangements**

**i) Share Options Schemes (equity settled)**

***Employees Stock Option Scheme 2016 ("ESOS 2016 or scheme")***

The ESOS 2016 was approved by the Board of Directors and the shareholders on 27 April 2016 and further ratified and amended by the shareholders in their meetings held on 17 April 2017 and 07 April 2022 respectively. Further, National Stock Exchange of India Limited and BSE Limited have accorded their in principle approvals for issue and allotment of upto 41,737,880 equity shares ("Ceiling Limit"). The scheme was formulated with the objective to enable the Holding Company to grant Options for equity shares of the Holding Company to certain eligible employees as defined in the Scheme at a pre-determined price.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

The Options were granted on the dates as mentioned in the table below:

**31 December 2024**

| Scheme | Grant Date | Number of Options Granted | Exercise Price | Vesting Conditions | Vesting Period | Contractual period |
|---|---|---|---|---|---|---|
| ESOS 2016 | 05-Feb-24 | 7,500 | 453.60 | Graded vesting over 4 years | 05 Feb 2025 to 01 Jan 2028 | 0-3.92 Years |
| ESOS 2016 | 13-May-24 | 30,000 | 563.20 | Graded vesting over 4 years | 13 May 2024 to 01 Jan 2028 | 0-3.67 Years |
| ESOS 2016 | 16-Sep-24 | 6,250 | 626.00 | Graded vesting over 4 years | 16 Sep 2024 to 01 Jan 2028 | 0-3.25 Years |
| ESOS 2016 | 27-Sep-24 | 20,000 | 626.00 | Graded vesting over 4 years | 27 Sep 2024 to 01 Jan 2028 | 0-3.25 Years |

**31 December 2023**

| Scheme | Grant Date | Number of Options Granted | Exercise Price | Vesting Conditions | Vesting Period | Contractual period |
|---|---|---|---|---|---|---|
| ESOS 2016 | 06-Feb-23 | 135,000 | 251.00 | Graded vesting over 4 years | 06 Feb 2023 to 01 Jan 2027 | 0-3.92 Years |
| ESOS 2016 | 02-May-23 | 30,000 | 257.20 | Graded vesting over 4 years | 02 May 2023 to 01 Jan 2027 | 0-3.67 Years |
| ESOS 2016 | 03-Aug-23 | 125,000 | 320.40 | Graded vesting over 4 years | 03 Aug 2023 to 01 Jan 2027 | 0-3.42 Years |
| ESOS 2016 | 06-Nov-23 | 65,000 | 359.60 | Graded vesting over 4 years | 06 Nov 2023 to 01 Jan 2027 | 0-3.17 Years |
| ESOS 2016 | 23-Nov-23 | 75,000 | 359.60 | Graded vesting over 4 years | 23 Nov 2023 to 01 Jan 2027 | 0-3.09 Years |

**b. Measurement of fair values**

The fair values are measured based on the Black-Scholes-Merton model. The fair value of the options and inputs used in the measurement of the grant date fair values of the equity-settled share based payments are as follows:

**31 December 2024**

| Particulars | Options granted on 05 February 2024 | Options granted on 13 May 2024 | Options granted on 16 September 2024 | Options granted on 27 September 2024 |
|---|---|---|---|---|
| Fair value per Option at grant date (in ₹) | 187.97 | 183.34 | 165.54 | 165.54 |
| Share price at grant date (in ₹) | 514.30 | 585.32 | 626.85 | 626.85 |
| Exercise price (in ₹) | 453.60 | 563.20 | 626.00 | 626.00 |
| Expected volatility | 34.20%-37.95% | 31.26%-36.48% | 30.39%-35.07% | 30.39%-35.07% |
| Expected life (in years) | 1.57-4.47 | 1.57-4.20 | 1.57-3.83 | 1.57-3.83 |
| Expected dividends | 0.27% | 0.17% | 0.40% | 0.40% |
| Risk-free interest rate | 6.67%-6.75% | 6.72%-6.76% | 6.33%-6.37% | 6.33%-6.37% |

**31 December 2023**

| Particulars | Options granted on 06 February 2023 | Options granted on 02 May 2023 | Options granted on 03 August 2023 | Options granted on 06 November 2023 | Options granted on 23 November 2023 |
|---|---|---|---|---|---|
| Fair value per Option at grant date (in ₹) | 68.80 | 105.55 | 97.43 | 116.17 | 139.01 |
| Share price at grant date (in ₹) | 230.98 | 289.04 | 323.24 | 380.74 | 412.54 |
| Exercise price (in ₹) | 251.00 | 257.20 | 320.40 | 359.60 | 359.60 |
| Expected volatility | 38.03%-40.07% | 37.33%-39.95% | 36.65%-39.12% | 35.77%-37.09% | 35.71%-36.46% |
| Expected life (in years) | 1.6-4.5 | 1.6-4.2 | 1.6-4.0 | 1.57-3.72 | 1.57-3.68 |
| Expected dividends | 0.22% | 0.24% | 0.43% | 0.37% | 0.34% |
| Risk-free interest rate | 6.57%-6.91% | 6.60%-6.69% | 6.67%-6.80% | 6.82%-6.96% | 6.75%-6.89% |

The risk-free interest rate (continuous compounding) being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the options on the date of grant of options based on the zero-coupon yield curve for Government Securities available as on Valuation date taken from www.ccilindia.com.

The measure of volatility used in the Option-Pricing Model is the annualised standard deviation of the continuous rates of return on the stock over a period of time.

**c. Effect of employee stock option schemes on the consolidated statement of profit and loss**

(₹ in million, unless otherwise stated)

| Particulars | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Employee stock option expense* | 162.43 | 78.61 |

*included in employee benefits expense (refer note 33)

**d. Reconciliation of outstanding share options**

The number and weighted-average exercise prices of share options under the share option scheme is as follows:

| | As at 31 December 2024 | | As at 31 December 2023 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price (₹) | Number of options | Weighted average exercise price (₹) |
| **Number of options granted, exercised and forfeited** | | | | |
| Options outstanding as at the beginning of the year | 3,083,035 | 159.82 | 3,054,875 | 159.82 |
| Add: Options granted during the year | 63,750 | 576.16 | 430,000 | 306.97 |
| Less: Options exercised during the year | 729,215 | 159.82 | 289,340 | 159.82 |
| Less: Options forfeited/lapsed during the year | 10,000 | 159.82 | 112,500 | 159.82 |
| Options outstanding as at the end of the year | 2,407,570 | 170.84 | 3,083,035 | 159.82 |
| Options exercisable at the end of the year | 563,877 | 159.82 | 180,750 | 159.82 |

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Weighted average remaining life of options outstanding at the end of year (in years) | 1.75 | 2.70 |

Also refer note 19(g) on sub-division/split of equity shares of the Holding Company during the year. The outstanding stock options (whether vested or unvested as on the Record Date) and exercise prices as above has been adjusted to ensure fair and reasonable adjustment to the entitlement of the Eligible Employees under the Schemes due to the sub-division/split of equity shares.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 53. Financial instruments risk

### Financials risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of financial risks are market risk, credit risk and liquidity risk.

The respective management of the Holding Company and other companies/entities comprising the Group monitors and manages the financial risks relating to the operations of the respective entity/Holding Company on a continuous basis. The Group's risk management is coordinated at head office, in close cooperation with the management of respective entity/Holding Company, and focuses on actively securing the short to medium-term cash flows and simultaneously minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

### 53.1 Market risk analysis

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and commodity price risk, which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The functional currency of the Holding Company is Indian Rupees ('INR' or '₹'). Most of the transactions of the Holding Company and other entities/companies are carried out in the respective local currency. Exposures to currency exchange rates mainly arise from the overseas operations and external commercial borrowings etc., which are primarily denominated in US Dollar ("USD"), Euro ("EUR"), Pound Sterling ("GBP"), Zuid-Afrikaanse Rand ("ZAR"), ZWG (Zimbabwe Gold) and Zimbabwe Dollar ("ZWL").

To mitigate its exposure to foreign currency risk, the Group continuously monitors non-INR cash flows and hedging contracts are entered into wherever considered necessary.

The carrying amounts of the Group's foreign currency denominated monetary items are restated at the end of each reporting period. Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are as follows:

(Amt. in million)

| | USD | GBP | EUR | ZWL | ZWG | ZAR |
|---|---|---|---|---|---|---|
| **31 December 2024** | | | | | | |
| **Financial assets** | | | | | | |
| (i) Trade receivables | 6.17 | - | - | - | 29.78 | 0.00 |
| (ii) Others | 4.18 | - | 0.41 | - | 0.00 | 0.01 |
| (iii) Cash and cash equivalents | 2.74 | - | 0.05 | - | 58.16 | 4.09 |
| (iv) Other bank balances | 0.57 | - | - | - | - | - |
| **Total financial assets** | **13.66** | **-** | **0.46** | **-** | **87.94** | **4.10** |
| Financial liabilities | | | | | | |
| (i) Borrowings | 42.28 | - | 1.12 | - | - | - |
| (ii) Trade payables | 21.59 | 0.00 | 0.89 | - | 10.28 | 0.42 |
| (iii) Other financial liabilities | 11.75 | 0.01 | 3.32 | - | - | - |
| **Total financial liabilities** | **75.62** | **0.01** | **5.33** | **-** | **10.28** | **0.42** |

(Amt. in million)

| | USD | GBP | EUR | ZWL | ZWG | ZAR |
|---|---|---|---|---|---|---|
| **31 December 2023** | | | | | | |
| **Financial assets** | | | | | | |
| (i) Trade receivables | 0.78 | - | - | 6,884.63 | - | 0.02 |
| (ii) Others | 6.43 | - | - | - | - | - |
| (iii) Cash and cash equivalents | 7.42 | - | - | 10,016.19 | - | 0.79 |
| (iv) Other bank balances | 0.01 | - | - | - | - | 0.00* |
| **Total financial assets** | **14.64** | - | - | 16,900.82 | - | **0.81** |
| Financial liabilities | | | | | | |
| (i) Borrowings | 7.89 | - | 2.76 | - | - | - |
| (ii) Trade payables | 15.98 | 0.00* | 1.88 | 2,570.26 | - | 4.27 |
| (iii) Other financial liabilities | 3.46 | - | 9.63 | 196.19 | - | - |
| **Total financial liabilities** | **27.33** | **0.00** | **14.27** | **2,766.45** | **-** | **4.27** |

*Rounded off to Nil.

There are no other exposure hedged against advance currency fluctuations.

The foreign currency sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities considering 'all other things being equal' and ignoring the impact of taxation. It assumes a +/- 1% change of the respective countries exchange rates (i.e. local currency to foreign currency) for the year ended at 31 December 2024 (31 December 2023: +/-1%). These are the sensitivity rates used when reporting foreign currency exposures internally to the key management personnel and represents respective management's assessment of the reasonably possible changes in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at end of each period reported upon. A positive number indicates an increase in profit or equity and vice-versa.

If the INR had strengthened against the USD by 1% (31 December 2023: 1%), GBP by 1% (31 December 2023: 1%), ZWL by 1% (31 December 2023: 1%) EUR by 1% (31 December 2023: 1%), ZWG by 1% (31 December 2023: 1%) and ZAR by 1% (31 December 2023: 1%), the following would have been the impact:

(₹ in million)

| Particulars | Profit/(Loss) for the year | | Equity | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| USD | 52.62 | 10.55 | 52.62 | 10.55 |
| GBP | 0.01 | 0.00 | 0.01 | 0.00 |
| EUR | 4.74 | 13.14 | 4.74 | 13.14 |
| ZWL | - | (32.43) | - | (32.43) |
| ZAR | (0.17) | 0.16 | (0.17) | 0.16 |
| ZWG | (2.58) | - | (2.58) | - |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

If the INR had weakened against the USD by 1% (31 December 2023: 1%), GBP by 1% (31 December 2023: 1%), ZWL by 1% (31 December 2023: 1%) EUR by 1% (31 December 2023: 1%), ZWG by 1% (31 December 2023: Nil) and ZAR by 1% (31 December 2023: 1%), the following would have been the impact:

(₹ in million)

| Particulars | Profit/(Loss) for the year | | Equity | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| USD | (52.62) | (10.55) | (52.62) | (10.55) |
| GBP | (0.01) | (0.00) | (0.01) | (0.00) |
| EUR | (4.74) | (13.14) | (4.74) | (13.14) |
| ZWL | - | 32.43 | - | 32.43 |
| ZAR | 0.17 | (0.16) | 0.17 | (0.16) |
| ZWG | 2.58 | - | 2.58 | - |

Amounts below the rounding off norms adopted by the Group are presented as "0.00".

Exposures to foreign exchange rates vary during the year depending on the volume of the overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Group is exposed to changes in market interest rates as some of the bank and other borrowings are at variable interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (31 December 2023: +/- 1%). These changes are considered to be reasonably possible based on management's assessment. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(₹ in million)

| Particulars | Profit/(Loss) for the year | | Equity | |
|---|---|---|---|---|
| | +1% | -1% | +1% | -1% |
| 31 December 2024 | (70.11) | 70.11 | (70.11) | 70.11 |
| 31 December 2023 | (396.00) | 396.00 | (396.00) | 396.00 |

**Commodity price risk**

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of sugar and pet chips and therefore require a continuous supply. In view of volatility of price of sugar and pet chips, the Group also executes into various advance purchase contracts.

**Commodity price sensitivity**

The following tables shows the effect of price change in sugar and pet chips

(₹ in million)

| Particulars | Change in yearly | Effect on profit /(Loss) | | Effect on equity | |
|---|---|---|---|---|---|
| **31 December 2024** | | | | | |
| Sugar | +/-1% | (195.15) | 195.15 | (195.15) | 195.15 |
| Pet chips | +/-1% | (192.37) | 192.37 | (192.37) | 192.37 |
| | | | | | |
| **31 December 2023** | | | | | |
| Sugar | +/-1% | (169.53) | 169.53 | (169.53) | 169.53 |
| Pet chips | +/-1% | (145.18) | 145.18 | (145.18) | 145.18 |

**Other price sensitivity**

The Group is not exposed to any listed equity or listed debt price risk as it does not hold any investments in listed entities.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

**53.2 Credit risk analysis**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is operating through a network of distributors and other distribution partners based at different locations. The Group is exposed to this risk for various financial instruments, for example loans granted, receivables from customers, deposits placed etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at end of each reporting period, as summarised below:

(₹ in million)

| Particulars | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Classes of financial assets-carrying amounts: | | |
| Investments (non-current) | 60.55 | 31.51 |
| Loans (non-current) | 218.87 | - |
| Others non-current financial assets | 987.26 | 622.67 |
| Trade receivables | 8,458.42 | 3,593.85 |
| Cash and cash equivalents | 22,662.83 | 2,422.12 |
| Bank balances (other than those classified as cash and cash equivalents above) | 1,837.71 | 2,176.50 |
| Others current financial assets | 8,356.16 | 7,388.23 |
| | **42,581.80** | **16,234.88** |

The Group continuously monitors receivables and defaults of customers and other counterparties, and incorporates this information into its credit risk controls. Appropriate security deposits are kept against the supplies to customers and balances are reconciled at regular intervals. The Group's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty. Trade receivables consist of a large number of customers of various scales and in different geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables. In case the receivables are not recovered even after regular follow up, measures are taken to stop further supplies to the concerned customer. The expected credit loss is based on the five years historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. Further, the Group has assessed the recoverability of grants receivable classified under other current financial assets and accordingly provided for balance overdue for more than three years, amounting to ₹ 236.45 million (31 December 2023: Nil).

**Movement in expected credit loss allowance on trade receivables and capital advances:**

(₹ in million)

| Particulars | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Balance as at beginning of the year | 586.23 | 538.87 |
| Acquired on business combination | 500.52 | - |
| Loss allowance measured at lifetime expected credit loss | 84.85 | 69.47 |
| Reversal of allowance during the year | (36.89) | (2.31) |
| Foreign currency translation difference | (57.20) | (19.80) |
| **Balance at the end of the year** | **1,077.51** | **586.23** |

The credit risk for cash and cash equivalents, bank deposits including interest accrued thereon and Government grant receivables is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and State Government bodies.

In respect of financial guarantees provided by the Group, the maximum exposure to which the Group is exposed to is the maximum amount which it would have to pay if the guarantee is called upon. Based on the expectation at the end of each reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

### 53.3 Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and considering the maturity profiles of financial assets and other financial liabilities as well as forecast of operational cash inflows and outflows. Liquidity needs are monitored in various time bands, on a day-to-day basis, a week-to-week basis and a month-to-month basis. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the Group's ability to avail further credit facilities subject to creation of requisite charge on its assets. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

As at 31 December 2024, the Group's non-derivative financial liabilities have contractual undiscounted maturities as summarised below:

(₹ in million)

| 31 December 2024 | Carrying value | 1 to 12 months | 1 to 5 years | Later than 5 years | Total contractual cash flow |
|---|---|---|---|---|---|
| Borrowings (current and non-current) | 23,642.65 | 15,247.96 | 8,250.35 | 275.29 | 23,773.60 |
| Lease liabilities (current and non-current) | 4,619.89 | 1,478.96 | 3,367.35 | 2,984.76 | 7,831.07 |
| Trade payables | 15,604.27 | 15,604.27 | - | - | 15,604.27 |
| Other financial liabilities (current) | 7,043.41 | 7,043.41 | - | - | 7,043.41 |
| **Total** | **50,910.22** | **39,374.60** | **11,617.70** | **3,260.05** | **54,252.35** |

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

(₹ in million)

| 31 December 2023 | Carrying value | 1 to 12 months | 1 to 5 years | Later than 5 years | Total contractual cash flow |
|---|---|---|---|---|---|
| Borrowings (current and non-current) | 51,943.87 | 20,069.19 | 31,452.89 | 580.82 | 52,102.91 |
| Lease liabilities (current and non-current) | 2,369.23 | 554.90 | 1,872.67 | 1,359.42 | 3,786.99 |
| Trade payables | 7,582.48 | 7,582.48 | - | - | 7,582.48 |
| Other financial liabilities (current) | 7,638.39 | 7,638.39 | - | - | 7,638.39 |
| **Total** | **69,533.97** | **35,844.96** | **33,325.56** | **1,940.24** | **71,110.77** |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 54. Fair value measurements

**Financial instruments by categories**

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

| Particulars | | 31 December 2024 | | 31 December 2023 | |
|---|---|---|---|---|---|
| | | FVTPL | Amortised cost | FVTPL | Amortised cost |
| **Financial assets** | | | | | |
| (i) Non-current financial assets | | | | | |
| (a) Investment | 7 | 60.55 | - | 31.51 | - |
| (b) Loans | 8 | - | 218.87 | - | - |
| (c) Others financial assets | 9 | - | 987.26 | - | 622.67 |
| (ii) Current financial assets | | | | | |
| (a) Trade receivables | 13 | - | 8,458.42 | - | 3,593.85 |
| (b) Cash and cash equivalents | 14 | 1,319.21 | 21,343.62 | - | 2,422.12 |
| (c) Bank balances other than above | 15 | - | 1,837.71 | - | 2,176.50 |
| (d) Others financial assets | 16 | - | 8,356.16 | - | 7,388.23 |
| **Total** | | **1,379.76** | **41,202.04** | **31.51** | **16,203.37** |
| **Financial liabilities** | | | | | |
| (i) Non-current borrowings | 21A | - | 8,406.89 | - | 31,889.38 |
| (ii) Non-current lease liabilities | 21B | - | 3,570.86 | - | 1,978.85 |
| (iii) Current financial liabilities | | | | | |
| (a) Borrowings | 21C | - | 15,235.76 | - | 20,054.49 |
| (b) Lease liabilities | 21D | - | 1,049.03 | - | 390.38 |
| (c) Trade payables | 24 | - | 15,604.27 | - | 7,582.48 |
| (d) Others financial liabilities | 25 | - | 7,043.41 | - | 7,638.39 |
| **Total** | | **-** | **50,910.22** | **-** | **69,533.97** |

**Valuation technique to determine fair value**

Cash and cash equivalents, other bank balances, trade receivables, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the long term borrowings, loans and other deferred payments are determined by using discounted cash flow method using the appropriate discount rate. The discount rate is determined using other similar instruments incorporating the risk associated.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

**Fair value hierarchy**

The financial assets measured at fair value are grouped into the fair value hierarchy as on 31 December 2024 and 31 December 2023 as follows: (also refer note 3(a))

(₹ in million)

| 31 December 2024 | Date of valuation | Total | Fair value measurement using | | |
|---|---|---|---|---|---|
| | | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Assets measured at fair value:** | | | | | |
| Investment (non-current) | 31 December 2024 | **60.55** | - | - | 60.55 |
| Cash and cash equivalents | 31 December 2024 | **1,319.21** | 1,319.21 | - | - |

There have been no transfers of financial assets and financial liabilities between the levels during the year 2024.

(₹ in million)

| 31 December 2023 | Date of valuation | Total | Fair value measurement using | | |
|---|---|---|---|---|---|
| | | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Assets measured at fair value:** | | | | | |
| Investment (non-current) | 31 December 2023 | **31.51** | - | - | 31.51 |

## 55. Capital management

For the purpose of the Group's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity shareholders of the Group.

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, non-current and current borrowings and lease liabilities, less cash and cash equivalents, excluding discontinued operations, if any.

The amounts managed as capital by the Group for the reporting periods are summarised as follows:

(₹ in million)

| Particulars | | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|---|
| Non-current borrowings (Refer note 21A) | | 8,406.89 | 31,889.38 |
| Current borrowings (Refer note 21C) | | 15,235.76 | 20,054.49 |
| Lease liabilities (Refer note 21B) | | 3,570.86 | 1,978.85 |
| Current lease liabilities (Refer note 21D) | | 1,049.03 | 390.38 |
| | | **28,262.54** | **54,313.10** |
| Less: Cash and cash equivalents (Refer note 14) | | (22,662.83) | (2,422.12) |
| **Net debt** | **(A)** | **5,599.71** | **51,890.98** |
| Equity share capital (Refer note 19) | | 6,763.02 | 6,496.07 |
| Other equity (Refer note 20) | | 159,335.27 | 62,868.91 |
| **Total capital** | **(B)** | **166,098.29** | **69,364.98** |
| **Capital and net debt** | **(C=A+B)** | **171,698.00** | **121,255.96** |
| **Gearing ratio** | **(A/C)** | **3.26%** | **42.79%** |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

There is no breaches in the financial covenants of the borrowing that would permit the banks to immediately call loans and borrowings in the reporting periods.

## 56. Assets pledged as security

The carrying amount of assets pledged as security are:

(₹ in million)

| Particulars | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Inventories and trade receivable | 33,011.21 | 19,928.92 |
| Other bank deposits | 1,220.72 | 1,652.34 |
| Other current financial assets | 10,685.23 | 8,243.82 |
| Other current assets | 3,987.89 | 4,086.65 |
| Other non current assets | 0.09 | 42.23 |
| Other intangible assets | 6,494.05 | 5,450.94 |
| Property, plant and equipment (including capital work-in-progress) | 107,217.02 | 83,894.08 |
| Right of use assets | 7,116.13 | 6,400.64 |
| Intangible assets under development | 43.69 | - |
| Cash and cash equivalent | 117.32 | 129.20 |

## 57. Audit Trail

The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies covered under the Act, which uses accounting software for maintaining its books of accounts, shall only use such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The group used certain software for maintenance of its books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year, except for instances mentioned below including a instance of subsidiary where feature of recording audit trail (edit log) was not enabled for the period 01 January 2024 to 31 March 2024.

a. One accounting software used for maintenance of books of accounts of the Holding Company and accounting software used for maintenance of books of accounts by subsidiary company, did not have a feature of recording audit trail (edit log) facility enabled at the database level to log any direct data changes;

b. One associate has used an accounting software for the period 01 January 2024 till 31 March 2024 for maintaining books of account is operated by a third-party software service provider and audit trail (edit log) facility was not enabled at the database level to log any direct data changes.

c. Reporting on compliance with audit trail requirements for accounting softwares used by two associates for the period 01 April 2024 to 31 December 2024 is not available on account of different accounting years adopted by these Companies.

# Summary of material accounting policies and other explanatory information on theConsolidated Financial Statements for the year ended 31 December 2024

## 58. Additional information, as required to Consolidated Financial Statements pursuant to Schedule III to the Companies Act, 2013

(₹ in million)

| Name of the company/entity | Net assets i.e., total assets minus total liabilities | | Share of profit or loss | | Share in other comprehensive income (OCI) | | Share in total comprehensive income (TCI) | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets* | Amount | As % of consolidated profit/ (loss)* | Amount | As % of consolidated OCI* | Amount | As % of consolidated TCI* | Amount |
| **For the year ended 31 December 2024** | | | | | | | | |
| **A. Parent Company** | | | | | | | | |
| Varun Beverages Limited | 90.66% | 165,587.05 | 84.45% | 23,203.64 | 103.11% | 208.07 | 84.58% | 23,411.71 |
| **B. Subsidiaries** | | | | | | | | |
| **Indian** | | | | | | | | |
| Lunarmech Technologies Private Limited | 1.12% | 2,041.21 | 0.97% | 267.85 | -0.16% | (0.33) | 0.97% | 267.52 |
| **Foreign** | | | | | | | | |
| Varun Beverages (Nepal) Private Limited | 1.48% | 2,694.24 | 4.89% | 1,344.96 | 0.00% | - | 4.86% | 1,344.96 |
| Varun Beverages Lanka (Private) Limited (Consolidated) | 1.43% | 2,616.76 | 2.53% | 694.53 | 6.46% | 13.03 | 2.56% | 707.56 |
| Varun Beverages Morocco SA | 1.77% | 3,226.90 | 1.25% | 342.56 | 0.00% | - | 1.24% | 342.56 |
| Varun Beverages (Zambia) Limited | 0.15% | 280.88 | -0.70% | (191.69) | 0.00% | - | -0.69% | (191.69) |
| Varun Beverages (Zimbabwe) (Private) Limited | 3.91% | 7,136.52 | 7.83% | 2,150.32 | 0.00% | - | 7.77% | 2,150.32 |
| Varun Beverages RDC SAS | -0.03% | (50.51) | 0.22% | 61.66 | 0.00% | - | 0.22% | 61.66 |
| Varun Beverages International DMCC | 0.50% | 911.44 | 1.02% | 280.27 | 0.00% | - | 1.01% | 280.27 |
| Varun Beverages South Africa (PTY) Limited | 0.00% | 0.03 | 0.00% | (0.00) | 0.00% | - | 0.00% | (0.00) |
| VBL Mozambique, SA | -0.01% | (14.86) | -0.06% | (15.82) | 0.00% | - | -0.06% | (15.82) |
| The Beverages Company Proprietray Limited (Consolidated) | -0.26% | (481.42) | -0.91% | (250.46) | 0.00% | - | -0.90% | (250.46) |
| Varun Foods Zimbabwe (Private) Limited | 0.00% | 0.86 | 0.00% | - | 0.00% | - | 0.00% | - |
| Non-controlling interests in subsidiaries | -0.72% | (1,298.07) | -1.44% | (396.52) | -9.41% | (18.97) | -1.51% | (415.49) |
| **C. Associate (Investment as per equity method)** | | | | | | | | |
| **Indian** | | | | | | | | |
| Clean Max Tav Private Limited^ | 0.00% | - | 0.00% | (1.29) | 0.00% | - | 0.00% | (1.29) |
| Huoban Energy 7 Private Limited | 0.00% | - | 0.00% | (0.99) | 0.00% | - | 0.00% | (0.99) |
| **D. Joint venture (Investment as per equity method)** | | | | | | | | |
| **Indian** | | | | | | | | |
| IDVB Recycling Operations Private Limited^ | 0.00% | - | -0.05% | (12.50) | 0.00% | - | -0.05% | (12.50) |
| | **100.00%** | **182,651.03** | **100.00%** | **27,476.52** | **100.00%** | **201.80** | **100.00%** | **27,678.32** |
| Inter group eliminations/adjustments | | (16,552.74) | | (1,530.19) | | 356.42 | | (1,173.77) |
| **Total** | | **166,098.29** | | **25,946.33** | | **558.22** | | **26,504.55** |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

(₹ in million)

| Name of the company/entity | Net assets i.e., total assets minus total liabilities | | Share of profit or loss | | Share in other comprehensive income (OCI) | | Share in total comprehensive income (TCI) | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets* | Amount | As % of consolidated profit/ (loss)* | Amount | As % of consolidated OCI* | Amount | As % of consolidated TCI* | Amount |
| **For the year ended 31 December 2023** | | | | | | | | |
| **A. Parent Company** | | | | | | | | |
| Varun Beverages Limited | 84.07% | 70,758.02 | 84.17% | 17,751.30 | -874.44% | (20.77) | 84.06% | 17,730.53 |
| **B. Subsidiaries** | | | | | | | | |
| **Indian** | | | | | | | | |
| Lunarmech Technologies Private Limited | 2.11% | 1,773.69 | 1.93% | 407.47 | -10.54% | (0.25) | 1.93% | 407.22 |
| **Foreign** | | | | | | | | |
| Varun Beverages (Nepal) Private Limited | 2.79% | 2,346.21 | 3.33% | 701.72 | 0.00% | - | 3.33% | 701.72 |
| Varun Beverages Lanka (Private) Limited (Consolidated) | 2.37% | 1,992.19 | 1.91% | 403.14 | -6.93% | (0.16) | 1.91% | 402.97 |
| Varun Beverages Morocco SA | 3.41% | 2,868.04 | 2.12% | 446.63 | 0.00% | - | 2.12% | 446.63 |
| Varun Beverages (Zambia) Limited | 0.55% | 459.59 | -2.71% | (571.56) | 0.00% | - | -2.71% | (571.56) |
| Varun Beverages (Zimbabwe) (Private) Limited | 5.76% | 4,851.54 | 10.05% | 2,119.24 | 0.00% | - | 10.05% | 2,119.24 |
| Varun Beverages RDC SAS | -0.03% | (22.03) | -0.01% | (2.26) | 0.00% | - | -0.01% | (2.26) |
| Varun Beverages International DMCC | 0.73% | 617.76 | 1.42% | 299.06 | 0.00% | - | 1.42% | 299.06 |
| Varun Beverages South Africa (PTY) Limited | 0.00% | 0.04 | 0.00% | (0.01) | 0.00% | - | 0.00% | (0.01) |
| Non-controlling interests in subsidiaries | -1.76% | (1,481.55) | -2.19% | (458.91) | 991.91% | 23.56 | -2.07% | (435.35) |
| **C. Associate (Investment as per equity method)** | | | | | | | | |
| **Indian** | | | | | | | | |
| Clean Max Tav Private Limited^ | 0.00% | - | 0.00% | (0.21) | 0.00% | - | 0.00% | (0.21) |
| Huoban Energy 7 Private Limited | 0.00% | - | -0.01% | (1.51) | 0.00% | - | -0.01% | (1.51) |
| **D. Joint venture (Investment as per equity method)** | | | | | | | | |
| **Indian** | | | | | | | | |
| IDVB Recycling Operations Private Limited^ | 0.00% | - | -0.01% | (3.07) | 0.00% | - | -0.01% | (3.07) |
| | **100.00%** | **84,163.50** | **100.00%** | **21,091.03** | **100.00%** | **2.38** | **100.00%** | **21,093.41** |
| Inter group eliminations/adjustments | | (14,798.52) | | (531.81) | | (58.83) | | (590.64) |
| **Total** | | **69,364.98** | | **20,559.22** | | **(56.45)** | | **20,502.77** |

*Percentage has been determined before considering elimination/adjustments arising out of consolidation.

^ Refer note 6.

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 59. Summarised financial information for Associate and Joint Venture:

The Group has subscribed 50% ownership interest in IDVB Recycling Operations Private Limited ("IDVB"), a joint venture, 26% ownership interest in Clean Max Tav Private Limited ("Clean Max") and 26.34% ownership interest in Huoban Energy 7 Private Limited ("Huoban"). The Holding Company's interest in IDVB, Huoban and Clean Max is accounted at cost using the equity method in these financial statements. Summarised financial information of IDVB, Huoban and Clean Max, is set out below:

**A. Principal place of business: India**

**B. Summarised balance sheet as on 31 December 2024:**

(₹ in million)

| Particulars | IDVB | Huoban | Clean Max |
|---|---|---|---|
| Non-current assets | 1,546.86 | 309.40 | 441.72 |
| Current assets | 78.16 | 33.90 | 39.78 |
| Non-current liabilities | (616.89) | (276.55) | (331.73) |
| Current liabilities | (39.28) | (23.75) | (29.34) |
| **Net assets** | **968.85** | **43.00** | **120.43** |
| Group share of net assets | 50.00% | 26.34% | 26.00% |
| **Group's carrying amount of investment** | **484.43** | **11.33** | **31.31** |

**C. Summarised statement of profit and loss**

(₹ in million)

| Particulars | IDVB | Huoban | Clean Max |
|---|---|---|---|
| Revenue | - | 40.74 | 46.07 |
| Other income | 0.65 | 1.20 | 2.18 |
| **Total income** | **0.65** | **41.94** | **48.25** |
| Finance costs | 0.59 | 27.45 | 37.46 |
| Depreciation and amortisation expense | 1.96 | 12.58 | 10.58 |
| Other expenses | 23.10 | 5.40 | 6.18 |
| **Total expense** | **25.65** | **45.43** | **54.22** |
| **Loss before tax** | **(25.00)** | **(3.49)** | **(5.97)** |
| Tax expense | - | 0.29 | (1.02) |
| **Loss after tax** | **(25.00)** | **(3.78)** | **(4.95)** |
| Other comprehensive income | - | - | - |
| **Total comprehensive income** | **(25.00)** | **(3.78)** | **(4.95)** |
| Group's share in % | 50.00% | 26.34% | 26.00% |
| **Group's share in total comprehensive loss** | **(12.50)** | **(0.99)** | **(1.29)** |
| **Loss recognised in the Consolidated Statement of Profit and Loss** | **(12.50)** | **(0.99)** | **(1.29)** |

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

## 60. Disclosure relating to provision:

(₹ in million)

| Particulars | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Opening balance | 503.72 | - |
| Addition | 41.16 | 503.72 |
| Utilisation | (250.76) | - |
| **Closing balance** | **294.12** | **503.72** |

The Holding Company has made GST provision during the year 31 December 2023 towards tax rate difference based on the demand order amounting to ₹ 120.08 million issued by Central GST Commissionerate, Jalandhar for the period 01 July 2017 to 30 September 2021 in the State of Punjab. Considering the demand order, Holding Company has provided for GST liability on entire sales of a product for the said period. The Holding Company has not recovered the additional GST liability from its customers. During the current year, the Holding Company has accrued interest on above GST provision and also reversed provisions that has now become time-barred as at reporting date.

**Notes:**

i This provision represent estimates made mainly for probable claim arising out of dispute pending with authority. The probability and the timing of the outflow with regard to the matter depend on the final outcome of the dispute. Hence, the Holding Company is not able to reasonably ascertain the timing of the outflow.

ii Discounting obligation has not been considered as the dispute relates to Government Authority.

## 61. Additional regulatory information not disclosed elsewhere in the financial information during current and previous year

a) The Holding Company and its Indian subsidiary does not have any Benami property and no proceedings have been initiated or pending against the Group for holding any Benami property, under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the rules made thereunder.

b) The Holding Company and its Indian subsidiary does not have any transactions with struck off companies under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956, except for the parties mentioned below:

| Name of the struck off company | Nature of transactions with struck off company | Balance outstanding as at 31 December 2024 | Relationship with the struck off company | Balance outstanding as at 31 December 2023 | Relationship with the struck off company |
|---|---|---|---|---|---|
| Ace Polypet Private Limited | Sale of goods | (0.00)* | No relationship | (0.00)* | No relationship |
| C A Trade Links Private Limited | Security deposit received | (0.09) | No relationship | (0.09) | No relationship |
| Ngen Auto Private Limited | Purchases | - | No relationship | 0.00* | No relationship |
| Thermadyne Private Limited | Purchases | (0.38) | No relationship | - | No relationship |

*Rounded off to Nil

c) The Group does not have any charges which is yet to be registered with ROC beyond the statutory period.

d) The Group has not traded or invested in Crypto currency or Virtual Currency.

e) The Group has not advanced or provided loan to or invested funds in any entity(ies) including foreign entities (Intermediaries) or to any other person(s), with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

# Summary of material accounting policies and other explanatory information on the Consolidated Financial Statements for the year ended 31 December 2024

f) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

g) The Group has not undertaken any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

h) The Holding Company and its Indian subsidiary has not been declared a 'Wilful Defaulter' by any bank (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

i) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

j) The borrowings obtained by the Group from banks have been applied for the purposes for which such loans were taken.

k) The Group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both.

l) The Holding Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Holding Company with banks are in agreement with the books of accounts.

## 62. Subsequent events occurred after the balance sheet date:

i. The Board of Directors in their meeting held on 10 February 2025 have approved a payment of final dividend of ₹ 0.50 (Rupee fifty paisa only) per equity share of the face value of ₹ 2 each, subject to the approval of equity shareholders in ensuing annual general meeting of the Holding Company.

ii The Holding Company has invested in the equity shares of one of its subsidiaries named The Beverage Company Proprietary Limited amounting to ₹ 4,128.04 million as on 02 January 2025.

**63.** The amounts of previous reported period have been regrouped/reclassified wherever considered necessary in order to comply with financial reporting requirements.

The accompanying notes 1 to 63 are an integral part of the consolidated financial statements.
As per our report of even date attached.

**For J C Bhalla & Co**
Chartered Accountants
Firm's Registration No.: 001111N

**Akhil Bhalla**
Partner
Membership No.: 505002

**For O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.: 000018N/N500091

**Neeraj Kumar Agarwal**
Partner
Membership No.: 094155

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

**Varun Jaipuria**
Whole Time Director
DIN 02465412

**Raj Pal Gandhi**
Whole Time Director
DIN 00003649

**Rajesh Chawla**
Chief Financial Officer

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

Place : Gurugram
Dated : 10 February 2025

# Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014)

## Statement containing salient features of the financial statement of Subsidiaries/Associate companies/Joint venture

### Part A: Subsidiaries

(₹ in million, except as stated otherwise)

| S. No | Particulars | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Varun Beverages (Nepal) Private Limited | Varun Beverages Lanka (Private) Limited* | Varun Beverages Morocco SA | Varun Beverages (Zambia) Limited | Varun Beverages (Zimbabwe) (Private) Limited | Lunarmech Technologies Private Limited | Varun Beverages RDC SAS | Varun Beverages International DMCC | Varun Beverages South Africa (Pty) Limited^ | VBL Mozambique, SA@ | Varun Foods Zimbabwe (Private) Limited# | The Beverage Company Proprietary Limited~* |
| | **Date of acquisition** | **01 January 2012** | **01 January 2012** | **01 January 2012** | **01 January 2016** | **01 January 2016** | **04 November 2019** | **31 December 2021** | **31 January 2022** | **23 May 2023** | **21 November 2023** | **22 May 2024** | **26 March 2024** |
| | **Financial year ended** | **15 July 2024** | **31 December 2024** | **31 December 2024** | **31 December 2024** | **31 December 2024** | **31 March 2024** | **31 December 2024** | **31 December 2024** | **31 December 2024** | **31 December 2024** | **31 December 2024** | **31 December 2024** |
| | **Reporting period for consolidation** | **31 December 2024** | **31 December 2024** | **31 December 2024** | **31 December 2024** | **31 December 2024** | **31 December 2024** | **31 December 2024** | **31 December 2024** | **31 December 2024** | **31 December 2024** | **31 December 2024** | **31 December 2024** |
| | **Reporting Currency** | **NPR** | **LKR** | **MAD** | **ZMW** | **USD** | **INR** | **CDF** | **AED** | **ZAR** | **MZN** | **USD** | **ZAR** |
| | **Exchange rate on the last day of financial year** | **0.62441** | **0.29027** | **8.31371** | **3.06649** | **85.62320** | **1.00000** | **0.02956** | **23.29620** | **4.54272** | **1.32764** | **85.62320** | **4.54272** |
| | **Average exchange rate during the financial year** | **0.62441** | **0.27589** | **8.32064** | **3.20470** | **83.67864** | **1.00000** | **0.02940** | **22.77720** | **4.61974** | **1.29800** | **83.67864** | **4.61974** |
| 1 | Share Capital | 907.31 | 2,896.82 | 6,215.07 | 843.71 | 0.07 | 9.95 | 0.74 | 20.68 | 0.05 | 1.34 | 0.84 | 3,740.39 |
| 2 | Reserves and surplus | 1,786.93 | (280.07) | (2,988.18) | (562.83) | 7,136.45 | 2,031.26 | (51.25) | 890.76 | (0.01) | (16.19) | - | (4,221.81) |
| 3 | Total Assets | 5,579.68 | 3,270.36 | 11,659.56 | 2,443.82 | 11,539.28 | 2,906.75 | 11,028.88 | 7,890.47 | 0.03 | 8.51 | 0.89 | 17,448.28 |
| 4 | Total Liabilities | 2,885.44 | 653.67 | 8,411.48 | 2,170.94 | 4,402.75 | 865.54 | 10,977.15 | 6,975.67 | - | 23.37 | 0.03 | 17,929.69 |
| 5 | Investments | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Turnover | 6,808.06 | 3,984.56 | 12,363.67 | 3,431.25 | 16,277.64 | 1,667.47 | 2,945.00 | 7,958.11 | - | 48.32 | - | 15,763.29 |
| 7 | Profit/(Loss) before tax | 1,521.81 | 746.53 | 362.12 | (167.69) | 2,116.71 | 357.02 | 54.23 | 297.04 | (0.00) | (15.82) | - | (239.35) |
| 8 | Provision for tax | 176.85 | 119.30 | 31.62 | - | 30.85 | 89.17 | - | 30.86 | - | - | - | 43.93 |
| 9 | Profit/(Loss) after tax | 1,344.96 | 627.23 | 330.51 | (167.69) | 2,085.86 | 267.85 | 54.23 | 266.19 | (0.00) | (15.82) | - | (283.28) |
| 10 | Proposed Dividend | 999.81 | 310.86 | - | - | - | - | - | - | - | - | - | - |
| 11 | % of shareholding | 100.00% | 100.00% | 100.00% | 90.00% | 85.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 95.00% |

* Consolidated figures

^Incorporated on 23 May 2023 and yet to commence operations as on reporting date.

@Incorporated on 21 November 2023.

#Incorporated on 22 May 2024 and yet to commence operations as on reporting date.

~Acquired on 26 March 2024.

## Part B: Associates and Joint venture

(₹ in million, except as stated otherwise)

| S. No | Particulars | IDVB Recycling Operations Private Limited* | Clean Max Tav Private Limited | Huoban Energy 7 Private Limited |
|---|---|---|---|---|
| | Latest Audited Balance sheet date | 31 December 2024 | 31 December 2024 | 31 December 2024 |
| | Date of acquisition | 01 July 2022 | 23 November 2022 | 09 May 2023 |
| | Reporting Currency | INR | INR | INR |
| 1 | Shares of Associate/Joint venture held by the Holding company on the year end: (Number) | 5,00,00,000 | 21,030 | 12,47,943 |
| | Amount of investment in Associate/joint venture | 500.00 | 32.85 | 21.24 |
| | Total number of shares | 10,00,00,000 | 80,881 | 47,38,129 |
| | Extent of holding % | 50.00% | 26.00% | 26.34% |
| | Description of how there is significant influence | Joint Venture | Associate | Associate |
| 2 | Networth attributable to shareholding as per latest Balance Sheet | 968.85 | 120.40 | 43.00 |
| 3 | Loss for the year: | | | |
| | Considered in consolidation | (12.50) | (1.29) | (0.99) |
| | Not considered in consolidation | (12.50) | (3.66) | (2.79) |

* yet to commence commercial operations as on reporting date.

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

**Varun Jaipuria**
Whole Time Director
DIN 02465412

**Raj Pal Gandhi**
Whole Time Director
DIN 00003649

**Rajesh Chawla**
Chief Financial Officer

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

Place : Gurugram
Dated : 10 February 2025

# Independent Auditor's Report

**To the Members of Varun Beverages Limited**

**Report on the Audit of the Standalone Financial Statements**

## Opinion

1. We have audited the accompanying standalone financial statements of Varun Beverages Limited ('the Company'), which comprise the Balance Sheet as at 31 December 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of the material accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2024, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Impairment assessment of intangible assets including goodwill**<br><br>Refer note 3.5 and 3.11 for accounting policies on Intangibles assets and Business combinations and Goodwill respectively. Further refer note 5A and 5B to the standalone financial statements.<br><br>The Company carries Goodwill and franchise rights/ trademarks as intangible assets having indefinite life amounting to INR 19.40 million and INR 5,385.99 million respectively, that are required to be tested for impairment by the management on an annual basis in accordance with Ind AS 36, Impairment of Assets. | Our audit procedures included, but were not limited, to the following:<br><br>• Obtained an understanding of the management's process for identification of cash generating unit and processes performed by the management for their impairment testing;<br><br>• Assessed the process by which management prepared its cash flow forecasts and held discussions with management to understand the assumptions used and estimates made by them for determining such projections; |

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>The aforesaid assessment of the impairment testing involves significant judgement around the determination of the recoverable amounts, being the higher of value in use and fair value less costs of disposal. Recoverable amounts are based on management's view of the future cash flows and prospects of the business, the appropriate discount rates and other industry specific risk factors.<br><br>The key judgements in determining the recoverable amounts relates to the forecast of future cash flows based on strategy using macroeconomic assumptions such as industry growth, inflation and expected growth in market share, capital expenditure and working capital requirements, among others.<br><br>Changes in the management forecasts or assumptions can impact the assessment of the discounted cash flows.<br><br>Considering the materiality of the amounts involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the forecasted cash flows used in the impairment evaluation, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, impairment assessment of Goodwill and the Franchise rights/ trademarks was determined as a key audit matter.</td><td>• Tested the design and operating effectiveness of internal controls over such identification and impairment test procedures;<br><br>• Assessed the appropriateness of the Company's accounting policies, including those relating to recognition, measurement and impairment of intangibles by comparing with the applicable Ind AS;<br><br>• Reviewed the valuation report obtained by the management from an independent valuer for Franchise rights and assessed the professional competence, skills and objectivity for performing the required valuations;<br><br>• Assessed the appropriateness of the significant assumptions as well as the Company's valuation model with the support of auditor's valuation specialists, who assess the reasonableness of assumptions used and valuation methodology applied relating to discount rate, risk premium, industry growth rate etc. This included a discussion of the expected development of the business and results as well as of the underlying assumptions used with those responsible for the planning process.<br><br>• Assessed the robustness of financial projections prepared by the management by comparing projections for previous financial years with actual results realised and discussed significant deviations, if any, with the management;<br><br>• Tested mathematical accuracy of the projections and performed a sensitivity analysis for reasonably possible changes in the sales growth, discount rate applied and the long-term growth rate; and<br><br>• Evaluated the adequacy and appropriateness of disclosures made by the Company in the standalone financial statements, as required by the applicable provisions of the Act and Ind AS.</td></tr>
<tr><td>Claims, Appeals and Litigations – provisions and contingent liabilities<br><br>(Refer note 40 to the standalone financial statements for the amounts of contingent liabilities)<br><br>The Company is involved in various direct, indirect tax and other claims, appeals and litigations (hereafter, referred to as "Matters") that are pending with different statutory authorities and judicial courts. The management exercises significant judgement for determining the need for and the amount of provisions, for any liabilities, arising from these matters.</td><td>Our audit procedures included, but were not limited to, the following:<br>• Assessed the appropriateness of the Company's accounting policies relating to provisions and contingent liabilities with the applicable accounting standards;<br><br>• Assessed the Company's process and the underlying controls for identification of the pending matters and completeness for financial reporting and also for monitoring of significant developments in relation to such pending matters;</td></tr>
</table>

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| This judgement is dependent on a number of significant assumptions and evaluations which involves interpreting the various applicable rules, regulations, practices and considering precedents in the various jurisdictions including the opinions received from various legal counsels.<br><br>This matter is considered as a key audit matter, in view of the uncertainty regarding the outcome of these matters, the significance of the amounts involved and the subjectivity involved in management's judgement as to whether any amount should be recognised as a provision or be disclosed or not as a contingent liability in the standalone financial statements. | • Assessed the management's assumptions and estimates in respect of matters, including the liabilities or provisions recognised or contingent liabilities disclosed in the standalone financial statements. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts based on the various legal counsels' opinions received by the Company;<br><br>• Recomputed the arithmetical accuracy of the underlying calculations supporting the provisions recorded from the supporting evidences including the correspondence with various authorities;<br><br>• Assessed the management's conclusions through understanding relevant judicial precedents in similar cases and the applicable rules and regulations and through a discussion with Company's legal department and legal counsels appointed by the Company;<br><br>• Obtained legal opinions and confirmation on completeness from the Company's external legal counsels, where appropriate;<br><br>• Engaged auditor's experts to gain an understanding of the current status of matters and changes in the disputes, if any, through discussions with the management and by reading external advice received by the Company, where relevant, to validate management's conclusions; and<br><br>• Assessed the appropriateness of the Company's description of the accounting policy, disclosures related to matters and whether these are adequately presented in the standalone financial statements. |

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

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

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

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

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

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

11. As part of an audit in accordance with the Standards on Auditing, specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

- 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.

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

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

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

## Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

17. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

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

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except for the matters stated in paragraph 17(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended)}.

    c) The standalone financial statements dealt with by this report are in agreement with the books of account;

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

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2024 from being appointed as a director in terms of section 164(2) of the Act;

    f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 17(b) above on reporting under section 143(3)(b) of the Act and paragraph 17(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

    g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 December 2024 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and

    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, as detailed in note 40 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 December 2024;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 December 2024.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 December 2024; and

iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 57(e) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 57(f) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The interim dividend declared and paid by the Company during the year ended 31 December 2024 and until the date of this audit report is in compliance with section 123 of the Act.

The final dividend paid by the Company during the year ended 31 December 2024 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 61(i) to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 December 2024 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Based on our examination which included test checks, the Company, in respect of financial year commencing on 01 January 2024, has used two accounting software for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. However, the audit trail feature was not enabled at database level for one accounting software to log any direct data changes, as described in note 60 to the standalone financial statements.

Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of these accounting software

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 applies to the Company for the financial year commencing on 01 January 2024, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended December 31, 2024.

**For J C Bhalla & Co**
Chartered Accountants
Firm's Registration No. 001111N

**Akhil Bhalla**
Partner
Membership No: 505002
UDIN: 25505002BMIKXH2112

**Place:** Gurugram
**Date:** 10 February 2025

B-5, Sector-6, Noida
Uttar Pradesh 201301

**For O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No: 000018N/N500091

**Neeraj Kumar Agarwal**
Partner
Membership No. 094155
UDIN: 25094155BMKSDP4102

**Place:** Gurugram
**Date:** 10 February 2025

B-225, 5th Floor, Okhla Industrial Area,
Phase 1, New Delhi 110020

# Annexure I referred to in Paragraph 17 of the Independent Auditor's Report of even date to the members of Varun Beverages Limited on the standalone financial statements for the year ended 31 December 2024

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, capital work-in-progress and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets including intangible assets under development.

(b) The property, plant and equipment (other than refrigerators (Visi coolers) and containers lying with third parties) and right-of-use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. The Company has a regular programme of physical verification of refrigerators (Visi coolers) under which such assets are verified in a phased manner over a period of three years and no material discrepancies were noticed on such verification. According to the information and explanations given to us, the existence of containers lying with third parties is considered on the basis of the confirmations obtained from such third parties. In our opinion, the frequency of physical verification programme adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in Note 4A to the standalone financial statements, are held in the name of the Company. For properties where the Company is a lessee and the lease agreements are duly executed in favour of the lessee except in following case:

| Description of property | Gross carrying value (₹ million) | Net carrying value (₹ million) | Whether title deed holder is a Promoter, director or relative of promoter/ director or employee | Date since the property is held | Reasons |
|---|---|---|---|---|---|
| Land situated at Buxar, Bihar | 371.34 | 367.52 | No | 21 December 2023 | The Company has received the possession letter dated 21 December 2023 of land situated at Buxar, Bihar and is in the process of getting lease deed registered in its name. |
| Land situated at, Kolkata, West Bengal | 1.50 | 1.41 | No | 01 October 2018 | The Company has executed the lease agreement for Kolkata, West Bengal land, which is yet to be registered. |

We have directly obtained the confirmation from the trust for title deeds of immovable properties, which are in the nature of land, having gross carrying value of 13,384.39 million as at 31 December 2024. The title deeds of such immovable properties have been mortgaged as security for loans or borrowings taken by the Company.

(d) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records.

(b) As disclosed in Note 19A to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of Rs. 50 million by banks or financial institutions based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks or financial institutions and such statements are in agreement with the books of account of the Company for the respective periods, which were subject to audit/review.

(iii) (a) The Company has not provided security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or any other parties during the year. The Company has provided loans or guarantee, to Subsidiaries during the year as per details given below:

| Particulars | Guarantees (₹ million) | Loans (₹ million) |
|---|---|---|
| Aggregate amount provided/granted during the year | 12,075.07 | 7,994.24 |
| Balance outstanding as at balance sheet date | 15,776.40 | 15,403.40 |

Further, the Company has made investment in 6 entities amounting to ₹ 6,438.39 million (year-end balance ₹ 20,922.18 million).

(b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided and terms and conditions of the grant of all loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company. Further the Company has not provided any advances in the nature of loans or given any security.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular.

(d) There is no overdue amount in respect of loans granted by the Company.

(e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan that existed as at the beginning of the year.

(f) The Company has not granted any loans or advances in the nature of loans, which are repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of loans and investments made and guarantees provided by it, as applicable. Further, the Company has not entered into any transaction covered under section 185 and section 186 of the Act in respect of security provided by it.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, we report that there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

| Name of the statute | Nature of dues | Gross Amount (₹ million) | Amount paid under protest (₹ million) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Central Excise Act, 1944 | Central excise | 11.89 | 0.89 | April 2012 to December 2015 | CESTAT, New Delhi |
| Central Excise Act, 1944 | Central excise | 11.39 | - | March 2011 to March 2013 | Honourable Rajasthan High Court, Jaipur |
| Central Excise Act, 1944 | Central excise | 0.16 | - | March 2015 to October 2015 | Joint Commissioner, Panchkula |
| Central Excise Act, 1944 | Central excise | 0.58 | - | March 2015 to January 2016 | CESTAT, Chandigarh |
| Central Excise Act, 1944 | Central excise | 13.69 | 0.68 | April 2014 to February 2015 | Office of the Commissioner of Central Tax, Panchkula |
| Central Excise Act, 1944 | Central excise | 0.11 | - | February 2016 to March 2017 | Office of the Commissioner of Central Excise, Sonipat |
| Central Excise Act, 1944 | Central excise | 0.26 | - | April 2017 to June 2018 | Office of the Commissioner of Central Excise, Sonipat |
| The Custom Act, 1962 | Custom Act | 90.75 | 3.41 | January 2017 to December 2018 | CESTAT Mumbai |
| The Custom Act, 1962 | Custom Act | 117.06 | 2.32 | January 2022 to December 2023 | CESTAT Mumbai |
| The Rajasthan Goods and Services Tax Act, 2017 | GST | 0.10 | 0.10 | Dec-20 | Assistant Commissioner, Jaipur |
| The Rajasthan Goods and Services Tax Act, 2017 | GST | 18.02 | 0.87 | July 2017 to March 2018 | Joint Commissioner, Rajasthan |
| The Madhya Pradesh Goods & Services Tax Act, 2017 | GST | 0.10 | 0.10 | 2019-2020 | Additional Commissioner, Indore |
| The Bihar Goods & Services Tax Act, 2017 | GST | 0.004 | - | 2022-2023 | Additional Commissioner, Darbhanga |
| The Bihar Goods & Services Tax Act, 2017 | GST | 0.10 | 0.10 | 2022-2023 | Case remand back to the Commissioner (Appeal) |
| The Chhattisgarh Goods & Services Tax Act, 2017 | GST | 8.89 | - | 2017-2018 | Assistant Commissioner of State Tax, Raipur |
| The Delhi Goods and Services Tax Act, 2017 | GST | 0.40 | 0.40 | Mar-20 | Additional Commissioner, Noida |
| The Delhi Goods and Services Tax Act, 2017 | GST | 10.63 | - | 2018-2019 | Deputy Commissioner, Okhla, Delhi |
| The Uttar Pradesh Goods and Services Tax Act, 2017 | GST | 0.98 | 0.25 | 2017-2021 | Additional Commissioner, Ghaziabad |

| Name of the statute | Nature of dues | Gross Amount (₹ million) | Amount paid under protest (₹ million) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| The Uttar Pradesh Goods and Services Tax Act, 2017 | GST | 0.51 | 0.37 | 2013-2024 | Additional Commissioner, Ghaziabad |
| The Gujarat Goods and Services Tax Act, 2017 | GST | 0.48 | 0.48 | March 2020 to April 2021 | Assistant Commissioner, Gujrat |
| The Jharkhand Goods & Services Tax Act, 2017 | GST | 0.11 | 0.11 | 2021-2022 | Additional Commissioner, Ranchi |
| The Rajasthan Goods and Services Tax Act, 2017 | GST | 0.30 | 0.30 | 2019-2020 | Appellate Authority-I Commercial Taxes Jaipur |
| The Kerala Goods and Services Tax Act, 2017 | GST | 0.38 | 0.38 | 2019-2022 | Additional and Joint Commissioner, Palakkad |
| The Karnataka Goods & Services Tax Act, 2017 | GST | 0.11 | 0.11 | 2020-2021 | Additional Commissioner, Bengaluru |
| The Haryana Goods and Services Tax Act, 2017 | GST | 0.20 | 0.20 | 2019-2020 | Assistant Commissioner, GST Faridabad |
| The Haryana Goods and Services Tax Act, 2017 | GST | 0.21 | 0.21 | 2023-2024 | Assistant Excise & Taxation Officer Sonipat |
| The Haryana Goods and Services Tax Act, 2017 | GST | 0.64 | 0.64 | 01-09-2019 and June 2020 | Additional Commissioner, Panchkula |
| The Haryana Goods and Services Tax Act, 2017 | GST | 142.68 | - | 01-04-2020 TO 31-03-2021 | Additional Commissioner, Panchkula |
| Punjab Goods and Services Tax Act, 2017 | GST | 120.87 | 12.08 | Nov-22 | Assistant Commissioner, GST Jalandhar |
| Punjab Goods and Services Tax Act, 2017 | GST | 80.85 | - | FY 2019-20 TO FY 2022-23 | Commissioner CBIC, Jalandhar, Chandigarh |
| Punjab Goods and Services Tax Act, 2017 | GST | 0.03 | 0.03 | 2022-2023 | Assistant Commissioner of State Tax Mobile Wing Jalandhar |
| The Uttar Pradesh Goods and Services Tax Act, 2017 | GST | 0.23 | 0.23 | 2024-2025 | Assistant Commissioner |
| The Telangana Goods and Services Tax Act, 2017 | GST | 10.57 | 0.06 | 2020-2021 and 2021-2022 | Commissioner of Central Tax, Madhapur, Hyderabad |
| The Telangana Goods and Services Tax Act, 2017 | GST | 0.04 | 0.04 | Dec-19 | Assistant Commissioner, GST Sangareddy |
| The Telangana Goods and Services Tax Act, 2017 | GST | 2.53 | - | 2019-2020 | Assistant Commissioner, GST Sangareddy |
| The Tamil Nadu Goods and Services Tax Act, 2017 | GST | 2.35 | 0.62 | 2019-2023 | Joint Commissioner and Superintendent |
| The Andra pradesh Goods and Services Tax Act, 2017 | GST | 2.33 | - | 2019-20 | Deputy Commissioner |
| The Andra pradesh Goods and Services Tax Act, 2017 | GST | 13.63 | - | 2020-21 | Deputy Commissioner |
| Odisha Goods and Services Tax. Act, 2017 | GST | 0.18 | 0.18 | 2019-2020 | Odisha High court |
| Odisha Goods and Services Tax. Act, 2017 | GST | 0.70 | - | 2020-21 | Superintendent , Bhubaneshwar Range -1 |
| The Uttarakhand Goods & Service Tax Act 2017. | GST | 0.22 | 0.22 | June 2023 and December 2023 | Additional Commissioner, Haldwani |
| The Uttarakhand Goods & Service Tax Act 2017. | GST | 0.14 | - | May 2024 and December 2024 | Additional Commissioner, Haldwani |

| Name of the statute | Nature of dues | Gross Amount (₹ million) | Amount paid under protest (₹ million) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| The Assam Goods & Service Tax Act 2017. | GST | 3.31 | - | Apr-20 to Mar-21 | Additional Commissioner, Guwahati |
| The Assam Goods & Service Tax Act 2017. | GST | 1.43 | 0.68 | Apr-19 To May 20 | Additional Commissioner, Guwahati |
| The Assam Goods & Service Tax Act 2017. | GST | 5.35 | - | Apr-20 To March 21 | Additional Commissioner, Guwahati |
| Income-Tax Act, 1961 | Income tax | 39.00 | - | AY 2012-2013 | Honourable High Court, New Delhi |
| Income-Tax Act, 1961 | Income tax | 24.20 | - | AY 2016-2017 | Commissioner Income Tax (Appeals), New Delhi |
| Income-Tax Act, 1961 | Income tax | 11.85 | - | AY 2017-2018 | Commissioner Income Tax (Appeals), New Delhi |
| Income-Tax Act, 1961 | Income tax | 24.97 | - | AY 2018-2019 | Commissioner Income Tax (Appeals), New Delhi |
| The Uttarakhand Value Added Tax Act, 2005 | Value added tax | 0.14 | 0.23 | Apr-12 | Commissioner (Appeals) Roorkee |
| The Uttarakhand Value Added Tax Act, 2005 | Value added tax | 3.86 | 0.50 | 2015-2016 | Honourable High court of Uttarakhand |
| The Uttarakhand Value Added Tax Act, 2005 | Value added tax | 11.16 | 0.50 | 2016-2017 | Honourable High court of Uttarakhand |
| The Uttarakhand Value Added Tax Act, 2005 | Value added tax | 5.75 | - | 2017-2018 | Deputy Commissioner of Sale Tax, Roorkee |
| Rajasthan Value Added Tax Act, 2003 | Value added tax | 582.46 | 16.75 | 2010-2015 | Honourable Rajasthan High Court - Jaipur |
| Rajasthan Value Added Tax Act, 2003 | Value added tax | 0.04 | - | 2009-2010, May 2015 and June 2016 | Deputy Commissioner (Appeal), Jaipur |
| The Uttar Pradesh Value Added Tax Act, 2008 | Value added tax | 0.10 | 0.10 | 2010-2011 | Joint Commissioner, Kanpur |
| West Bengal Value Added Tax Act, 2003 | Value added tax | 0.25 | 0.12 | Jul'12 | West Bengal, Tribunal |
| Punjab Value Added Tax Act, 2005 | Value added tax | 0.36 | - | 2015-2016 | The Deputy Excise and Taxation Commissioner (Appeals) cum Joint Director (Investigation), Mohali |
| Punjab Value Added Tax Act, 2005 | Value added tax | 0.37 | 0.14 | 2016-2017 | The Deputy Excise and Taxation Commissioner (Appeals) cum Joint Director (Investigation), HQ Bathinda |
| Punjab Value Added Tax Act, 2005 | Value added tax | 0.25 | 0.03 | 2016-2017 | The Deputy Excise and Taxation Commissioner (Appeals) cum Joint Director (Enforcement), Jalandhar |
| The Uttar Pradesh Value Added Tax Act, 2008 | Value added tax | 1.52 | 0.11 | 2001-2002 | Additional Commissioner (Appeals), Ghaziabad |
| The Uttar Pradesh Value Added Tax Act, 2008 | Value added tax | 14.17 | - | 2007-2011 | Additional Commissioner, Ghaziabad |
| The Uttar Pradesh Value Added Tax Act, 2008 | Value added tax | 4.48 | 4.48 | 2011-2012 | Tribunal Bench-1, Ghaziabad |
| Goa Value Added Tax Act 2005 | Value added tax | 5.61 | - | 2017-2018 | Additional Commissioner of Commercial taxes, Margao |

(viii) According to the information and explanations given to us, we report that no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.

(e) In our opinion and according to the information and explanations given to us and 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) In our opinion and according to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) During the year, the Company has made private placement (Qualified institutions placement) of shares. In our opinion and according to the information and explanations given to us, the Company has complied with the requirements of section 42 and section 62 of the Act and the rules framed thereunder with respect to the same. Further, the amounts so raised were used for the purposes for which the funds were raised, though idle funds which were not required for immediate utilisation have been invested in readily realisable liquid investments and kept in monitoring account.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no fraud on the Company has been noticed or reported during the period covered by our audit.

(b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system which is commensurate with the size and nature of its business as required under the provisions of section 138 of the Act.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.

(d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) has only one CIC as part of the Group.

(xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information in the standalone financial statements, our knowledge of the plans of the Board of Directors and management 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 does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

**For J C Bhalla & Co**
Chartered Accountants
Firm's Registration No. 001111N

**Akhil Bhalla**
Partner
Membership No: 505002
UDIN: 25505002BMIKXH2112

**Place:** Gurugram
**Date:** 10 February 2025

B-5, Sector-6, Noida
Uttar Pradesh 201301

**For O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No: 000018N/N500091

**Neeraj Kumar Agarwal**
Partner
Membership No. 094155
UDIN: 25094155BMKSDP4102

**Place:** Gurugram
**Date:** 10 February 2025

B-225, 5th Floor, Okhla Industrial Area,
Phase 1, New Delhi 110020

# Annexure II

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

1. In conjunction with our audit of the standalone financial statements of Varun Beverages Limited ('the Company') as at and for the year ended 31 December 2024, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

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

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

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

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

## Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

### Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 December 2024, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For J C Bhalla & Co**
Chartered Accountants
Firm's Registration No. 001111N

**Akhil Bhalla**
Partner
Membership No: 505002
UDIN: 25505002BMIKXH2112

**Place:** Gurugram
**Date:** 10 February 2025

B-5, Sector-6, Noida
Uttar Pradesh 201301

**For O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No: 000018N/N500091

**Neeraj Kumar Agarwal**
Partner
Membership No. 094155
UDIN: 25094155BMKSDP4102

**Place:** Gurugram
**Date:** 10 February 2025

B-225, 5th Floor, Okhla Industrial Area,
Phase 1, New Delhi 110020

# Standalone Balance Sheet

As at 31 December 2024

(₹ in million)

| | Notes | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 4A | 77,016.11 | 55,036.05 |
| (b) Capital work-in-progress | 4B | 9,556.64 | 15,759.99 |
| (c) Right of use assets | 4C | 9,315.41 | 8,875.89 |
| (d) Goodwill | 5A | 19.40 | 19.40 |
| (e) Other intangible assets | 5B | 5,460.04 | 5,450.74 |
| (f) Intangible assets under development | 5C | 43.69 | - |
| (g) Financial assets | | | |
| (i) Investments | 6 | 20,960.11 | 14,499.54 |
| (ii) Loans | 7 | 14,856.27 | 6,999.39 |
| (iii) Other financial assets | 8 | 802.09 | 564.85 |
| (h) Other non-current assets | 9 | 3,429.50 | 3,537.46 |
| **Total non-current assets** | | **141,459.26** | **110,743.31** |
| **Current assets** | | | |
| (a) Inventories | 10 | 16,887.05 | 15,358.74 |
| (b) Financial assets | | | |
| (i) Trade receivables | 11 | 1,997.63 | 2,129.42 |
| (ii) Cash and cash equivalents | 12 | 20,580.80 | 494.80 |
| (iii) Bank balances other than (ii) above | 13 | 6.28 | 28.29 |
| (iv) Loans | 14 | 547.13 | - |
| (v) Other financial assets | 15 | 9,772.54 | 7,695.02 |
| (c) Other current assets | 16 | 3,589.05 | 3,645.00 |
| **Total current assets** | | **53,380.48** | **29,351.27** |
| **Total assets** | | **194,839.74** | **140,094.58** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| (a) Equity share capital | 17 | 6,763.02 | 6,496.07 |
| (b) Other equity | 18 | 158,824.03 | 64,261.97 |
| **Total equity** | | **165,587.05** | **70,758.04** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19A | 1,442.10 | 30,105.49 |
| (ia) Lease liabilities | 19C | 419.61 | 1,043.65 |
| (b) Provisions | 20 | 1,777.00 | 2,056.26 |
| (c) Deferred tax liabilities (Net) | 21 | 3,833.51 | 3,133.33 |
| (d) Other non-current liabilities | 22 | 47.31 | 68.40 |
| **Total non-current liabilities** | | **7,519.53** | **36,407.13** |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19B | 6,873.31 | 17,495.56 |
| (ia) Lease liabilities | 19D | 77.10 | 176.29 |
| (ii) Trade payables | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | 23 | 640.19 | 767.25 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 23 | 4,938.09 | 4,151.36 |
| (iii) Other financial liabilities | 24 | 5,883.00 | 6,678.70 |
| (b) Other current liabilities | 25 | 2,171.10 | 2,508.88 |
| (c) Provisions | 20 | 647.94 | 815.70 |
| (d) Current tax liabilities (Net) | 26 | 502.43 | 335.67 |
| **Total current liabilities** | | **21,733.16** | **32,929.41** |
| **Total liabilities** | | **29,252.69** | **69,336.54** |
| **Total equity and liabilities** | | **194,839.74** | **140,094.58** |
| Material accounting policies | 3 | | |

The accompanying notes 1 to 62 are an integral part of the standalone financial statements.

As per our report of even date attached.

**For J C Bhalla & Co**
Chartered Accountants
Firm's Registration No.: 001111N

**For O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.: 000018N/N500091

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

**Akhil Bhalla**
Partner
Membership No.: 505002

**Neeraj Kumar Agarwal**
Partner
Membership No.: 094155

**Varun Jaipuria**
Whole Time Director
DIN 02465412

**Raj Pal Gandhi**
Whole Time Director
DIN 00003649

**Rajesh Chawla**
Chief Financial Officer

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

Place : Gurugram
Dated : 10 February 2025

# Standalone Statement of Profit and Loss

For the year ended 31 December 2024

(₹ in million)

| | Notes | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 27 | 143,486.00 | 126,328.26 |
| Other income | 28 | 3,539.35 | 1,461.42 |
| **Total income** | | **147,025.35** | **127,789.68** |
| **Expenses** | | | |
| Cost of materials consumed | 29 | 63,622.29 | 59,027.80 |
| Purchases of stock-in-trade | 30 | 2,029.08 | 1,494.34 |
| Changes in inventories of finished goods, intermediate goods, stock-in-trade and work-in-progress | 31 | 388.40 | (618.15) |
| Employee benefits expense | 32 | 11,775.54 | 10,367.96 |
| Finance costs | 33 | 3,496.55 | 2,410.95 |
| Depreciation and amortisation expense | 34 | 6,179.06 | 5,183.28 |
| Other expenses | 35 | 28,835.04 | 26,241.87 |
| **Total expenses** | | **116,325.96** | **104,108.05** |
| **Profit before tax** | | **30,699.39** | **23,681.63** |
| **Tax expense** | | | |
| (a) Current tax | 26 | 6,858.95 | 6,018.71 |
| (b) Adjustment of tax relating to earlier years | 26 | 6.64 | (28.82) |
| (c) Deferred tax charge/(credit) | 21 | 630.16 | (59.52) |
| **Total tax expense** | | **7,495.75** | **5,930.37** |
| **Net profit for the year** | | **23,203.64** | **17,751.26** |
| **Other comprehensive income** | 36 | | |
| (a) Items that will not to be reclassified to Profit or Loss: | | | |
| (i) Re-measurement gain/(loss) on defined benefit plans | | 278.06 | (27.76) |
| (ii) Income tax relating to items that will not be reclassified to Profit or Loss | | (69.98) | 6.99 |
| **Total other comprehensive income** | | **208.08** | **(20.77)** |
| **Total comprehensive income for the year** | | **23,411.72** | **17,730.49** |
| **Earnings per equity share of face value of ₹ 2 each** | | | |
| Basic (₹) | 38 | 7.11 | 5.46 |
| Diluted (₹) | 38 | 7.11 | 5.46 |
| Material accounting policies | 3 | | |

The accompanying notes 1 to 62 are an integral part of the standalone financial statements.
As per our report of even date attached.

**For J C Bhalla & Co**
Chartered Accountants
Firm's Registration No.: 001111N

**Akhil Bhalla**
Partner
Membership No.: 505002

**For O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.: 000018N/N500091

**Neeraj Kumar Agarwal**
Partner
Membership No.: 094155

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

**Varun Jaipuria**
Whole Time Director
DIN 02465412

**Raj Pal Gandhi**
Whole Time Director
DIN 00003649

**Rajesh Chawla**
Chief Financial Officer

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

Place : Gurugram
Dated : 10 February 2025

# Standalone Statement of Cash Flow
For the year ended 31 December 2024

(Indirect Method) (₹ in million)

| | | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|---|
| A. | **Operating activities** | | |
| | Profit before tax | 30,699.39 | 23,681.63 |
| | **Adjustments to reconcile profit before tax to net cash flows:** | | |
| | Depreciation on property, plant and equipment | 5,986.66 | 5,007.16 |
| | Amortisation of intangible assets and Right of use assets | 192.40 | 176.12 |
| | Interest expense at amortised cost | 3,496.55 | 2,410.95 |
| | Interest income at amortised cost | (1,183.48) | (512.24) |
| | Dividend income from non-current investment in subsidiaries | (1,315.99) | (407.53) |
| | Loss on disposal/written off of property, plant and equipment (Net) | 761.81 | 764.10 |
| | Share based payments (Net) | 140.25 | 63.35 |
| | Bad debts and advances written off | 9.10 | 2.13 |
| | Excess provisions and liabilities written back | (62.35) | (291.84) |
| | Gain on sale of current investments | (22.47) | (3.51) |
| | Guarantee commission income | (93.48) | (28.87) |
| | Unrealised foreign exchange fluctuation | (425.29) | (111.87) |
| | Allowance for expected credit loss | 3.10 | - |
| | Operating profit before working capital changes | **38,186.20** | **30,749.58** |
| | **Working capital adjustments:** | | |
| | Increase in inventories | (1,528.30) | (1,097.26) |
| | Decrease/(Increase) in trade receivables | 127.61 | (625.21) |
| | Increase in current and non-current financial assets and other current and non-current assets | (914.90) | (3,165.89) |
| | Increase/(Decrease) in current financial liabilities and other current and non-current liabilities and provisions | 423.94 | (24.23) |
| | **Total cash from operations** | **36,294.55** | **25,836.99** |
| | Income tax paid | (6,625.12) | (6,308.22) |
| | **Net cash flows from operating activities (A)** | **29,669.43** | **19,528.77** |
| B. | **Investing activities** | | |
| | Purchase of property, plant and equipment, right of use assets and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors) | (23,833.06) | (26,464.52) |
| | Proceeds from disposal of property, plant and equipment | 154.65 | 563.20 |
| | Loan given to subsidiaries and joint venture | (7,994.24) | (1,993.40) |
| | Investment made in subsidiaries, associates, joint venture and other | (6,438.39) | (930.61) |
| | Proceeds from sale of current investments (Net) | 22.47 | 3.51 |
| | Receipt of loan given to a subsidiary | - | 250.07 |
| | Change in other bank balances | 22.88 | (28.39) |
| | Guarantee commission received | 81.42 | 25.72 |
| | Interest received | 430.55 | 366.23 |
| | Dividend income from non-current investment in subsidiaries | 682.81 | 512.52 |
| | **Net cash used in investing activities (B)** | **(36,870.91)** | **(27,695.67)** |

# Standalone Statement of Cash Flow

For the year ended 31 December 2024

(Indirect Method) (₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| **C. Financing activities** | | |
| Proceeds from long term borrowings | 10,929.58 | 22,689.10 |
| Repayment of long term borrowings | (48,171.60) | (12,377.86) |
| (Repayments)/Proceeds of short-term borrowings (Net) | (2,071.58) | 2,582.05 |
| Repayments of lease liabilities | (1,015.91) | (98.25) |
| Interest paid (inclusive of interest paid on lease liabilities ₹ 120.18 (31 December 2023: ₹ 106.23)) | (3,642.51) | (2,381.67) |
| Proceeds from issue of equity shares including share premium thereon (QIP & ESOPs) | 75,118.80 | 44.41 |
| Share issue expenses (Refer note 59) | (611.10) | - |
| Proceeds from share application money pending allotment | - | 3.51 |
| Dividend paid | (3,248.20) | (2,273.48) |
| **Net cash generated from financing activities (C)** | **27,287.48** | **8,187.81** |
| **Net change in cash and cash equivalents (D=A+B+C)** | **20,086.00** | **20.91** |
| Cash and cash equivalents at the beginning of year (E) | 494.80 | 473.89 |
| **Cash and cash equivalents at the end of year (D+E) (Refer note 12)** | **20,580.80** | **494.80** |

**Notes:**

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

(₹ in million)

| | Non-current borrowings* | Current borrowings | Lease Liabilities (Non-current and current) |
|---|---|---|---|
| Balance as at 01 January 2024 | 39,846.05 | 7,755.00 | 1,219.94 |
| Cash flows (Net) | (37,242.02) | (2,071.58) | (1,015.91) |
| Non-cash changes: | | | |
| Recognition of lease liabilities (net) | - | - | 292.68 |
| Impact of fair value changes | 27.96 | - | - |
| **Balance as at 31 December 2024** | **2,631.99** | **5,683.42** | **496.71** |

(₹ in million)

| | Non-current borrowings* | Current borrowings | Lease Liabilities (Non-current and current) |
|---|---|---|---|
| Balance as at 01 January 2023 | 29,545.55 | 5,172.95 | 1231.06 |
| Cash flows (Net) | 10,311.24 | 2,582.05 | (98.25) |
| Non-cash changes: | | | |
| Recognition of lease liabilities (net) | - | - | 87.13 |
| Impact of fair value changes | (10.74) | - | - |
| **Balance as at 31 December 2023** | **39,846.05** | **7,755.00** | **1,219.94** |

*includes current maturities of long-term debts amounting to ₹ 1,189.89 million (31 December 2023: ₹ 9,740.56 million). (Refer note 19A and 19B)
Refer Note 47 for amount spent during the financial year 31 December 2024 and 31 December 2023 relating to Corporate Social Responsibilities activities.

The accompanying notes 1 to 62 are an integral part of the standalone financial statements.

As per our report of even date attached.

**For J C Bhalla & Co**
Chartered Accountants
Firm's Registration No.: 001111N

**For O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.: 000018N/N500091

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

**Akhil Bhalla**
Partner
Membership No.: 505002

**Neeraj Kumar Agarwal**
Partner
Membership No.: 094155

**Varun Jaipuria**
Whole Time Director
DIN 02465412

**Raj Pal Gandhi**
Whole Time Director
DIN 00003649

**Rajesh Chawla**
Chief Financial Officer

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

Place : Gurugram
Dated : 10 February 2025

# Standalone Statement of Changes in Equity

For the year ended 31 December 2024

## A. Equity share capital

(₹ in million)

| Particulars | Notes | Number of shares | Amount |
|---|---|---|---|
| **Balance as at 01 January 2023** | | 649,549,620 | 6,495.50 |
| Changes in equity share capital during the year 2023 | | 649,665,356 | 0.57 |
| **Balance as at 31 December 2023** | 17 | **1,299,214,976** | **6,496.07** |
| Changes in equity share capital during the year 2024 | | 2,082,295,041 | 266.95 |
| **Balance as at 31 December 2024** | 17 | **3,381,510,017** | **6,763.02** |

## B. Other Equity

(₹ in million)

| Particulars | Notes | Reserve and surplus | | | | | Share application money pending allotment | Total |
|---|---|---|---|---|---|---|---|---|
| | | Capital reserve | Share option outstanding account | Securities premium | General reserve | Retained earnings | | |
| **Balance as at 01 January 2023** | | **533.93** | **29.08** | **22,569.56** | **444.26** | **25,101.68** | **-** | **48,678.51** |
| Profit for the year | | - | - | - | - | 17,751.26 | - | **17,751.26** |
| Other comprehensive income for the year | | | | | | | | |
| Re-measurement gain on defined benefit plans (Net of taxes)# | | - | - | - | - | (20.77) | - | **(20.77)** |
| Dividend paid* (Refer note 39) | | - | - | - | - | (2,273.48) | - | **(2,273.48)** |
| Share application money pending allotment | | - | - | - | - | - | 3.51 | **3.51** |
| Recognition of share based payment expenses (Refer note 32) | | - | 79.10 | - | - | - | - | **79.10** |
| Pursuant to exercise of employee stock options | | - | (23.19) | 67.03 | - | - | - | **43.84** |
| **Balance as at 31 December 2023** | **18** | **533.93** | **84.99** | **22,636.59** | **444.26** | **40,558.69** | **3.51** | **64,261.97** |

# Standalone Statement of Changes in Equity

For the year ended 31 December 2024

(₹ in million)

| Particulars | Notes | Reserve and surplus | | | | | Share application money pending allotment | Total |
|---|---|---|---|---|---|---|---|---|
| | | Capital reserve | Share option outstanding account | Securities premium | General reserve | Retained earnings | | |
| Profit for the year | | - | - | - | - | 23,203.64 | - | **23,203.64** |
| Other comprehensive income for the year | | | | | | | | |
| Re-measurement loss on defined benefit plans (Net of taxes)# | | - | - | - | - | 208.08 | - | **208.08** |
| Dividend paid* (Refer note 39) | | - | - | - | - | (3,248.55) | - | **(3,248.55)** |
| Equity share capital issued during the year pending previous year allotment | | - | - | - | - | - | (3.51) | **(3.51)** |
| Recognition of share based payment expenses (Refer note 32) | | - | 162.43 | - | - | - | | **162.43** |
| Pursuant to exercise of employee stock options | | - | (62.72) | 183.56 | - | - | - | **120.84** |
| Additions made on issue of equity share capital pursuant to Qualified Institutions Placement (Refer note 59) | | - | - | 74,734.51 | - | - | - | **74,734.51** |
| Amount utilised for share issue expenses (Refer note 59) | | - | - | (615.38) | - | - | - | **(615.38)** |
| **Balance as at 31 December 2024** | **18** | **533.93** | **184.70** | **96,939.28** | **444.26** | **60,721.86** | **-** | **158,824.03** |

# The disaggregation of changes in OCI by each type of reserves in equity is disclosed in Note 37.

*Transaction with owners in their capacity as owners.

The accompanying notes 1 to 62 are an integral part of the standalone financial statements.

As per our report of even date attached

**For J C Bhalla & Co**
Chartered Accountants
Firm's Registration No.: 001111N

**Akhil Bhalla**
Partner
Membership No.: 505002

**For O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.: 000018N/N500091

**Neeraj Kumar Agarwal**
Partner
Membership No.: 094155

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

**Varun Jaipuria**
Whole Time Director
DIN 02465412

**Raj Pal Gandhi**
Whole Time Director
DIN 00003649

**Rajesh Chawla**
Chief Financial Officer

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

Place : Gurugram
Dated : 10 February 2025

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 1 Corporate information

Varun Beverages Limited (the "Company") is a public limited Company domiciled in India. Its registered office is at F-2/7, Okhla Industrial Area, Phase-I, New Delhi- 110 020. The Company's equity shares are listed on Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India ("NSE"). The Company was incorporated on 16 June 1995 with Corporate Identification Number L74899DL1995PLC069839 under the provision of the Companies Act, 1956. The Company is primarily engaged in manufacturing, selling, bottling and distribution of beverages of PepsiCo's brand in geographically pre-defined territories as per franchisee agreement with PepsiCo India Holdings Private Limited.

## 2 Basis for preparation

These standalone financial statements ("financial statements") of the Company have been prepared in accordance with Indian Accounting Standard ("Ind AS") and comply with requirements of Ind AS notified under section 133 of the Companies Act, 2013 ("the Act"), read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended, and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI) from time to time, stipulation contained in Schedule III (Revised) and other pronouncements/ provisions of applicable laws. These financial statements are authorised for issue on 10 February 2025 in accordance with a resolution of the Board of Directors. The Board of Directors can permit the revision to the standalone financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

These standalone financial statements have been prepared using the material accounting policies and measurement basis summarised below. These accounting policies have been used consistently throughout all periods presented in these standalone financial statements except as mentioned in note 3.2 below.

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

i. Derivative financial instruments;

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

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

iv. Share based payments.

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

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

ii. Held primarily for the purpose of trading;

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

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

All other assets are classified as non-current.

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

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

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

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

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

All other liabilities are classified as non-current.

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

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

The Company follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

The financial statements of the Company are presented in Indian Rupees (₹), which is also its functional currency and all amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III to the Act, unless otherwise stated.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 3 Material accounting policies

### 3.1 Fair value measurements

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

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

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

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

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

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

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

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

### 3.2 Revenue recognition

Revenue is 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.

a) ***Sale of goods:***

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

b) ***Interest:***

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

c) ***Dividends:***

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

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

d) *Commission:*

Commission income is recognised rateably over the contract period as per the agreed contractual terms.

e) *Services rendered:*

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

## 3.3 Inventories

Inventories are valued as follows:

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

However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

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

c) **Intermediate goods/ Finished goods:**

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

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

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

## 3.4 Property, plant and equipment

***Measurement at recognition:***

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

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

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

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

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

Value for individual assets acquired for a consolidated price, the cost is apportioned to the various assets on their relative fair values basis as determined by competent valuers.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

***Depreciation:***

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

| Description | Useful lives (upto) |
|---|---|
| Leasehold land | Over lease period |
| Buildings-factory | 30 years |
| Buildings-others | 60 years |
| Plant and equipment | 20 years |
| Furniture and fixtures | 10 years |
| Delivery vehicles | 10 years |
| Vehicles (other than delivery vehicles) | 7 years |
| Office equipment | 4 years |
| Computer equipment | 4 years |
| Containers | 6 years |
| Post-mix vending machines and refrigerators (Visi - Cooler) | 8 years |
| Power generating assets* | 22 years |

*Included in plant and equipment in financial statements.

Freehold land is not depreciated.

Depreciation on property, plant and equipment is provided over the useful lives of assets as specified in Schedule II to the Act except where the management, based on independent technical assessment, depreciates certain assets are over estimated useful lives which are different from the useful lives prescribed in the Schedule II to the Act. The Company has used the remaining useful lives to compute depreciation on its property, plant and equipment, acquired under the business transfer agreement based on external technical evaluation.

Depreciation on property, plant and equipment which are added/disposed off during the year is provided on pro-rata basis with reference to the month of addition/deletion.

The Company has technically evaluated all the property, plant and equipment for determining the separate identifiable assets having different useful lives under the component approach. On technical evaluation of all separate identifiable components, the management is of the opinion that they do not have any different useful life from that of the principal asset.

In case of revaluation of leasehold land, the resulting amortisation of the total revalued amount is expensed off to the Statement of Profit and Loss.

***Derecognition:***

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds or amount of security deposit adjusted and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is de-recognised.

Breakages of containers are adjusted on 'first bought first broken' basis, since it is not feasible to specifically identify the broken containers in the fixed assets records.

### 3.5 Intangible assets

Intangible assets are initially recognised at:

a) In case the assets are acquired separately, then at cost,

b) In case the assets are acquired in a business combination or under any asset purchase agreement, at fair value.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss. Intangible assets with finite useful life are assessed for impairment whenever there is an indication that the intangible assets may be impaired. Amortisation of intangible assets such as softwares and distribution network is computed on a straight-line basis, at the rates representing estimated useful life of 4 years and 8 years respectively.

The franchise rights and trademarks acquired as part of business combinations normally have a remaining legal life of not exceeding twenty years but is renewable every twenty years and is well established. The Company intends to renew these rights continuously and evidence supports its ability to do so. An analysis of product life cycle studies, market and competitive trends provides evidence that the product will generate net cash inflows for the Company for an indefinite period. Therefore, these rights have been carried at cost without amortisation, but is tested for impairment annually, at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

### 3.6 Borrowing costs

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

### 3.7 Leases

***The Company as a lessee***

The Company enters into an arrangement for lease of buildings and equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with Ind AS 116 – Leases, at inception of the contract, the Company assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

a) The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

b) The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

c) The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

***Measurement and recognition of leases as a lessee***

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfills the requirements of Ind AS 40 - Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use asset are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

a) Fixed payments, including in-substance fixed payments;

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

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 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 Ind AS 116 - Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

*The Company as a lessor*

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116 - Leases. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

## 3.8 Employee benefits

*Contribution to provident and other funds*

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

*Gratuity*

Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Company recognises termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

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

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

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring cost

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

  The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

*Compensated absences*

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit which are computed based on the actuarial valuation using the projected unit credit method at the period end. Actuarial gains/ losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the balance is presented as a non-current liability.

Accumulated leave, which is expected to be 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.

**3.9 Share-based payments**

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments which are classified as equity-settled transactions.

The cost of equity-settled transactions is determined by the fair value at the date of grant using an appropriate valuation model. That cost is recognised

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

as an employee benefit expense with a corresponding increase in 'Share option outstanding account' in other equity, over the period in which the service conditions are fulfilled in relation to options granted to employees of the Company. Further, In relation to options granted to employees of subsidiaries, the amount is disclosed under non-current investments with a corresponding increase in 'Share option outstanding account' and disclosed as equity contribution in subsidiaries.

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

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

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

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

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an award is cancelled by the Company or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

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

### 3.10 Foreign currency transactions and translations

Transactions in foreign currencies are initially recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or before 31 December 2016: Exchange differences arising on conversion of long term foreign currency monetary items used for acquisition of depreciable fixed assets are added to the cost of fixed assets and is depreciated over the remaining life of the respective fixed asset and in other cases, is recorded under the head 'Foreign Currency Monetary Item Translation Difference Account' and is amortised over the period of maturity of underlying long term foreign currency monetary items, in accordance with the option available under Ind AS 101.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or after 01 January 2017: Exchange differences arising on restatement of long term foreign currency monetary items obtained or given is recorded in the Statement of Profit and Loss.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

### 3.11 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits' respectively.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments' ('Ind AS 109'), is measured at fair value with changes in fair value recognised in the Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in the Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

### 3.12 Government grants

Grants from the Government are recognised when there is reasonable assurance that all underlying conditions will be complied with and that the grant will be received.

Grants related to income are recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate and are presented as 'Other operating revenues. Further, where loans or similar assistance are provided by Government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds to be received. That grant is recognised in the Statement of Profit and Loss under 'other operating revenue'. The loan is subsequently measured in the year of disbursement as per the accounting policy applicable to financial liabilities.

Government grants related to assets are presented in the balance sheet by deducting the grant from the carrying value of the asset and non-monetary grant is recognised at a nominal value.

### 3.13 Income taxes

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

***Current income tax***

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 and rules thereunder. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity).

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

***Deferred tax***

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their book bases. Deferred tax liabilities are recognised for all temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the relevant members of the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting period end and the adjusted based on circumstances then prevailing.

***Deferred tax on business combination***

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

### 3.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The business activities of the Company predominantly fall within a single operating segment, i.e., manufacturing and sale of beverages within India.

### 3.15 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded Company's or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

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

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

### 3.16 Financial instruments

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

**Financial assets**

***Initial recognition and measurement***

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

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

***a) Debt instruments at amortised cost***

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

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

***b) Debt instruments at fair value through other comprehensive income***

Assets that are held for collection of contractual cashflows and for selling the financial assets, where the cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). The Company has not designated any debt instrument in this category.

***c) Debt instruments at fair value through profit or loss***

Fair Value Through Profit or Loss ("FVTPL") is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at 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 recognised in the Statement of Profit and Loss. The Company has not designated any debt instrument in this category.

***d) Equity instruments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 'Business Combinations' applies are Ind AS classified as at FVTPL. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair values. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

*De-recognition*

A financial asset is 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*

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

Financial liabilities

*Initial recognition and measurement*

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

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

a) ***Financial liabilities at FVTPL***

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses are recognised in the Statement of Profit and Loss, except for those attributable to changes in own credit risk, which are recognised in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit and Loss.

b) ***Financial liabilities at amortised cost***

After initial recognition, financial liabilities designated at amortised costs are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortisation is included as finance costs in the Statement of Profit and Loss.

*De-recognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

*Offsetting of financial instruments*

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

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

**3.17 Investment in subsidiaries, joint venture and associates**

An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, an investor controls an investee if and only if the investor has all the following:

a) power over the investee;

b) exposure, or rights, to variable returns from its involvement with the investee; and

c) the ability to use its power over the investee to affect the amount of the investor's returns.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Company has elected to recognise its investments in subsidiary, joint venture and associate companies at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

Investment carried at cost is tested for impairment as per Ind-AS 36.

**3.18 Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

**3.19 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 corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**3.20 Provisions**

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**3.21 Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration or is due from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**3.22 Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

**3.23 Earnings per share**

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, other than conversion of potential equity shares, that have changed the number of equity shares outstanding without a corresponding change in resources.

In case of a bonus issue and sub-divison/split, the number of ordinary shares outstanding is increased by number of shares issued as bonus shares and sub-divison/split respectively in current year and comparative period presented as if the event had occurred at the beginning of the earliest year presented.

For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**3.24 Significant management judgement in applying accounting policies and estimation uncertainty**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

**i) Judgements**

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

***a) Contingencies***

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

***b) Recognition of deferred tax assets***

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

**ii) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*a)* ***Useful lives of tangible/intangible assets***

The Company reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

*b)* ***Defined benefit obligation***

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

*c)* ***Inventories***

The Company estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

*d)* ***Business combinations***

The Company uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

*e)* ***Impairment of non-financial assets and goodwill***

In assessing impairment, Company estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

*f)* ***Fair value measurement of financial instruments***

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 4A. Property, plant and equipment

(₹ in million)

| | Land freehold | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Computer equipment | Containers | Post-mix vending machines and refrigerators (Visi Cooler) | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | | | | |
| Balance as at 01 January 2024 | 7,287.92 | 16,066.41 | 45,317.81 | 270.33 | 1,247.56 | 407.71 | 312.67 | 4,794.97 | 9,463.15 | 85,168.53 |
| Additions for the year | 6.72 | 6,319.81 | 20,722.33 | 82.32 | 129.07 | 98.36 | 89.63 | 849.83 | 585.11 | 28,883.18 |
| Disposals for the year | - | (349.98) | (1,075.19) | (0.31) | (125.18) | (2.18) | (5.12) | (164.41) | (89.02) | (1,811.39) |
| **Balance as at 31 December 2024** | **7,294.64** | **22,036.24** | **64,964.95** | **352.34** | **1,251.45** | **503.89** | **397.18** | **5,480.39** | **9,959.24** | **112,240.32** |
| **Accumulated depreciation** | | | | | | | | | | |
| Balance as at 01 January 2024 | - | 3,355.26 | 14,851.42 | 151.96 | 879.78 | 250.79 | 201.31 | 1,854.08 | 8,587.88 | 30,132.48 |
| Depreciation charge for the year | - | 700.60 | 3,889.77 | 23.58 | 73.18 | 60.57 | 47.09 | 769.45 | 422.42 | 5,986.66 |
| Reversal on disposals for the year | - | (81.61) | (498.64) | (0.28) | (111.23) | (1.53) | (4.63) | (110.90) | (86.11) | (894.93) |
| **Balance as at 31 December 2024** | **-** | **3,974.25** | **18,242.55** | **175.26** | **841.73** | **309.83** | **243.77** | **2,512.63** | **8,924.19** | **35,224.21** |
| **Carrying amount as at 31 December 2024** | **7,294.64** | **18,061.99** | **46,722.40** | **177.08** | **409.72** | **194.06** | **153.41** | **2,967.76** | **1,035.05** | **77,016.11** |

(₹ in million)

| | Land freehold | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Computer equipment | Containers | Post-mix vending machines and refrigerators (Visi Cooler) | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | | | | |
| Balance as at 01 January 2023 | 6,758.49 | 12,761.74 | 35,030.44 | 207.37 | 1,157.84 | 321.54 | 253.20 | 4,121.81 | 9,523.92 | 70,136.35 |
| Additions for the year | 541.92 | 3,572.67 | 11,644.35 | 63.15 | 156.36 | 91.43 | 70.28 | 1,367.28 | 65.81 | 17,573.25 |
| Disposals/adjustments for the year | (12.49) | (268.00) | (1,356.98) | (0.19) | (66.64) | (5.26) | (10.81) | (694.12) | (126.58) | (2,541.07) |
| **Balance as at 31 December 2023** | **7,287.92** | **16,066.41** | **45,317.81** | **270.33** | **1,247.56** | **407.71** | **312.67** | **4,794.97** | **9,463.15** | **85,168.53** |
| **Accumulated depreciation** | | | | | | | | | | |
| Balance as at 01 January 2023 | - | 2,890.12 | 12,398.66 | 134.95 | 871.31 | 211.02 | 178.07 | 1,722.70 | 7,975.87 | 26,382.70 |
| Depreciation charge for the year | - | 516.94 | 2,959.45 | 17.19 | 71.37 | 44.32 | 33.41 | 679.08 | 685.40 | 5,007.16 |
| Reversal on disposals/adjustments for the year | - | (51.80) | (506.69) | (0.18) | (62.90) | (4.55) | (10.17) | (547.70) | (73.39) | (1,257.38) |
| Balance as at 31 December 2023 | - | 3,355.26 | 14,851.42 | 151.96 | 879.78 | 250.79 | 201.31 | 1,854.08 | 8,587.88 | 30,132.48 |
| **Carrying amount as at 31 December 2023** | **7,287.92** | **12,711.15** | **30,466.39** | **118.37** | **367.78** | **156.92** | **111.36** | **2,940.89** | **875.27** | **55,036.05** |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 4A. Property, plant and equipment [Cont'd]

**Footnotes to Note 4A:**

i. Refer Note 50 for information on property, plant and equipment pledged as security by the Company.

ii. Pre-operative expenses incurred and capitalised during the year are as under:

(₹ in million)

| Net Book Value | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Balance at the beginning of the year | 741.34 | 212.43 |
| **Add: Incurred during the year** | | |
| Finance costs | 400.95 | 619.36 |
| Employee benefits expense and other expenses | 933.98 | 320.99 |
| **Less: Capitalised during the year** | (1,780.72) | (411.44) |
| **Amount carried over included in CWIP** | **295.55** | **741.34** |

iii. The amount of contractual commitments for the acquisitions of property, plant and equipment are disclosed in Note 41.

iv. All title deeds of immovable properties are held in the name of the Company.

## 4B. Capital work-in-progress (CWIP)

The changes in the carrying value of capital work-in-progress for the year ended 31 December 2024 and 31 December 2023 are as follows :

(₹ in million)

| | Amount |
|---|---|
| **Gross carrying amount** | |
| Balance as at 01 January 2024 | 15,759.99 |
| Additions for the year* | 11,123.67 |
| Transfer to property, plant and equipment | (17,327.02) |
| **Balance as at 31 December 2024** | **9,556.64** |

(₹ in million)

| | Amount |
|---|---|
| **Gross carrying amount** | |
| Balance as at 01 January 2023 | 5,399.45 |
| Additions for the year* | 17,376.80 |
| Transfer to property, plant and equipment | (7,016.26) |
| **Balance as at 31 December 2023** | **15,759.99** |

* includes finance cost amounting to ₹ 400.95 million (31 December 2023: ₹ 619.36 million) and employee benefits expense and other expenses amounting to ₹ 933.98 million (31 December 2023: ₹ 320.99 million).

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 4B. Capital work-in-progress (CWIP)

**Footnotes to Note 4B:**

**(i) CWIP ageing schedule**

(₹ in million)

| Particular | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| **Projects in progress** | | | | | |
| As at 31 December 2024 | 9,406.68 | 129.05 | 17.45 | 3.46 | **9,556.64** |
| As at 31 December 2023 | 15,112.82 | 642.55 | 1.15 | 3.47 | **15,759.99** |

There are no projects as on each reporting period where activity has been suspended. Also, there are no projects as on each reporting period which has exceeded cost as compared to its original plan or where completion is overdue.

## 4C. Right of use assets (ROU)

(₹ in million)

| | Land leasehold | Leased buildings | Leased plant and equipment | Total |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| Balance as at 01 January 2024 | 9,331.57 | 373.96 | 13.60 | 9,719.13 |
| Additions for the year | 544.67 | 57.44 | - | 602.11 |
| **Balance as at 31 December 2024** | **9,876.24** | **431.40** | **13.60** | **10,321.24** |
| **Accumulated amortisation** | | | | |
| Balance as at 01 January 2024 | 572.23 | 263.30 | 7.71 | 843.24 |
| Amortisation for the year | 127.03 | 34.60 | 0.96 | 162.59 |
| **Balance as at 31 December 2024** | **699.26** | **297.90** | **8.67** | **1,005.83** |
| **Carrying amount as at 31 December 2024** | **9,176.98** | **133.50** | **4.93** | **9,315.41** |

(₹ in million)

| | Land leasehold | Leased buildings | Leased plant and equipment | Total |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| Balance as at 01 January 2023 | 8,653.46 | 295.55 | 13.60 | 8,962.61 |
| Addition during the year | 694.72 | 78.41 | - | 773.13 |
| Rebate (Refer footnote i) | (16.61) | - | - | (16.61) |
| **Balance as at 31 December 2023** | **9,331.57** | **373.96** | **13.60** | **9,719.13** |
| **Accumulated amortisation** | | | | |
| Balance as at 01 January 2023 | 460.33 | 229.16 | 6.06 | 695.55 |
| Amortisation for the year | 111.90 | 34.14 | 1.65 | 147.69 |
| Balance as at 31 December 2023 | 572.23 | 263.30 | 7.71 | 843.24 |
| **Carrying amount as at 31 December 2023** | **8,759.34** | **110.66** | **5.89** | **8,875.89** |

**Footnotes to Note 4C:**

(i) During the year ended on 31 December 2023, the Company has received rebate on leasehold land acquired in Gorakhpur amounting to ₹ 16.60 million on account of full premium payment as per prescribed timeline. The rebate received is adjusted against the carrying value of the respective asset.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

(ii) All lease deeds of immovable properties are held in the name of the Company except as disclosed below:

(₹ in million)

| Description of property | Gross carrying value | Net carrying value | Whether title deed holder is a Promoter, director or relative of promoter/ director or employee | Date since the property is held | Reason for not being held in name of Company |
|---|---|---|---|---|---|
| Land situated at Buxar, Bihar | 371.34 | 367.52 | No | 21 December 2023 | The Company has received the possession letter dated 21 December 2023 of land situated at Buxar, Bihar and is in the process of getting lease deed registered in its name. |
| Land situated at Kolkata, West Bengal | 1.50 | 1.41 | No | 01 October 2018 | The Company has executed the lease agreement for Kolkata, West Bengal land, which is yet to be registered. |

## 5A. Goodwill (Refer note i)

(₹ in million)

| | Amount |
|---|---|
| **Gross carrying amount** | |
| Balance as at 01 January 2024 | 19.40 |
| Acquired during the year | - |
| **Balance as at 31 December 2024** | **19.40** |
| **Impairment** | |
| Balance as at 01 January 2024 | - |
| Impairment charge for the year | - |
| Balance as at 31 December 2024 | - |
| **Carrying amount as at 31 December 2024** | **19.40** |

(₹ in million)

| | Amount |
|---|---|
| **Gross carrying amount** | |
| Balance as at 01 January 2023 | 19.40 |
| Acquired during the year | - |
| **Balance as at 31 December 2023** | **19.40** |
| **Impairment** | |
| Balance as at 01 January 2023 | - |
| Impairment charge for the year | - |
| Balance as at 31 December 2023 | - |
| **Carrying amount as at 31 December 2023** | **19.40** |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 5B. Other intangible assets

(₹ in million)

| | Franchise rights/ trademarks (Refer note i) | Distribution network | Computer software | Total |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| Balance as at 01 January 2024 | 6,042.96 | 157.64 | 280.51 | 6,481.11 |
| Additions for the year | - | - | 39.11 | 39.11 |
| Disposals for the year | - | - | - | - |
| **Balance as at 31 December 2024** | **6,042.96** | **157.64** | **319.62** | **6,520.22** |
| **Amortisation** | | | | |
| Balance as at 01 January 2024 | 656.97 | 99.58 | 273.82 | 1,030.37 |
| Amortisation charge for the year | - | 19.70 | 10.11 | 29.81 |
| Reversal on disposals for the year | - | - | - | - |
| **Balance as at 31 December 2024** | **656.97** | **119.28** | **283.93** | **1,060.18** |
| **Carrying amount as at 31 December 2024** | **5,385.99** | **38.36** | **35.69** | **5,460.04** |

(₹ in million)

| | Franchise rights/ trademarks (Refer note i) | Distribution network | Computer software | Total |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| Balance as at 01 January 2023 | 6,042.96 | 157.64 | 279.89 | 6,480.49 |
| Additions for the year | - | - | 0.62 | 0.62 |
| Disposals for the year | - | - | - | - |
| **Balance as at 31 December 2023** | **6,042.96** | **157.64** | **280.51** | **6,481.11** |
| **Amortisation** | | | | |
| Balance as at 01 January 2023 | 656.97 | 79.87 | 265.10 | 1,001.94 |
| Amortisation charge for the year | - | 19.71 | 8.72 | 28.43 |
| Reversal on disposals for the year | - | - | - | - |
| **Balance as at 31 December 2023** | **656.97** | **99.58** | **273.82** | **1,030.37** |
| **Carrying amount as at 31 December 2023** | **5,385.99** | **58.06** | **6.69** | **5,450.74** |

i. Goodwill and franchise rights/trade marks with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

The Company has considered the relevant provisions of Ind AS 38 on 'Intangibles Assets' which provides factors to determine the life of intangible assets and accordingly the carrying value of franchisee rights have been considered to have an indefinite life. These franchisee rights meet the prescribed criteria of renewal at nominal cost, renewal with no specific conditions attached, are sustainable and the same is supported by evidences of being renewed. Management is of the opinion that, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the franchise rights are expected to generate net cash inflows for the Company.

**The assumptions used in this impairment assessment are most sensitive to following:**

a) Weighted average cost of capital "WACC" of 16.45% (Previous year - 13.33%) for the explicit period and 16.45% (Previous year - 13.33%) for the terminal year.

b) For arriving at the terminal value, approximate growth rate of 6% (Previous year - 5%) is considered.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 5B. Other intangible assets [Cont'd]

c) Number of years for which cash flows were considered are 5 years.

d) The approximate rate of growth in sales is estimated at 8%-10% (Previous year - 8%-10%) in the discrete period.

No impairment loss was identified on the above assessment.

ii. The amount of contractual commitments for the acquisitions of intangible assets are disclosed in Note 41.

iii. Refer Note 50 for information on other intangible assets pledged as security by the Company.

## 5C. Intangible assets under development:

The changes in the carrying value of intangible assets under development for the year ended 31 December 2024 and 31 December 2023 are as follows :

(₹ in million)

| | Amount |
|---|---:|
| **Gross carrying amount** | |
| Balance as at 01 January 2024 | - |
| Additions for the year | 43.69 |
| Transfer to intangible assets | - |
| **Balance as at 31 December 2024** | **43.69** |

(₹ in million)

| | Amount |
|---|---:|
| **Gross carrying amount** | |
| Balance as at 01 January 2023 | - |
| Additions for the year | - |
| Transfer to intangible assets | - |
| **Balance as at 31 December 2023** | **-** |

**Footnotes to Note 5C:**

(i) Intangible assets under development ageing schedule

(₹ in million)

| Particulars | Amount in intangible assets under development for a period of | | | | |
|---|---:|---:|---:|---:|---:|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | | | | | |
| As at 31 December 2024 | 43.69 | - | - | - | 43.69 |
| As at 31 December 2023 | - | - | - | - | - |

There are no projects as on each reporting period where activity has been suspended. Also, there are no projects as on each reporting period which has exceeded cost as compared to its original plan or where completion is overdue.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 6. Investments

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **Investment in equity shares of subsidiaries (at cost) (unquoted)** | | |
| 17,392,760 (31 December 2023: 17,392,760) fully paid equity shares of MAD 50 each in Varun Beverages Morocco SA^ | 6,179.18 | 6,179.18 |
| 643,853,670 (31 December 2023: 643,853,670) fully paid equity shares of LKR 10 each in Varun Beverages Lanka (Private) Limited | 3,149.55 | 3,149.55 |
| 2,001,500 (31 December 2023: 2,001,500) fully paid equity shares of NPR 1,000 each in Varun Beverages (Nepal) Private Limited* | 1,423.91 | 1423.91 |
| 18,710,100 (31 December 2023: 18,710,100) fully paid equity shares of ZMW 10 each in Varun Beverages (Zambia) Limited^ | 3,231.01 | 3,231.01 |
| 935 (31 December 2023: 935) fully paid equity shares of USD 1 each in Varun Beverages (Zimbabwe) (Private) Limited | 0.06 | 0.06 |
| 995,010 (31 December 2023: 597,645) fully paid equity shares of ₹ 10 each in Lunarmech Technologies Private Limited#^ | 2,262.94 | 262.94 |
| 999 (31 December 2023: 999) fully paid equity shares of USD 10 each in Varun Beverages RDC SAS | 0.74 | 0.74 |
| 1,000 (31 December 2023: 1,000) fully paid equity shares of AED 1,000 each in Varun Beverages International DMCC | 20.68 | 20.68 |
| 1,000 (31 December 2023: 1,000) fully paid equity shares of ZAR 10 each in Varun Beverages South Africa (PTY) Ltd.$ | 0.05 | 0.05 |
| 2,018,674 (31 December 2023: Nil) fully paid equity shares in The Beverage Company Proprietary Limited.## ^ | 4,037.26 | - |
| 9,900 (31 December 2023: Nil) fully paid equity shares of MZN 100 each in VBL Mozambique, SA ^% | 1.32 | - |
| 10,000 (31 December 2023: Nil) fully paid shares of USD 1 each in Varun Foods Zimbabwe (Private) Limited^^^ | 0.84 | - |
| Deemed investment (Refer note 43B) | 37.93 | 15.75 |
| **Investment in equity shares of associates (at cost) (unquoted)** | | |
| 21,030 (31 December 2023: 21,030 ) fully paid equity shares of ₹ 10 each in Clean Max Tav Private Limited@ | 32.85 | 32.85 |
| 1,247,943 (31 December 2023: 1,247,943) fully paid equity shares of ₹ 10 each in Huoban Energy 7 Private Limited^^ | 21.24 | 21.24 |
| **Investment in equity shares of joint ventures (at cost) (unquoted)** | | |
| 50,000,000 (31 December 2023: 13,007,000) fully paid equity shares of ₹ 10 each in IDVB Recycling Operations Private Limited~ | 500.00 | 130.07 |
| **Investment in others in fully paid equity shares (FVTPL, unquoted)** | | |
| 200 (31 December 2023: 200) shares of ₹ 50 each in The Margao Urban Co-operative Bank Limited | 0.01 | 0.01 |
| 250 (31 December 2023: 250) shares of ₹ 10 each in The Goa Urban Co-operative Bank Limited** | 0.00 | 0.00 |
| 3,150,000 (31 December 2023: 3,150,000) fully paid equity shares of ₹ 10 each in Lone Cypress Ventures Private Limited@@ | 31.50 | 31.50 |
| 958,415 (31 December 2023: Nil) fully paid equity shares of ₹ 10 each in Huoban Energy 11 Private Limited | 29.04 | - |
| | **20,960.11** | **14,499.54** |
| **Aggregate amount of unquoted investments** | **20,960.11** | **14,499.54** |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 6. Investments [Cont'd]

**Rounded off to Nil.

* The Company had subscribed 370,370 equity shares of Varun Beverages (Nepal) Private Limited amounting to ₹ 625.00 million on 18 May 2023 and Varun Beverages (Nepal) Private Limited on 24 December 2023 allotted 551,130 equity shares as bonus shares of NPR 1,000 each to its existing shareholder.

#The Company had acquired 50,000 equity shares of Lunarmech Technologies Private Limited amounting to ₹ 100.00 million on 16 October 2023. Further on 16 December 2024 Company has acquired 39.93% of the issued and paid-up Equity Share Capital and accordingly, it has become wholly-owned subsidiary.

$The Company had made equity investment in Varun Beverages South Africa (PTY) Ltd. amounting to ₹ 0.05 million on 23 May 2023.

~The Company had subscribed the equity investment of IDVB Recycling Operations Private Limited amounting to ₹ 369.93 (31 December 2023: ₹ 120.00 million) and loan given amounting to ₹ 10.00 million were converted into equity investment on 25 September 2023.

@The Company had made investment in Clean Max Tav Private Limited amounting to ₹ 3.28 million and ₹ 29.54 million on 27 January 2023 and 13 March 2023 respectively.

^^The Company had made equity investment in Huoban Energy 7 Private Limited amounting to ₹ 21.24 million on 09 May 2023.

@@The Company had made equity investment in Lone Cypress Ventures Private Limited amounting to ₹ 31.50 million on 13 March 2023.

^% The Company had incorporated VBL Mozambique, SA, a subsidiary on 21 November 2023, and consideration for 99% share capital has been transferred on 31 January 2024

^^^The Company has incorporated Varun Foods Zimbabwe (Private ) Limited, a wholly owned subsidiary on 22 May 2024.

## The Company acquired 95% stake of The Beverage Company Proprietary Limited amounting to ₹ 4,037.26 million on 26 March 2024

[P]The Company has made equity investment in Huoban Energy 11 Private Limited amounting to ₹ 29.04 million on 28 August 2024.

^These investments were tested for impairment in accordance with Ind AS 36 "Impairment of Assets" concluding no impairment to the carrying values.

Refer note 51 for information required under Section 186 (4) of the Companies Act, 2013.

**Information about investments along with proportion of ownership interest held and country of incorporation are as follows:**

| Name of the company/entity | Country of incorporation and principal place of business | Proportion of ownership interests held by the Company at year end | |
|---|---|---|---|
| | | As at 31 December 2024 | As at 31 December 2023 |
| Varun Beverages (Nepal) Private Limited ('VBL Nepal') | Nepal | 100.00% | 100.00% |
| Varun Beverages Lanka (Private) Limited ('VBL Lanka') | Sri Lanka | 100.00% | 100.00% |
| Varun Beverages Morocco SA ('VBL Morocco') | Morocco | 100.00% | 100.00% |
| Ole Spring Bottlers (Private) Limited ('Ole')* | Sri Lanka | 100.00% | 100.00% |
| Varun Beverages (Zambia) Limited ('VBL Zambia') | Zambia | 90.00% | 90.00% |
| Varun Beverages (Zimbabwe) (Private) Limited ('VBL Zimbabwe') | Zimbabwe | 85.00% | 85.00% |
| Varun Beverages RDC SAS | Congo | 99.90% | 99.90% |
| Lunarmech Technologies Private Limited~~ | India | 100.00% | 60.07% |
| Varun Beverages International DMCC | Dubai | 100.00% | 100.00% |
| IDVB Recycling Operations Private Limited | India | 50.00% | 50.00% |
| Clean Max Tav Private Limited | India | 26.00% | 26.00% |
| Huoban Energy 7 Private Limited@ | India | 26.34% | 26.34% |
| Varun Beverages South Africa (PTY) Ltd.# | South Africa | 100.00% | 100.00% |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

| Name of the company/entity | Country of incorporation and principal place of business | Proportion of ownership interests held by the Company at year end | |
|---|---|---|---|
| | | As at 31 December 2024 | As at 31 December 2023 |
| VBL Mozambique, SA^^ | Mozambique | 99.00% | 99.00% |
| The Beverage Company Proprietary Limited ('Bevco')## | South Africa | 95.00% | - |
| The Beverage Company Bidco Proprietary Limited$## | South Africa | 95.00% | - |
| Little Green Beverages Proprietary Limited$## | South Africa | 95.00% | - |
| Softbev Proprietary Limited$## | South Africa | 95.00% | - |
| Varun Foods Zimbabwe (Private ) Limited^^^ | Zimbabwe | 100.00% | - |

*subsidiary of VBL Lanka

@w.e.f. 09 May 2023

#w.e.f. 23 May 2023

^^Subsidiary incorporated on 21 November 2023, 99% share capital subscribed on 31 January 2024

##Acquired on 26 March 2024

^^^Wholly owned subsidiary incorporated on 22 May 2024, 100% share capital subscribed on 22 May 2024

~~Wholly owned subsidiary w.e.f. 16 December 2024

$subsidiary of Bevco

## 7. Loans

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **Loans carried at amortised cost** | | |
| Loans to related parties, considered good - Unsecured | 14,856.27 | 6,999.39 |
| | **14,856.27** | **6,999.39** |
| **Loans to subsidiaries:-** | | |
| Varun Beverages (Zimbabwe) (Private) Limited | 466.65 | 984.10 |
| Varun Beverages (Zambia) Limited# | 826.71 | 802.51 |
| Varun Beverages Morocco SA# | 1,110.25 | 1,077.74 |
| Varun Beverages RDC SAS | 5,655.41 | 2,123.62 |
| Varun Beverages International DMCC | 3,844.48 | 2,011.42 |
| The Beverage Company Proprietary Limited# | 2,952.77 | - |

#The loans granted were tested for impairment in accordance with Ind AS 109 concluding no impairment to the carrying values.

Refer note 51 for information required under Section 186 (4) of the Companies Act, 2013.

There are no loans and advances in the nature of loans granted to promoters, directors, key managerial personnel and related parties (as defined under Companies Act, 2013) that are either repayable on demand or without specifying any terms or period of repayment.

## 8. Other non-current financial asset

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **Financial asset at amortised cost** | | |
| Security deposits | 744.84 | 519.83 |
| Balance in deposit accounts with remaining maturity of more than 12 months# | 9.61 | 10.49 |
| Others | 47.64 | 34.53 |
| | **802.09** | **564.85** |

#Includes deposits pledged as security with banks for utility services.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 9. Other non-current assets

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---:|---:|
| (Unsecured, considered good) | | |
| Capital advances | 3,281.12 | 3,375.94 |
| Advances other than capital advances | | |
| - Income tax paid (includes amount paid under protest) | 16.42 | 10.42 |
| - Balance with statutory authorities (paid under protest) | 107.93 | 117.21 |
| - Prepaid expenses | 24.03 | 33.89 |
| | **3,429.50** | **3,537.46** |

## 10. Inventories

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---:|---:|
| (Valued at lower of cost or net realisable value) | | |
| Raw and packing material (including goods in transit of ₹ 212.81 (31 December 2023: ₹ 231.47 ) | 7,469.37 | 5,905.76 |
| Work in progress | 71.25 | 24.55 |
| Intermediate goods (including goods in transit of ₹ 220.55 (31 December 2023: ₹ 232.21)) | 3,887.77 | 4,153.40 |
| Finished goods (including goods in transit of ₹ 178.06 (31 December 2023: ₹ 0.92))* | 2,809.45 | 2,985.94 |
| Stores and spares | 2,649.21 | 2,289.09 |
| | **16,887.05** | **15,358.74** |

*The Company manufactures as well as purchases the same product from market for sale and is also involved in trading of other products of capital nature. In the absence of demarcation between manufactured and purchased goods and the value of stock in trade being insignificant, it is not separately ascertainable and disclosed.

The cost of inventories recognised as an expense during the year is disclosed in Note 29, Note 30, Note 31 and Note 35.

## 11. Trade receivables

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---:|---:|
| Trade receivables, considered good - Unsecured | 1,965.01 | 2,106.55 |
| Trade receivables, considered good - Secured | 32.62 | 22.87 |
| Trade receivables - Credit impaired | 289.82 | 286.72 |
| | **2,287.45** | **2,416.14** |
| Less : Allowance for expected credit loss (Refer note 52.2) | (289.82) | (286.72) |
| | **1,997.63** | **2,129.42** |
| Includes amounts due, in the ordinary course of business, from subsidiaries: | | |
| Varun Beverages (Zambia) Limited | 96.66 | 51.21 |
| Varun Beverages Zimbabwe (Private) Limited | 210.44 | 567.08 |
| Varun Beverages (Nepal) Private Limited | 7.39 | 11.19 |
| Lunarmech Technologies Private Limited | 18.90 | 9.64 |
| Varun Beverages Lanka (Private) Limited | 55.21 | 50.79 |
| Varun Beverages RDC SAS | - | 60.34 |
| Includes amounts due, in the ordinary course of business, from companies in which directors of the Company are also directors: | | |
| Alisha Torrent Closures Private Limited | 4.29 | 0.00* |

*Rounded off to Nil.

Trade receivables are non-interest bearing and credit period generally falls in the range of 0 to 120 days.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed above.

### Trade receivables ageing schedule

**31 December 2024**

(₹ in million)

| Particulars | Outstanding from date of transactions | | | | | Total |
|---|---|---|---|---|---|---|
| | Less than 6 months | 6 Months-1 Year | 1-2 Years | 2-3 Years | More than 3 years | |
| Undisputed Trade Receivables – considered good | 1,967.73 | 29.90 | - | - | - | 1,997.63 |
| Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| Undisputed Trade receivables – credit impaired | 8.49 | 26.23 | 3.72 | 4.93 | 57.60 | 100.97 |
| Disputed Trade receivables - considered good | - | - | - | - | - | - |
| Disputed Trade receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| Disputed Trade receivables – credit impaired | 0.45 | 2.72 | 8.50 | 33.16 | 144.02 | 188.85 |
| **Total** | **1,976.67** | **58.85** | **12.22** | **38.09** | **201.62** | **2,287.45** |

**31 December 2023**

(₹ in million)

| Particulars | Outstanding from date of transactions | | | | | Total |
|---|---|---|---|---|---|---|
| | Less than 6 months | 6 Months-1 Year | 1-2 Years | 2-3 Years | More than 3 years | |
| Undisputed Trade Receivables – considered good | 2,129.42 | - | - | - | - | 2,129.42 |
| Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| Undisputed Trade receivables – credit impaired | 15.40 | 3.20 | 8.24 | 3.00 | 80.31 | 110.15 |
| Disputed Trade receivables - considered good | - | - | - | - | - | - |
| Disputed Trade receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| Disputed Trade receivables – credit impaired | - | 3.10 | 3.03 | 24.51 | 145.93 | 176.57 |
| **Total** | **2,144.82** | **6.30** | **11.27** | **27.51** | **226.24** | **2,416.14** |

## 12. Cash and cash equivalents

(also for the purpose of Standalone Statement of Cash Flow)

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Balance with banks in current accounts* | 501.10 | 472.76 |
| Balance in deposits with original maturity of less than three months# | 18,630.11 | 19.68 |
| Balances with banks in QIP monitoring accounts# | 125.02 | - |
| Cash on hand | 5.36 | 2.36 |
| Investment in liquid fund# | 1,319.21 | - |
| | **20,580.80** | **494.80** |

* Includes inward remittance not yet cleared amounting to ₹ 25.86 million (31 December 2023: ₹ 3.80 million)

#Includes balance of qualified institutional placement (QIP) proceeds of ₹ 20,055.02 Million, which will be utilised for the purpose as stated in the preliminary placement document for QIP. Net unutilised proceeds from QIP as on 31 December 2024 have been temporarily invested and kept in fixed deposits of ₹ 18,630.00 Million, mutual fund of ₹ 1,300.00 Million and QIP monitoring account for ₹ 125.02 Million. (Refer Note 59)

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 13. Bank balances other than cash and cash equivalents

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Deposits with original maturity more than 3 months but less than 12 months* | 4.96 | 2.04 |
| Unpaid dividend account** | 1.32 | 0.97 |
| Deposits with bank held as margin money | - | 25.28 |
| | **6.28** | **28.29** |

*Includes deposits pledged as security with banks for statutory authority.

**These balances are not available for use by the Company and corresponding balance is disclosed as unclaimed dividend in note 24.

## 14. Loans

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **Loans carried at amortised cost** | | |
| Loans to related party, considered good - Unsecured* | 547.13 | - |
| | **547.13** | **-** |

*Loans to a subsidiary, in the ordinary course of business

| | | |
|---|---|---|
| Varun Beverages (Zimbabwe) (Private) Limited | 547.13 | - |

Refer note 51 for information required under Section 186 (4) of the Companies Act, 2013.

## 15. Other current financial assets

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| (Unsecured, considered good) | | |
| Interest accrued on: | | |
| - Loan to subsidiaries* | 1,106.48 | 500.00 |
| - Term deposits | 137.81 | 0.13 |
| - Others | 30.88 | 18.47 |
| Security deposits | 140.03 | 136.18 |
| Dividend receivable** | 949.82 | 387.15 |
| Guarantee commission receivable# | 32.97 | 20.58 |
| Advances to employees~ | 82.77 | 106.25 |
| Government grants receivable$ | 7,110.08 | 6,002.38 |
| Claims receivables | 134.54 | 481.63 |
| Other receivables^ | 47.16 | 42.25 |
| | **9,772.54** | **7,695.02** |
| *Amounts due from subsidiaries | | |
| Varun Beverages (Zambia) Limited | 132.19 | 76.02 |
| Varun Beverages (Zimbabwe) (Private) Limited | 181.57 | 104.99 |
| Varun Beverages Morocco SA | 54.05 | 110.24 |

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Varun Beverages RDC SAS | 118.49 | 25.91 |
| Varun Beverages International DMCC | 383.53 | 182.84 |
| The Beverage Company Proprietary Limited | 236.65 | - |
| | **1,106.48** | **500.00** |
| **Amount due from a subsidiary, namely, Varun Beverages (Nepal) Private Limited | 949.82 | 387.15 |
| #Amounts due from subsidiaries: | | |
| Varun Beverages Morocco SA | 0.04 | 0.04 |
| Varun Beverages (Zimbabwe) (Private) Limited | 0.86 | 12.36 |
| Varun Beverages International DMCC | 6.98 | 4.05 |
| Varun Beverages RDC SAS | 3.96 | 3.08 |
| Varun Beverages Lanka (Private) Limited | 0.58 | 0.52 |
| The Beverage Company Proprietary Limited | 18.83 | - |
| Varun Beverages (Zambia) Limited | 1.72 | 0.53 |
| | **32.97** | **20.58** |
| ^Includes amounts due from subsidiaries: | | |
| Varun Beverages Morocco SA | 3.92 | 0.73 |
| Varun Beverages (Zambia) Limited | 2.64 | 1.06 |
| Varun Beverages Lanka (Private) Limited | 3.62 | 1.29 |
| Varun Beverages (Zimbabwe) (Private) Limited | 8.03 | 1.21 |
| Varun Beverages (Nepal) Private Limited | 1.13 | 0.79 |
| Varun Beverages International DMCC | 0.15 | 0.09 |
| The Beverage Company Proprietary Limited | 1.58 | - |
| Varun Beverages RDC SAS | 0.90 | 0.03 |
| | **21.97** | **5.20** |
| ~Advance given to key management personnel: (Refer Note 43A) | 0.76 | 38.50 |
| $ Net of provision amounting to ₹ 236.45 (31 December 2023: Nil) | | |

## 16. Other current assets

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| (Unsecured, considered good) | | |
| Security deposits | 10.10 | 10.36 |
| Advance to related party* | 50.92 | 66.75 |
| Other advances : | | |
| - Contractors and suppliers | 647.46 | 664.52 |
| - Prepaid expenses | 225.63 | 229.91 |
| - Balance with statutory/government authorities | 2,587.43 | 2,595.59 |
| - Other advances | 67.51 | 77.87 |
| | **3,589.05** | **3,645.00** |

*Amounts due, in the ordinary course of business, from related party:

| | | |
|---|---|---|
| SMV Beverages Private Limited | 50.92 | 66.75 |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 17. Equity share capital

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **Authorised share capital:** | | |
| 5,000,000,000 equity shares of ₹2 each (31 December 2023: 2000,000,000 equity shares of ₹ 5 each) | 10,000.00 | 10,000.00 |
| | **10,000.00** | **10,000.00** |
| **Issued, subscribed and fully paid up:** | | |
| 3,381,510,017 equity shares of ₹ 2 each (31 December 2023: 1,299,214,976 equity shares of ₹ 5 each) | 6,763.02 | 6,496.07 |
| | **6,763.02** | **6,496.07** |

### a) Reconciliation of share capital

(₹ in million)

| Particular | No. of shares | Amount |
|---|---|---|
| Balance as at 01 January 2024 | 1,299,214,976 | 6,496.07 |
| Add: Shares issued of ₹5 each pursuant to exercise of employee stock options | 233,436 | 1.17 |
| Add: Sub-division/split of 1 share of face value ₹ 5 each into such number share of face value ₹ 2 each effective 12 September 2024 (Increase in shares on account of sub-division/split) (Refer note (g) below) | 1,949,172,618 | - |
| Add: Shares issued of ₹ 2 each pursuant to Qualified institutions placement (QIP) (Refer note 59) | 132,743,362 | 265.49 |
| Add: Shares issued of ₹ 2 each pursuant to exercise of employee stock options | 145,625 | 0.29 |
| **Balance as at 31 December 2024** | **3,381,510,017** | **6,763.02** |

(₹ in million)

| Particular | No. of shares | Amount |
|---|---|---|
| Balance as at 01 January 2023 | 649,549,620 | 6,495.50 |
| Add: Shares issued of ₹ 10 each pursuant to exercise of employee stock options | 8,412 | 0.08 |
| Add: Sub-division/split of 1 share of face value ₹ 10/- each into 2 share of face value ₹ 5/- each effective 15 June 2023 (Increase in shares on account of sub-division/split) (Refer note (g) below) | 649,558,032 | - |
| Add: Shares issued of ₹ 5 each pursuant to exercise of employee stock options | 98,912 | 0.49 |
| **Balance as at 31 December 2023** | **1,299,214,976** | **6,496.07** |

### b) Terms/rights attached to shares

The Company has only one class of equity shares having a par value of ₹ 2 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

c) **List of shareholders holding more than 5% of the aggregate equity share capital of the Company at the beginning and at the end of the year:**

| Shareholders as at 31 December 2024 | No. of shares (face value of ₹ 2 each) | % of shareholding |
|---|---|---|
| RJ Corp Limited | 868,877,060 | 25.69% |
| Mr. Ravi Kant Jaipuria | 564,736,222 | 16.70% |
| Mr. Varun Jaipuria | 520,859,870 | 15.40% |

| Shareholders as at 31 December 2023 | No. of shares (face value of ₹ 5 each) | % of shareholding |
|---|---|---|
| RJ Corp Limited | 349,750,824 | 26.92% |
| Mr. Ravi Kant Jaipuria | 229,104,059 | 17.63% |
| Mr. Varun Jaipuria | 208,343,948 | 16.04% |

As per records of the Company, including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d) **Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date**

(i) During the year ended 31 December 2019, the Company has issued 91,327,613 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

(ii) During the year ended 31 December 2021, the Company has issued 144,344,360 equity shares of ₹10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

(iii) During the year ended 31 December 2022, the Company has issued 216,516,540 equity shares of ₹10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

For the period of five years of the date of the immediately preceding the reporting date, there was no share allotment made for consideration other than cash except as disclosed above. Further, there has been no buy back of shares during the period of five years immediately preceding 31 December 2024 and 31 December 2023.

e) **Shares held by holding and ultimate holding company**

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| RJ Corp Limited, Parent company* | 1,737.75 | 1,748.75 |
| 868,877,060 fully paid-up equity shares of ₹ 2 each (31 December 2023: 349,750,824 fully paid-up equity shares of ₹ 5 each) | | |
| | **1,737.75** | **1,748.75** |

*as defined under Ind AS 110 - Consolidated Financial Statements.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 17. Equity share capital [Cont'd]

### f) Details of shares held by promoters:

| Shareholders as at 31 December 2024 | No. of shares (face value of ₹ 2 each) | % of shareholding | % change during the year |
|---|---|---|---|
| RJ Corp Limited | 868,877,060 | 25.69% | (1.23%) |
| Mr. Ravi Kant Jaipuria | 564,736,222 | 16.70% | (0.93%) |
| Mr. Varun Jaipuria | 520,859,870 | 15.40% | (0.64%) |

| Shareholders as at 31 December 2023 | No. of shares (face value of ₹ 5 each) | % of shareholding | % change during the year |
|---|---|---|---|
| RJ Corp Limited | 349,750,824 | 26.92% | (0.47%) |
| Mr. Ravi Kant Jaipuria | 229,104,059 | 17.63% | (0.34%) |
| Mr. Varun Jaipuria | 208,343,948 | 16.04% | 0.00% |

### g) Sub-division/split of equity shares

i) During the year ended 31 December 2024,the Board of Directors of the Company in their meeting held on 30 July 2024 recommended the sub-division/split of existing Equity Shares of the Company from 1 (One) Equity Share having face value of ₹ 5/- (Rupees Five only) each fully paid-up, into such number Equity Shares having face value of ₹ 2/- (Rupees Two only) each fully paid-up. The above sub-division/split has been approved by the equity shareholders of the Company dated 30 August 2024 through postal ballot. Pursuant to sub-division/split of shares effective 12 September 2024 ("Record Date"), the paid up equity share capital of the Company is ₹ 6,497.24 consisting of 3,248,621,030 equity shares having face value of ₹ 2/- (Rupees two only) each fully paid-up.

ii) During the year ended 31 December 2023, the Board of Directors of the Company in their meeting held on 02 May 2023 recommended the sub-division/split of existing Equity Shares of the Company from 1 (One) Equity Share having face value of ₹ 10/- (Rupees Ten only) each fully paid-up, into 2 (Two) Equity Shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up. The above sub-division/split has been approved by the equity shareholders of the Company dated 02 June 2023 through postal ballot. Pursuant to sub-division/split of shares effective 15 June 2023 ("Record Date"), the paid up equity share capital of the Company is ₹ 6,495.58 consisting of 1,299,116,064 equity shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up.

### h) Pursuant to QIP the Company has issued 132,743,362 equity shares of ₹ 2 each at a premium of ₹ 563 per share: (Refer note 59)

(₹ in million)

| Date of allotment | Share capital | Securities premium | Total |
|---|---|---|---|
| 19 November 2024 | **265.49** | **74,734.51** | **75,000.00** |

## 18. Other equity

Refer Standalone Statement of Changes in Equity for detailed movement in Other Equity balance.

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Capital reserve | 533.93 | 533.93 |
| Share option outstanding account | 184.70 | 84.99 |
| Securities premium | 96,939.28 | 22,636.59 |
| General reserve | 444.26 | 444.26 |
| Retained earnings | 60,721.86 | 40,558.69 |
| Share application money pending allotment | - | 3.51 |
| | **158,824.03** | **64,261.97** |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

**Description of nature and purpose of each reserve:**
**Capital reserve -** Created on merger of Varun Beverages (International) Limited with the Company pursuant to and in accordance with the Court approved scheme of amalgamation. Includes gain from bargain purchases.

**General reserve -** Created by way of transfer from debenture redemption reserve on redemption of debentures.

**Securities premium -** Created to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

**Retained earnings -** Created from the profit of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

**Share option outstanding account -** Created to recognise the grant date fair value of options issued to employees under the employee stock option schemes and is adjusted on exercise / forfeiture of options.

**Share application money pending allotment -** Created to record the amount of money received for the purpose of allotment of equity share of the company pending at the reporting date. It will be utilised in accordance with the provisions of the Companies Act, 2013 upon issuance of equity shares.

## 19. Borrowings

### A. Non-current borrowings:

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Term loans (secured) (Refer note 19E) | | |
| - Indian rupee loan from banks | 1,181.43 | 29,658.63 |
| - Indian rupee loan from others | 260.67 | 446.86 |
| | **1,442.10** | **30,105.49** |

Loans and borrowing above are recognised at amortised cost/fair value taking into account any discount or premium on acquisition and fee or costs that are part of effective interest rate, accordingly the outstanding balances above may not necessarily reconcile with repayment amounts.

### B. Current borrowings:

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Loans repayable on demand | | |
| - Working capital facilities from banks (secured) (Refer footnote (a)) | 2,433.42 | 4,805.00 |
| - Working capital facilities from banks (unsecured) (Refer footnote (b)) | 1,800.00 | 2,450.00 |
| Working capital facility from banks (unsecured) (Refer footnote (c)) | 1,450.00 | 500.00 |
| Current maturities of long-term debts | 1,189.89 | 9,740.56 |
| | **6,873.31** | **17,495.56** |

(a) Working capital facilities from banks are secured by first charge on entire current assets of the Company ranking pari-passu amongst the banks and second charge on the movable and immovable assets of the Company pertaining to specific manufacturing units (wherever applicable). During the previous year, one short term loan facility from a bank was secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company. These facilities carry interest rates ranging between 7.10% to 7.53 % (31 December 2023: 7.45% to 7.76%).

(b) Working capital facilities from banks carrying interest rates 7.16% per annum (31 December 2023: 7.70% to 7.72% per annum).

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 19. Borrowings [Cont'd]

(c) Working capital facility from a bank carrying interest rate 7.15% per annum is repayable in two equal instalments from the date of disbursement. During the previous year working capital facility from a bank carrying interest rate 7.76% per annum is repayable in three equal instalments from the date of disbursement and was repaid during the year.

There are no defaults in repayment of principal borrowings or interest there on.

### C. Other non-current financial liabilities:

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Lease liabilities (Refer note 44) | 419.61 | 1,043.65 |
| | **419.61** | **1,043.65** |

### D. Current financial liabilities:

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Lease liabilities (Refer note 44) | 77.10 | 176.29 |
| | **77.10** | **176.29** |

### E. Terms and conditions/details of securities for loans:

(₹ in million)

| Name of the bank/instrument | Loan outstanding | | | |
|---|---|---|---|---|
| | 31 December 2024 | | 31 December 2023 | |
| | Non-current | Current | Non-current | Current |
| **Term loans** | | | | |
| **i) Indian rupee loan from banks (secured)** | | | | |
| Loans carrying weighted average rate of interest 7.56% (31 December 2023: 8.01%) depending upon tenure of the loans. For repayment terms refer note 19F. | 1,181.43 | 547.17 | 29,283.63 | 8,068.46 |
| These loans are secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory /franchisee rights acquired under the business acquisition except vehicles and lands for which no mortgages have been created till date. | | | | |
| | | | | |
| **ii) Indian rupee loan from banks (secured)** | | | | |
| Loans carrying weighted average rate of interest Nil (31 December 2023: 7.40%) depending upon tenure of the loans. For repayment terms refer note 19F. | - | - | - | 800.00 |
| These loans are secured with subservient charge on movable fixed assets of the Company and one facility during the previous year was further secured with first pari passu charge on the inventories and receivables of the Company. | | | | |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

(₹ in million)

| Name of the bank/instrument | Loan outstanding | | | |
|---|---|---|---|---|
| | 31 December 2024 | | 31 December 2023 | |
| | Non-current | Current | Non-current | Current |
| **iii) Indian rupee loan from banks (secured)** | | | | |
| Loans carrying rate of interest 7.95 % (31 December 2023: 7.95%) depending upon tenure of the loans.<br>For repayment terms refer note 19F. | - | 375.00 | 375.00 | 541.67 |
| These loans are secured on first pari-passu charge on the entire movable assets of the Company including the territory /franchisee rights acquired under the business acquisition except vehicles. | | | | |
| | | | | |
| | **1,181.43** | **922.17** | **29,658.63** | **9,410.13** |
| **iv) Indian rupee loan from others (secured)** | | | | |
| Interest free loans from The Pradeshiya Industrial & Investment Corporation of U.P. Limited are repayable in one instalment after expiry of seven years from the date of disbursement. Loans are secured against bank guarantee equivalent to 100% of loan amount valid up to the repayment date of loan plus six months grace period.<br>The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 7.63%-8.77% (31 December 2023: 8.52%-9.72%)<br>**Date of repayment — Amount**<br>01 November 2025 — 211.98<br>31 March 2030 — 65.90<br>07 July 2030 — 139.92<br>22 February 2031 — 22.87<br>01 October 2031 — 46.59 | 176.18 | 201.53 | 308.20 | 166.87 |
| Interest free loan from The Director of Industries and Commerce, Haryana are repayable in one instalment after expiry of five years from the date of disbursement. Loans are secured against bank guarantee equivalent to 100% of loan amount valid up to the repayment date of loan plus six months grace period.<br>The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.33% (31 December 2023: 8.33%) The repayment schedule is as under:<br>**Date of repayment — Amount**<br>17 February 2025 — 43.98<br>13 October 2025 — 23.96<br>21 February 2027 — 70.83<br>18 July 2028 — 33.30 | 84.49 | 66.19 | 138.66 | 163.56 |
| | **260.67** | **267.72** | **446.86** | **330.43** |
| **Total** | **1,442.10** | **1,189.89** | **30,105.49** | **9,740.56** |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

**F. Repayment terms:**

(₹ in million)

| S.No | Description | 31 December 2024 | | 31 December 2023 | | Repayment terms |
|---|---|---|---|---|---|---|
| | | Non-current | Current | Non-current | Current | |
| 1 | Term loan - 1 | - | - | - | 240.00 | Loan was repaid during the year |
| 2 | Term loan - 2 | - | - | 291.49 | 291.80 | Loan was repaid during the year |
| 3 | Term loan - 3 | - | - | 499.32 | 500.00 | Loan was repaid during the year |
| 4 | Term loan - 4 | - | - | 200.00 | 200.00 | Loan was repaid during the year |
| 5 | Term loan - 5 | - | - | 199.73 | 200.00 | Loan was repaid during the year |
| 6 | Term loan - 6 | - | - | 699.75 | 400.00 | Loan was repaid during the year |
| 7 | Term loan - 7 | 560.28 | 317.77 | 1,050.00 | 380.00 | Two instalments of ₹ 158.89 each due in May 2025 and June 2025, two instalments of ₹ 154.70 each due in May 2026 and June 2026 and two instalments of ₹ 125.44 each due in May 2027 and June 2027. |
| 8 | Term loan - 8 | - | - | - | 800.00 | Loan was repaid during the year |
| 9 | Term loan - 9 | - | - | 1,600.00 | 500.00 | Loan was repaid during the year |
| 10 | Term loan - 10 | - | - | 1,350.00 | 300.00 | Loan was repaid during the year |
| 11 | Term loan - 11 | - | - | 1,333.34 | 666.66 | Loan was repaid during the year |
| 12 | Term loan - 12 | 282.65 | 141.32 | 3,750.00 | 1,250.00 | Two instalments of ₹ 70.66 each due in May 2025 and June 2025, two instalments of ₹ 70.66 each due in May 2026 and June 2026 and two instalments of ₹ 70.66 each due in May 2027 and June 2027. |
| 13 | Term loan - 13 | - | 375.00 | 375.00 | 375.00 | Two instalments of ₹ 187.50 each due in May 2025 and June 2025. |
| 14 | Term loan - 14 | - | - | - | 166.67 | Loan was repaid during the year |
| 15 | Term loan - 15 | - | - | 2,000.00 | 1,000.00 | Loan was repaid during the year |
| 16 | Term loan - 16 | 170.50 | 46.08 | 2,350.00 | 100.00 | Two instalments of ₹ 23.04 each due in May 2025 and June 2025, two instalments of ₹ 23.04 each due in May 2026 and June 2026, two instalments of ₹ 32.26 each due in May 2027 and June 2027,one instalment of ₹ 32.26 due in May 2028 and one instalment of ₹ 27.65 due in June 2028. |
| 17 | Term loan - 17 | - | - | 2,400.00 | 600.00 | Loan was repaid during the year |
| 18 | Term loan - 18 | - | - | 1,900.00 | 100.00 | Loan was repaid during the year |
| 19 | Term loan - 19 | - | - | 750.00 | 250.00 | Loan was repaid during the year |
| 20 | Term loan - 20 | - | - | 3,150.00 | 350.00 | Loan was repaid during the year |
| 21 | Term loan - 21 | - | - | 2,760.00 | 240.00 | Loan was repaid during the year |
| 22 | Term loan - 22 | - | - | 1,500.00 | - | Loan was repaid during the year |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

(₹ in million)

| S.No | Description | 31 December 2024 | | 31 December 2023 | | Repayment terms |
|---|---|---|---|---|---|---|
| | | Non-current | Current | Non-current | Current | |
| 23 | Term loan - 23 | - | - | 1,500.00 | 500.00 | Loan was repaid during the year |
| 24 | Term loan - 24 | 168.00 | 42.00 | - | - | Two instalments of ₹ 21.00 each due in May 2025 and June 2025, two instalments of ₹ 21.00 each due in May 2026 and June 2026, two instalments of ₹ 21.00 each due in May 2027 and June 2027, two instalments of ₹ 21.00 each due in May 2028 and June 2028 and two instalments of ₹ 21.00 each due in May 2029 and June 2029 |
| | | **1,181.43** | **922.17** | **29,658.63** | **9,410.13** | |

## 20. Provisions

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **Non-current** | | |
| Provision for employee benefits (Refer note 37) | | |
| Defined benefit liability (net) | 1,089.24 | 1,417.19 |
| Other long term employee obligations | 687.76 | 639.07 |
| | **1,777.00** | **2,056.26** |
| **Current** | | |
| Provision for employee benefits (Refer note 37) | | |
| Other short term employee obligations | 353.82 | 311.98 |
| Others (Refer note 56) | 294.12 | 503.72 |
| | **647.94** | **815.70** |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 21. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

(₹ in million)

| Deferred tax liabilities/(assets) | As at 01 January 2024 | Recognised in other comprehensive income** | Recognised in Statement of Profit and Loss | As at 31 December 2024 |
|---|---|---|---|---|
| Accelerated depreciation for tax purposes | 3,844.81 | - | 702.14 | 4,546.95 |
| Allowance for doubtful debts | (72.16) | - | (0.77) | (72.93) |
| Accrued bonus | (44.51) | - | (10.31) | (54.82) |
| Fair valuation of financial instruments | (25.87) | - | 3.14 | (22.73) |
| Provision for retirement benefits | (501.96) | 69.98 | (37.34) | (469.32) |
| Borrowings | (0.65) | - | 0.49 | (0.16) |
| Benefit accrued on government grants | 74.45 | - | (6.96) | 67.49 |
| Others | (140.78) | - | (20.22) | (161.00) |
| | **3,133.33** | **69.98** | **630.16** | **3,833.51** |

(₹ in million)

| Deferred tax liabilities/(assets) | As at 01 January 2023 | Recognised in other comprehensive income** | Recognised in Statement of Profit and Loss | As at 31 December 2023 |
|---|---|---|---|---|
| Accelerated depreciation for tax purposes | 3,701.97 | - | 142.84 | 3,844.81 |
| Allowance for doubtful debts | (72.74) | - | 0.58 | (72.16) |
| Accrued bonus | (47.50) | - | 2.99 | (44.51) |
| Fair valuation of financial instruments | (15.22) | - | (10.65) | (25.87) |
| Provision for retirement benefits | (474.70) | (6.99) | (20.27) | (501.96) |
| Borrowings | (1.00) | - | 0.35 | (0.65) |
| Benefit accrued on government grants | 96.59 | - | (22.14) | 74.45 |
| Others | 12.44 | - | (153.22) | (140.78) |
| | **3,199.84** | **(6.99)** | **(59.52)** | **3,133.33** |

*The amounts recognised in other comprehensive income relate to the re-measurement of net defined retirement benefit liability. Refer note 36 for the amount of the income tax relating to these components of other comprehensive income.

All significant deferred tax assets have been recognised in the balance sheet.

## 22. Other non-current liabilities

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Deferred revenue on government grant | 4.37 | 5.16 |
| Deferred income | 42.94 | 63.24 |
| | **47.31** | **68.40** |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 23. Trade payables

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Total outstanding dues of- | | |
| Micro enterprises and small enterprises (Refer note 46) | 640.19 | 767.25 |
| Creditors other than micro enterprises and small enterprises | 4,938.09 | 4,151.36 |
| | **5,578.28** | **4,918.61** |

**Trade payables ageing schedule**

**31 December 2024**

(₹ in million)

| Particulars | Outstanding from date of transactions | | | | | Total |
|---|---|---|---|---|---|---|
| | Unbilled | Less than 1 year | 1-2 Years | 2-3 Years | More than 3 years | |
| **Undisputed trade payable** | | | | | | |
| Micro enterprises and small enterprises | 113.98 | 522.65 | 2.88 | 0.25 | 0.43 | 640.19 |
| Others | 1,377.72 | 3,438.30 | 19.83 | 5.03 | 14.10 | 4,854.98 |
| **Disputed trade payable** | | | | | | |
| Micro enterprises and small enterprises | - | - | - | - | - | - |
| Others | - | 52.40 | 12.01 | 8.85 | 9.85 | 83.11 |
| **Total** | **1,491.70** | **4,013.35** | **34.72** | **14.13** | **24.38** | **5,578.28** |

**Trade payables ageing schedule**
**31 December 2023**

(₹ in million)

| Particulars | Outstanding from date of transactions | | | | | Total |
|---|---|---|---|---|---|---|
| | Unbilled | Less than 1 year | 1-2 Years | 2-3 Years | More than 3 years | |
| **Undisputed trade payable** | | | | | | |
| Micro enterprises and small enterprises | 68.73 | 692.13 | 5.34 | 0.36 | 0.50 | 767.06 |
| Others | 1,519.74 | 2,470.47 | 65.62 | 10.19 | 6.00 | 4,072.02 |
| **Disputed trade payable** | | | | | | |
| Micro enterprises and small enterprises | - | 0.19 | - | - | - | 0.19 |
| Others | - | 52.46 | 13.18 | 6.95 | 6.75 | 79.34 |
| **Total** | **1,588.47** | **3,215.25** | **84.14** | **17.50** | **13.25** | **4,918.61** |

## 24. Other current financial liabilities

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Interest accrued but not due on borrowings | 5.55 | 80.40 |
| Interest payable | 48.59 | 27.21 |
| Payable for capital expenditure | 3,088.65 | 4,064.96 |
| Employee related payables | 813.94 | 705.62 |
| Unclaimed dividends# | 1.32 | 0.97 |
| Security deposits | 1,924.95 | 1,799.54 |
| | **5,883.00** | **6,678.70** |

#Not due for deposit to the Investor Education and Protection Fund.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 25. Other current liabilities

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Advance from customers* | 1,417.35 | 1,725.58 |
| Statutory dues payable | 703.84 | 743.39 |
| Deferred income | 49.91 | 39.91 |
| | **2,171.10** | **2,508.88** |

*Amounts due to subsidiary:

| | | |
|---|---|---|
| Varun Beverages RDC SAS | 59.20 | - |

## 26. Current tax liabilities (Net)

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Provision for tax (net of taxes paid) | 502.43 | 335.67 |
| | **502.43** | **335.67** |

The key components of income tax expense for the year ended 31 December 2024 and 31 December 2023 are:

**A. Statement of Profit and Loss:**

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| (i) Profit and Loss section | | |
| (a) Current tax | 6,858.95 | 6,018.71 |
| (b) Adjustment of tax relating to earlier years | 6.64 | (28.82) |
| (c) Deferred tax charge/(credit) | 630.16 | (59.52) |
| **Income tax expense reported in the Statement of Profit and Loss** | **7,495.75** | **5,930.37** |
| (ii) Other comprehensive income (OCI) section | | |
| Deferred tax related to items recognised in OCI during the year: | | |
| (a) Net gain/(loss) on remeasurements of defined benefit plans | (69.98) | 6.99 |
| **Tax charged to OCI** | **(69.98)** | **6.99** |

**B. Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:**

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **Accounting profit before tax** | **30,699.39** | **23,681.63** |
| Tax expense at statutory income tax rate of 25.17% (31 December 2023: 25.17%) | 7,726.42 | 5,959.96 |
| Adjustment of tax relating to earlier years | 6.64 | (28.82) |
| Non deductible expenses | 83.53 | 73.73 |
| Deduction claimed u/s Chapter-VI A of Income-tax Act, 1961 | (351.34) | (109.46) |
| Income chargeable at special rates | (1.64) | - |
| Others | 32.14 | 34.96 |
| **Tax expense at effective tax rate reported in the Statement of Profit and Loss** | **7,495.75** | **5,930.37** |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 27. Revenue from operations

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Sale of products | 137,820.72 | 122,098.90 |
| Rendering of services | 94.64 | 67.21 |
| Other operating revenue | 5,570.64 | 4,162.15 |
| | **143,486.00** | **126,328.26** |

**Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers:**

**A. Reconciliation of revenue recognised with the contracted price:**

(₹ in million)

| Particulars | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Gross revenue/Contracted price | 139,496.90 | 123,554.82 |
| Less: Discounts and rebates | (1,581.54) | (1,388.71) |
| **Revenue from contracts with customers** | **137,915.36** | **122,166.11** |

**B. Disaggregation of revenue**

a) Information about geographical area

(₹ in million)

| Particulars | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| i. Sale of products and rendering of services | | |
| (i) Within India | 136,208.72 | 121,606.68 |
| (ii) Outside India | 1,706.64 | 559.43 |
| **Total sale of products and rendering of services** | **137,915.36** | **122,166.11** |

b) Revenue from sale of goods and services are recognised at a point in time. There are no disaggregation of revenue with respect to this information.

c) No single external customer amounts to 10% or more of the Company's revenue from operations.

**C. Contract balances:**

The following table provides information about trade receivables and contract liabilities from contract with customers:

**Receivables**

(₹ in million)

| Particulars | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Trade receivables | 2,287.45 | 2,416.14 |
| Less: Allowances for expected credit loss | (289.82) | (286.72) |
| **Net receivables** | **1,997.63** | **2,129.42** |

**Contract liabilities**

(₹ in million)

| Particulars | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Advance from customers (Refer note 25) | 1,417.35 | 1,725.58 |
| | **1,417.35** | **1,725.58** |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

**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.

**E.** Government grant recognised under the head 'Other operating revenue' amounts to ₹ 4,829.26 million (31 December 2023: ₹ 3,462.98 million) under different industrial promotion tax exemption schemes.

**F.** **Changes in the contract liabilities balances during the year are as follows:**

(₹ in million)

| Particulars | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Balance at the beginning of the year | 1,725.58 | 1,933.09 |
| Addition during the year | 1,417.35 | 1,725.58 |
| Revenue recognised during the year | (1,725.58) | (1,933.09) |
| **Balance at the closing of the year** | **1,417.35** | **1,725.58** |

## 28. Other income

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Interest income on items at amortised cost: | | |
| - term deposits | 170.80 | 11.12 |
| - loan to subsidiaries (Refer note 43B) | 967.78 | 483.49 |
| - others | 44.90 | 17.63 |
| Net gain on foreign currency transactions and translations | 714.83 | 76.38 |
| Gain on sale of current investments | 22.47 | 3.51 |
| Excess provisions and liabilities written back | 62.35 | 291.84 |
| Guarantee commission income from subsidiaries (Refer note 43B) | 93.48 | 28.87 |
| Dividend income from non-current investment in subsidiaries (Refer note 43B) | 1,315.99 | 407.53 |
| Miscellaneous income | 146.75 | 141.05 |
| | **3,539.35** | **1,461.42** |

## 29. Cost of materials consumed

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| **Raw material and packing material consumed** | | |
| Inventories at beginning of the year | 5,905.76 | 5,799.79 |
| Purchases during the year (net) | 66,202.38 | 61,045.06 |
| | **72,108.14** | **66,844.85** |
| Less: Sold during the year | 1,016.48 | 1,911.29 |
| Less: Inventories at end of the year | 7,469.37 | 5,905.76 |
| | **63,622.29** | **59,027.80** |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 30. Purchases of stock-in-trade

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Beverages | 806.24 | 960.33 |
| Others | 1,222.84 | 534.01 |
| | **2,029.08** | **1,494.34** |

## 31. Changes in inventories of finished goods, intermediate goods, stock-in-trade and work -in-progress

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| **As at the beginning of the year** | | |
| - Finished goods | 2,985.94 | 3,180.12 |
| - Intermediate goods | 4,153.40 | 3,361.97 |
| - Work in progress | 24.55 | 55.50 |
| | **7,163.89** | **6,597.59** |
| **As at the closing of the year** | | |
| - Finished goods | 2,809.45 | 2,985.94 |
| - Intermediate goods | 3,887.77 | 4,153.40 |
| - Work in progress | 71.25 | 24.55 |
| | **6,768.47** | **7,163.89** |
| **Finished goods used as property, plant and equipment*** | (7.02) | (51.85) |
| | **388.40** | **(618.15)** |

*The Company manufactures plastic shells at one of its manufacturing facilities at Alwar. The shells manufactured are used for beverages operations of the Company as property, plant and equipment (under the head "Containers"). These containers are also sold to third parties. The cost of manufacturing of plastic shells is being shown here separately with a corresponding debit to property, plant and equipment.

## 32. Employee benefits expense

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Salaries, wages and bonus* | 10,580.29 | 9,423.00 |
| Contribution to provident fund and other funds* | 592.02 | 498.45 |
| Staff welfare expenses* | 462.98 | 383.16 |
| Share based payments (Net)** (Refer note 48) | 140.25 | 63.35 |
| | **11,775.54** | **10,367.96** |

*Refer note 4A for capitalisation of employee benefits expense in setting-up of new manufacturing facilities.

**Net of share based payments in relation to employees of subsidiaries amounting to ₹ 22.18 (31 December 2023: 15.75)

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 33. Finance costs

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Interest on items at amortised cost: | | |
| - Term loans* | 2,810.92 | 2,022.66 |
| - Working capital facilities* | 471.13 | 57.92 |
| - Financial liabilities (inclusive of interest on lease liabilities ₹ 104.75 (31 December 2023: ₹ 115.23))* | 160.08 | 201.82 |
| - Others (inclusive of interest on income tax ₹ 6.50 (31 December 2023: ₹ 82.28)) | 46.06 | 118.65 |
| Other ancillary borrowing costs | 8.36 | 9.90 |
| | **3,496.55** | **2,410.95** |

*Refer note 4A for capitalisation of finance costs in setting-up of new manufacturing facilities.

## 34. Depreciation, amortisation and impairment expense

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Depreciation on property, plant and equipment (Refer note 4A) | 5,986.66 | 5,007.16 |
| Amortisation of intangible assets (Refer note 5B) | 29.81 | 28.43 |
| Amortisation of ROU (Refer note 4C) | 162.59 | 147.69 |
| | **6,179.06** | **5,183.28** |

## 35. Other expenses*

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Power and fuel | 4,756.55 | 4,369.42 |
| Repairs to plant and equipment | 2,555.42 | 2,107.72 |
| Repairs to buildings | 153.46 | 124.39 |
| Other repairs | 942.59 | 841.81 |
| Consumption of stores and spares | 1,263.90 | 1,058.54 |
| Rent (Refer note 44) | 553.09 | 517.90 |
| Rates and taxes | 388.97 | 717.54 |
| Insurance | 205.38 | 115.17 |
| Printing and stationery | 60.95 | 56.79 |
| Communication | 68.09 | 62.55 |
| Travelling and conveyance | 1,314.02 | 881.40 |
| Sitting fees paid to directors (Refer note 43A) | 8.20 | 5.10 |
| Payment to auditors** | 19.07 | 15.66 |
| Vehicle running and maintenance | 162.80 | 128.67 |
| Lease and hire (Refer note 44) | 228.98 | 193.61 |
| Security and service charges | 546.29 | 444.23 |
| Legal, professional and consultancy | 401.34 | 357.75 |
| Bank charges | 39.45 | 33.59 |
| Advertisement and sales promotion | 939.20 | 1,003.41 |
| Meetings and conferences | 52.92 | 63.94 |
| Royalty | 177.84 | 165.93 |
| Freight, octroi and insurance paid (net) | 8,505.58 | 8,369.15 |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| Delivery vehicle running and maintenance | 532.10 | 508.58 |
| Distribution expenses | 2,607.23 | 2,061.83 |
| Loading and unloading charges | 812.83 | 698.03 |
| Donations | 2.51 | 0.80 |
| Loss on disposal/written off of property, plant and equipment (net) | 761.81 | 764.10 |
| Bad debts and advances written off | 9.10 | 2.13 |
| Allowance for expected credit loss | 3.10 | - |
| Corporate social responsibility expenditure (Refer note 47) | 308.11 | 158.50 |
| General office and other miscellaneous | 454.16 | 413.63 |
| | **28,835.04** | **26,241.87** |

*Refer note 4B for capitalisation of other expenses in setting-up of new manufacturing facilities.

**Payment to auditors

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| **Services rendered for:** | | |
| - Audit and reviews | 13.50 | 11.46 |
| - taxation matters | 3.23 | 2.11 |
| - other matters# | 1.40 | 1.86 |
| - reimbursement of expenses | 0.94 | 0.23 |
| | **19.07** | **15.66** |

#Excludes expense of ₹ 6.07 (31 December 2023: ₹ Nil) towards fee related to share issue expenses, netted off with share premium account and expense of ₹ Nil (31 December 2023: ₹ 0.23) towards other matters, which has been capitalised in new projects.

## 36. Other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserves in equity is shown below:

(₹ in million)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|---|---|
| **Retained earnings** | | |
| Re-measurement gain/(loss) on defined benefit plans | 278.06 | (27.76) |
| Tax impact on re-measurement gain/(loss) on defined benefit plans (Refer note 21) | (69.98) | 6.99 |
| | **208.08** | **(20.77)** |

## 37. Gratuity and other post-employment benefit plans

**Gratuity:**

The Company has a defined benefit gratuity plan governed by the Payments of Gratuity Act, 1972. Every employee who has completed five years or more of services is eligible for gratuity on separation at 15 days salary (last drawn salary) for each completed year of service. The Company has formed a Gratuity Trust to which contribution is made and an insurance policy is taken by the trust, which is a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity outflow during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (particularly, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset. The Company makes a provision of unfunded liability based on actuarial valuation in the Balance Sheet as part of employee cost.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

**Compensated absences:**

The Company recognises the compensated absences expenses in the Statement of Profit and Loss based on actuarial valuation.

The following tables summaries the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet:

(₹ in million)

| | Gratuity | | Compensated Absences | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| **Changes in present value are as follows:** | | | | |
| Balance at the beginning of the year | 2,090.08 | 1,801.42 | 951.05 | 876.72 |
| Current service cost | 251.03 | 208.99 | 213.85 | 163.15 |
| Interest cost | 148.37 | 133.22 | 68.82 | 63.89 |
| Benefits settled | (107.52) | (78.80) | (73.20) | (53.45) |
| Actuarial (gain)/loss | (249.71) | 25.25 | (118.94) | (99.26) |
| **Balance at the end of the year** | **2,132.25** | **2,090.08** | **1,041.58** | **951.05** |

(₹ in million)

| | Gratuity | | Compensated Absences | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| **Change in fair value of plan assets are as follows:** | | | | |
| Plan assets at the beginning of the year, at fair value | 672.89 | 418.43 | - | - |
| Expected income on plan assets | 49.81 | 36.31 | - | - |
| Actuarial gain/(loss) | 28.35 | (2.51) | - | - |
| Contributions by employer | 300.00 | 250.00 | - | - |
| Benefits settled | (8.04) | (29.34) | - | - |
| **Plan assets at the end of the year, at fair value** | **1,043.01** | **672.89** | **-** | **-** |

The Company has taken an insurance policy against its liability towards gratuity, the same has been disclosed as plan assets above.

(₹ in million)

| | Gratuity | | Compensated Absences | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| **Reconciliation of present value of the obligation and the fair value of the plan assets:** | | | | |
| Present value of obligation | 2,132.25 | 2,090.08 | 1,041.58 | 951.05 |
| Fair value of plan assets | (1,043.01) | (672.89) | - | - |
| **Net liability recognised in the Balance Sheet** | **1,089.24** | **1,417.19** | **1,041.58** | **951.05** |

(₹ in million)

| | Gratuity | | Compensated Absences | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| **Amount recognised in Statement of Profit and Loss:** | | | | |
| Current service cost | 251.03 | 208.99 | 213.85 | 163.15 |
| Interest expense | 148.37 | 133.22 | 68.82 | 63.89 |
| Expected return on plan assets | (49.81) | (36.31) | - | - |
| Actuarial gain | - | - | (118.94) | (99.26) |
| **Net cost recognised** | **349.59** | **305.90** | **163.73** | **127.78** |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

(₹ in million)

| | Gratuity | | Compensated Absences | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| **Amount recognised in Other Comprehensive Income:** | | | | |
| Actuarial changes arising from changes in financial assumptions | (225.31) | 21.27 | - | - |
| Experience adjustments | (24.40) | 3.98 | - | - |
| Return on plan assets | (28.35) | 2.51 | - | - |
| **Amount recognised** | **(278.06)** | **27.76** | **-** | **-** |

| | Gratuity | | Compensated Absences | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| **Assumptions used:** | | | | |
| Mortality | IALM 2012-2014 | IALM 2012-2014 | IALM 2012-2014 | IALM 2012-2014 |
| Discount rate | 6.95% | 7.23% | 6.95% | 7.23% |
| Withdrawal rate | 12.00% | 12.00% | 12.00% | 12.00% |
| Salary increase | 10.00% | 12.00% | 10.00% | 12.00% |
| Rate of leave availment | - | - | 20.00% | 20.00% |
| Retirement age (Years) | 58-70 | 58-70 | 58-70 | 58-70 |
| Rate of return on plan assets | 7.33-7.67% | 6.79-7.65% | - | - |

**A quantitative sensitivity analysis for significant assumption is shown below:**

(₹ in million)

| | Sensitivity level | | Gratuity | | Compensated Absences | |
|---|---|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| Discount rate | +1% | +1% | (133.69) | (126.51) | (32.10) | (28.55) |
| | -1% | -1% | 119.78 | 142.05 | 30.25 | 30.36 |
| Salary increase | +1% | +1% | 117.64 | 134.38 | 29.69 | 28.76 |
| | -1% | -1% | (128.54) | (122.44) | (30.90) | (27.61) |
| Withdrawal rate | +1% | +1% | (21.56) | (30.63) | (9.64) | (9.60) |
| | -1% | -1% | 19.70 | 33.85 | 9.18 | 10.10 |

The sensitivity analysis above has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

| Risk associated: | |
|---|---|
| Investment risk | The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit. |
| Interest risk (discount rate risk) | A decrease in the bond interest rate (discount rate) will increase the plan liability. |
| Mortality risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2012-2014) (31 December 2023: (2012-14)). A change in mortality rate will have a bearing on the plan's liability. |
| Salary risk | The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability. |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

**Effect of the defined benefit plan on the Company's future cash flows:**

**Funding arrangements and funding policy:**

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

**Expected contribution during the next annual reporting period:**

The Company's best estimate of contribution during the next financial year approximates to ₹ 1,310.68 million (31 December 2023: ₹ 1,637.97 million).

**The following are maturity profile of Defined Benefit Obligations in future years (before adjusting fair value of plan assets):**

(₹ in million)

| | Gratuity | | Compensated Absences | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| i) Weighted average duration of the defined benefit obligation | 6 years | 6 years | 3 years | 3 years |
| ii) Expected cash flows over the years (valued on undiscounted basis): | | | | |
| Duration (years) | | | | |
| 1 | 359.50 | 324.25 | 353.82 | 311.98 |
| 2 to 5 | 1,041.41 | 953.48 | 671.61 | 616.72 |
| Above 5 | 2,105.81 | 2,406.44 | 285.48 | 292.42 |
| | **3,506.72** | **3,684.17** | **1,310.91** | **1,221.12** |

**Defined contribution plan:**

Contribution to defined contribution plans, recognised as expense for the year is as under:

Employer's contribution to provident and other funds ₹ 592.02 million (31 December 2023 ₹ 498.45 million) (Refer note 32)

## 38. Earnings per share (EPS)

(₹ in million, unless otherwise stated)

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Profit attributable to the equity shareholders | 23,203.64 | 17,751.26 |
| Weighted average number of equity shares outstanding during the year for calculating basic earning per share (nos.)* | 3,264,147,731 | 3,247,850,643 |
| Add: Weighted average number of potential equity shares on account of employee stock options* | 1,610,654 | 1,397,832 |
| Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (nos.)* | 3,265,758,385 | 3,249,248,475 |
| Nominal value per equity shares (₹)* | 2.00 | 2.00 |
| Basic earnings per share (₹) | 7.11 | 5.46 |
| Diluted earnings per share (₹) | 7.11 | 5.46 |

*Previous year numbers are adjusted for shares splits during the current year (Refer note 17(g)).

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 39. Dividend

(₹ in million)

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **Dividend on equity shares declared and paid during the year:** | | |
| Final dividend | 1,624.24 | 649.55 |
| Interim dividend | 1,624.31 | 1,623.93 |

## 40. Contingent liabilities

(₹ in million)

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Claims against the Company not acknowledged as debts (being contested):- | | |
| (i) Goods and service tax | 308.74 | 140.90 |
| (ii) For excise and service tax | 38.08 | 41.79 |
| (iii) For customs | 207.81 | 90.75 |
| (iv) For sales tax / entry tax | 630.52 | 663.59 |
| (v) For income tax | 100.02 | 144.36 |
| (vi) For mandi tax and others* | 205.02 | 388.60 |

*excludes pending matters where amount of liability is not ascertainable.

## 41. Commitments

(₹ in million)

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| a. Guarantees issued on behalf of subsidiaries for business purposes | 15,776.40 | 3,595.76 |
| b. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 3,281.12 (31 December 2023: ₹ 3,375.94))* | 25,311.44 | 27,554.41 |

*Inclusive of commitment as mentioned in note 58.

**42.** Pursuant to transfer pricing legislations under the Income-tax Act, 1961, the Company is required to use specified methods for computing arm's length price in relation to specified international and domestic transactions with its associated enterprises. Further, the Company is required to maintain prescribed information and documents in relation to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of updating its transfer pricing documentation for the current financial year. Based on the preliminary assessment, the management is of the view that the update would not have a material impact on the tax expense recorded in these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 43. Related party disclosures (as per Ind AS-24)

**Following are the related parties and transactions entered with related parties for the relevant reporting period as at 31 December 2024**

**(i) List of related parties and relationships:-**

**I. Key managerial personnel (KMPs)**

| | |
|---|---|
| Mr. Ravi Kant Jaipuria | Non-executive chairman |
| Mr. Varun Jaipuria | Executive vice-chairman and Whole time Director |
| Mr. Raj Pal Gandhi | Whole Time Director |
| Mr. Rajinder Jeet Singh Bagga | Whole Time Director |
| Mrs. Sita Khosla | Non-executive independent director |
| Dr. Ravi Gupta | Non-executive independent director |
| Mrs. Rashmi Dhariwal | Non-executive independent director |
| Mr. Abhiram Seth | Non-executive independent director (w.e.f 02 May 2023) |
| Mr. Anil Kumar Sondhi | Non-executive independent director (w.e.f 02 May 2023) |
| Mr. Pradeep Khushalchand Sardana | Non-executive independent director (till 27 March 2023) |
| Dr. Naresh Kumar Trehan | Non-executive Non-independent director (w.e.f 21 April 2024) |
| Mr. Ravi Batra | Company secretary |
| Mr. Mahavir Prasad Garg | Company secretary of the parent, namely RJ Corp Limited |
| Mr. Lalit Malik | Chief Financial Officer (till 13 May 2024) |
| Mr. Rajesh Chawla | Chief Financial Officer (w.e.f 14 May 2024) |

**II. Parent and ultimate parent**

| | |
|---|---|
| RJ Corp Limited | Parent |

**III. Subsidiaries/step down subsidiaries**

| | |
|---|---|
| Varun Beverages Morocco SA | Subsidiary |
| Varun Beverages (Nepal) Private Limited | Subsidiary |
| Varun Beverages Lanka (Private) Limited | Subsidiary |
| Varun Beverages (Zambia) Limited | Subsidiary |
| Varun Beverages (Zimbabwe) (Private) Limited | Subsidiary |
| Lunarmech Technologies Private Limited | Subsidiary |
| Ole Spring Bottlers (Private) Limited | Step down subsidiary |
| Varun Beverages RDC SAS | Subsidiary |
| Varun Beverages International DMCC | Subsidiary |
| Varun Beverages South Africa (PTY) Limited | Subsidiary (w.e.f 23 May 2023) |
| VBL Mozambique, SA | Subsidiary (w.e.f 21 November 2023) |
| Varun Foods (Zimbabwe) (Private) Limited | Subsidiary (w.e.f. 22 May 2024) |
| The Beverages Company Proprietary Limited | Subsidiary (w.e.f. 26 March 2024) |
| The Beverage Company Bidco Proprietary Limited | Step down subsidiary (w.e.f. 26 March 2024) |
| Little Green Beverages Proprietary Limited | Step down subsidiary (w.e.f. 26 March 2024) |
| Softbev Proprietary Limited | Step down subsidiary (w.e.f. 26 March 2024) |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

**IV. Fellow subsidiaries and entities controlled by parent/ultimate parent***

Devyani International Limited
Devyani Food Industries Limited
Devyani Food Industries (Kenya) Limited
SVS India Private Limited
Devyani Airport Services (Mumbai) Private Limited#
Cryoviva Biotech Private Limited

**V. Joint Venture/Associates (or an associate of any member of the company)**

| | |
|---|---|
| IDVB Recycling Operations Private Limited | Joint Venture |
| Clean Max Tav Private Limited | Associate |
| Huoban Energy 7 Private Limited | Associate (w.e.f. 09 May 2023) |

**VI. Relatives of KMPs***

Mrs. Dhara Jaipuria
Mrs. Devyani Jaipuria
Mr. Ravindra Dhariwal

**VII. Entities in which a director or his/her relative is a member/director/Trustee***

SMV Beverages Private Limited
Alisha Torrent Closures (India) Private Limited
Jai Beverages Private Limited
Lineage Healthcare Limited
RJ Foundation
Global Health Limited

**VIII. Entities which are post employment benefits plans**

VBL Employees Gratuity Trust

*With whom the Company had transactions during the current year and previous year.

#Amalgamated with Devyani International Limited w.e.f. 01 April 2022 vide Hon'ble National Company Law Tribunal order dated 13 July 2023.

**(ii) Terms and conditions of transactions with related parties**

The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**(iii) Transactions with KMPs (Refer note 43A)**

**(iv) Transactions with related parties (Refer note 43B)**

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 43A. Transactions with KMPs

(₹ in million)

| | | For year ended 2024 | For year ended 2023 |
|---|---|---|---|
| **I.** | **Remuneration paid** | | |
| | Mr. Varun Jaipuria | 72.02 | 54.02 |
| | Mr. Raj Pal Gandhi | 67.18 | 62.45 |
| | Mr. Ravi Batra | 16.18 | 14.85 |
| | Mr. Rajinder Jeet Singh Bagga | 61.56 | 57.66 |
| | Mr. Rajesh Chawla | 7.41 | 6.35 |
| | Mr. Mahavir Prasad Garg | 3.59 | 2.99 |
| | Mr. Lalit Malik | 38.17 | 20.63 |
| | | | |
| **II.** | **Director sitting fees paid** | | |
| | Mr. Pradeep Khushalchand Sardana | - | 0.10 |
| | Mrs. Sita Khosla | 1.70 | 1.00 |
| | Dr. Ravi Gupta | 2.20 | 1.40 |
| | Mrs. Rashmi Dhariwal | 2.90 | 1.80 |
| | Mr. Abhiram Seth | 0.60 | 0.40 |
| | Mr. Anil Kumar Sondhi | 0.80 | 0.40 |
| | | | |
| **III.** | **Dividend paid** | | |
| | Mr. Varun Jaipuria | 520.86 | 364.60 |
| | Mr. Raj Pal Gandhi | 6.59 | 4.66 |
| | Mr. Ravi Batra | 0.02 | - |
| | Mr. Rajesh Chawla | 0.01 | - |
| | Mr. Ravi Kant Jaipuria | 565.90 | 403.11 |
| | Mr. Rajinder Jeet Singh Bagga | 1.46 | 1.02 |
| | Mr. Abhiram Seth | 0.00 | - |
| | Mr. Pradeep Khushalchand Sardana | - | 0.00 |
| | | | |
| **IV.** | **Defined benefit obligation for KMP** | | |
| **i.** | **Gratuity** | | |
| | Mr. Varun Jaipuria | 69.55 | 56.52 |
| | Mr. Raj Pal Gandhi | 54.84 | 53.21 |
| | Mr. Ravi Batra | 3.87 | 3.41 |
| | Mr. Mahavir Prasad Garg | 1.21 | 0.97 |
| | Mr. Rajinder Jeet Singh Bagga | 49.13 | 45.13 |
| | Mr. Rajesh Chawla | 1.30 | - |
| | Mr. Lalit Malik | - | 0.01 |
| | | | |
| **ii.** | **Compensated absences** | | |
| | Mr. Varun Jaipuria | 26.47 | 21.01 |
| | Mr. Raj Pal Gandhi | 15.05 | 15.19 |
| | Mr. Ravi Batra | 2.34 | 2.29 |
| | Mr. Mahavir Prasad Garg | 0.68 | 0.68 |
| | Mr. Rajinder Jeet Singh Bagga | 13.59 | 12.93 |
| | Mr. Rajesh Chawla | 1.51 | - |
| | Mr. Lalit Malik | - | 0.79 |
| | | | |

(₹ in million)

| | | For year ended 2024 | For year ended 2023 |
|---|---|---|---|
| **V.** | **Advance given** | | |
| | Mr. Lalit Malik | - | 38.50 |
| | Mr. Mahavir Prasad Garg | 0.85 | - |
| | Mr. Ravi Batra | 4.40 | - |
| | | | |
| **VI.** | **Balances (payable)/receivable outstanding at the end of the year, net** | | |
| | Mr. Varun Jaipuria | (3.70) | (2.78) |
| | Mr. Raj Pal Gandhi | (2.20) | (1.96) |
| | Mr. Rajinder Jeet Singh Bagga | (2.49) | (2.22) |
| | Mr. Rajesh Chawla | (0.54) | (0.49) |
| | Mr. Ravi Batra | (0.80) | (0.73) |
| | Mr. Mahavir Prasad Garg | 0.52 | 0.46 |
| | Mr. Lalit Malik | - | 37.02 |
| | Dr. Ravi Gupta | - | (0.09) |
| | Mrs. Rashmi Dhariwal | - | (0.09) |
| | Mr. Abhiram Seth | - | (0.09) |
| | Mr. Anil Kumar Sondhi | - | (0.09) |
| | Mrs. Sita Khosla | - | (0.09) |

Amounts below the rounding off norms adopted by the Company are presented as "0.00".

**Note:**

(i) Stock options have been granted to KMPs of the Company. The number of stock options granted to such KMPs outstanding as at 31 December 2024: 35,000 (31 December 2023 : 145,000). However as the liability has not been determined for individual employees, the charge thereof for the individual employees is not disclosed above. Previous year numbers are adjusted for shares splits during the current year (Refer note 17(g)).

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 43B. Transactions with related parties

(₹ in million)

| Description | Parent and ultimate parent | | Subsidiaries/ step down subsidiary | | Fellow subsidiaries and entities controlled by parent | | Joint Venture and Associates (or an associate of any member of the company) | | Relatives of KMPs | | Entities in which a director or his/her relative is a member/ director/trustee | | Entities which are post employment benefits plans | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| **Sale of goods** | | | | | | | | | | | | | | | | |
| - Varun Beverages (Nepal) Private Limited | - | - | 86.89 | 90.78 | - | - | - | - | - | - | - | - | - | - | **86.89** | **90.78** |
| - Ole Spring Bottlers (Private) Limited | - | - | 12.05 | 6.34 | - | - | - | - | - | - | - | - | - | - | **12.05** | **6.34** |
| - Varun Beverages Morocco SA | - | - | 2.00 | 2.99 | - | - | - | - | - | - | - | - | - | - | **2.00** | **2.99** |
| - Varun Beverages Lanka (Private) Limited | - | - | 3.00 | 12.83 | - | - | - | - | - | - | - | - | - | - | **3.00** | **12.83** |
| - Varun Beverages (Zambia) Limited | - | - | 80.80 | 40.28 | - | - | - | - | - | - | - | - | - | - | **80.80** | **40.28** |
| - Varun Beverages (Zimbabwe) (Private) Limited | - | - | 517.31 | 448.14 | - | - | - | - | - | - | - | - | - | - | **517.31** | **448.14** |
| - Varun Beverages RDC SAS | - | - | 915.95 | - | - | - | - | - | - | - | - | - | - | - | **915.95** | **-** |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | - | - | 119.19 | 105.41 | - | - | **119.19** | **105.41** |
| - Lunarmech Technologies Private Limited | - | - | 59.21 | 60.93 | - | - | - | - | - | - | - | - | - | - | **59.21** | **60.93** |
| - Alisha Torrent Closures (India) Private Limited | - | - | - | - | - | - | - | - | - | - | 11.45 | 11.35 | - | - | **11.45** | **11.35** |
| - Jai Beverages Private Limited | - | - | - | - | - | - | - | - | - | - | 115.85 | 170.49 | - | - | **115.85** | **170.49** |
| - Devyani International Limited | - | - | - | - | 38.37 | 59.15 | - | - | - | - | - | - | - | - | **38.37** | **59.15** |
| - Devyani Food Industries Limited | - | - | - | - | 32.57 | 30.19 | - | - | - | - | - | - | - | - | **32.57** | **30.19** |
| - Devyani Airport Services (Mumbai) Private Limited | - | - | - | - | - | 2.02 | - | - | - | - | - | - | - | - | **-** | **2.02** |
| - Lineage Healthcare Limited | - | - | - | - | - | - | - | - | - | - | 0.10 | 0.11 | - | - | **0.10** | **0.11** |
| - Devyani Food Industries (Kenya) Limited | - | - | - | - | 2.63 | 20.82 | - | - | - | - | - | - | - | - | **2.63** | **20.82** |
| - RJ Foundation | - | - | - | - | - | - | - | - | - | - | 0.00 | - | - | - | **0.00** | **-** |
| | | | | | | | | | | | | | | | | |
| **Sale of raw materials and stores** | | | | | | | | | | | | | | | | |
| - Varun Beverages (Nepal) Private Limited | - | - | 10.87 | 17.54 | - | - | - | - | - | - | - | - | - | - | **10.87** | **17.54** |
| - Ole Spring Bottlers (Private) Limited | - | - | - | 85.02 | - | - | - | - | - | - | - | - | - | - | **-** | **85.02** |
| - Varun Beverages Lanka (Private) Limited | - | - | 83.47 | 101.08 | - | - | - | - | - | - | - | - | - | - | **83.47** | **101.08** |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

(₹ in million)

| Description | Parent and ultimate parent | | Subsidiaries/ step down subsidiary | | Fellow subsidiaries and entities controlled by parent | | Joint Venture and Associates (or an associate of any member of the company) | | Relatives of KMPs | | Entities in which a director or his/her relative is a member/ director/trustee | | Entities which are post employment benefits plans | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| - Varun Beverages (Zimbabwe) (Private) Limited | - | - | 145.58 | 24.09 | - | - | - | - | - | - | - | - | - | - | **145.58** | **24.09** |
| - Varun Beverages (Zambia) Limited | - | - | 21.04 | 2.98 | - | - | - | - | - | - | - | - | - | - | **21.04** | **2.98** |
| - Varun Beverages Morocco SA | - | - | - | 0.00 | - | - | - | - | - | - | - | - | - | - | **-** | **0.00** |
| - Varun Beverages RDC SAS | - | - | 259.58 | - | - | - | - | - | - | - | - | - | - | - | **259.58** | **-** |
| - Lunarmech Technologies Private Limited | - | - | 0.01 | 0.00 | - | - | - | - | - | - | - | - | - | - | **0.01** | **0.00** |
| - Jai Beverages Private Limited | - | - | - | - | - | - | - | - | - | - | 164.40 | - | - | - | **164.40** | **-** |
| - Devyani Food Industries Limited | - | - | - | - | 34.10 | 45.91 | - | - | - | - | - | - | - | - | **34.10** | **45.91** |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | - | - | 99.45 | 172.40 | - | - | **99.45** | **172.40** |
| - Devyani Food Industries (Kenya) Limited | - | - | - | - | - | 8.50 | - | - | - | - | - | - | - | - | **-** | **8.50** |
| | | | | | | | | | | | | | | | | |
| **Purchase of goods** | | | | | | | | | | | | | | | | |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | - | - | 449.81 | 575.53 | - | - | **449.81** | **575.53** |
| - Devyani Food Industries Limited | - | - | - | - | 291.16 | 384.89 | - | - | - | - | - | - | - | - | **291.16** | **384.89** |
| | | | | | | | | | | | | | | | | |
| **Purchase of raw materials and stores** | | | | | | | | | | | | | | | | |
| - Alisha Torrent Closures (India) Private Limited | - | - | - | - | - | - | - | - | - | - | 2.19 | - | - | - | **2.19** | **-** |
| - Lunarmech Technologies Private Limited | - | - | 1,261.99 | 1,743.36 | - | - | - | - | - | - | - | - | - | - | **1,261.99** | **1,743.36** |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | - | - | 5.32 | 16.65 | - | - | **5.32** | **16.65** |
| - Devyani Food Industries Limited | - | - | - | - | 5.61 | 60.45 | - | - | - | - | - | - | - | - | **5.61** | **60.45** |
| - Varun Beverages (Nepal) Private Limited | - | - | - | 43.30 | - | - | - | - | - | - | - | - | - | - | **-** | **43.30** |

## Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

(₹ in million)

| Description | Parent and ultimate parent | | Subsidiaries/ step down subsidiary | | Fellow subsidiaries and entities controlled by parent | | Joint Venture and Associates (or an associate of any member of the company) | | Relatives of KMPs | | Entities in which a director or his/her relative is a member/ director/trustee | | Entities which are post employment benefits plans | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| **Loan given** | | | | | | | | | | | | | | | | |
| - Varun Beverages RDC SAS | - | - | 3,407.05 | 1,900.11 | - | - | - | - | - | - | - | - | - | - | **3,407.05** | **1,900.11** |
| - Varun Beverages International DMCC | - | - | 1,720.69 | 83.29 | - | - | - | - | - | - | - | - | - | - | **1,720.69** | **83.29** |
| - The Beverages Company Propritary limited | - | - | 2,866.50 | - | - | - | - | - | - | - | - | - | - | - | **2,866.50** | **-** |
| - IDVB Recycling Operations Private Limited | - | - | - | - | - | - | - | 10.00 | - | - | - | - | - | - | **-** | **10.00** |
| | | | | | | | | | | | | | | | | |
| **Interest income/(expense)** | | | | | | | | | | | | | | | | |
| - Varun Beverages Morocco SA | - | - | 78.64 | 83.99 | - | - | - | - | - | - | - | - | - | - | **78.64** | **83.99** |
| - Varun Beverages (Zimbabwe) (Private) Limited | - | - | 71.81 | 98.59 | - | - | - | - | - | - | - | - | - | - | **71.81** | **98.59** |
| - Varun Beverages (Zambia) Limited | - | - | 58.56 | 58.72 | - | - | - | - | - | - | - | - | - | - | **58.56** | **58.72** |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | - | - | (4.00) | (7.00) | - | - | **(4.00)** | **(7.00)** |
| - Varun Beverages RDC SAS | - | - | 234.44 | 80.36 | - | - | - | - | - | - | - | - | - | - | **234.44** | **80.36** |
| - Varun Beverages International DMCC | - | - | 256.77 | 161.82 | - | - | - | - | - | - | - | - | - | - | **256.77** | **161.82** |
| - The Beverages Company Propritary limited | - | - | 267.56 | - | - | - | - | - | - | - | - | - | - | - | **267.56** | **-** |
| - IDVB Recycling Operations Private Limited | - | - | - | - | - | - | - | 0.68 | - | - | - | - | - | - | **-** | **0.68** |
| | | | | | | | | | | | | | | | | |
| **Contribution to corporate social responsibility activities** | | | | | | | | | | | | | | | | |
| - RJ Foundation | - | - | - | - | - | - | - | - | - | - | 308.11 | 158.50 | - | - | **308.11** | **158.50** |
| | | | | | | | | | | | | | | | | |
| **Guarantee commission income** | | | | | | | | | | | | | | | | |
| - Varun Beverages (Zimbabwe) (Private) Limited | - | - | 1.27 | 3.36 | - | - | - | - | - | - | - | - | - | - | **1.27** | **3.36** |
| - Varun Beverages (Zambia) Limited | - | - | 3.06 | 1.29 | - | - | - | - | - | - | - | - | - | - | **3.06** | **1.29** |
| - Varun Beverages International DMCC | - | - | 21.11 | 14.58 | - | - | - | - | - | - | - | - | - | - | **21.11** | **14.58** |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

(₹ in million)

| Description | Parent and ultimate parent | | Subsidiaries/ step down subsidiary | | Fellow subsidiaries and entities controlled by parent | | Joint Venture and Associates (or an associate of any member of the company) | | Relatives of KMPs | | Entities in which a director or his/her relative is a member/ director/trustee | | Entities which are post employment benefits plans | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| - Varun Beverages Lanka (Private) Limited | - | - | 2.29 | 1.76 | - | - | - | - | - | - | - | - | - | - | **2.29** | **1.76** |
| .- Varun Beverages RDC SAS | - | - | 15.41 | 7.87 | - | - | - | - | - | - | - | - | - | - | **15.41** | **7.87** |
| - The Beverages Company Propritary limited | - | - | 50.35 | - | - | - | - | - | - | - | - | - | - | - | **50.35** | **-** |
| | | | | | | | | | | | | | | | | |
| **Dividend income** | | | | | | | | | | | | | | | | |
| - Varun Beverages (Nepal) Private Limited | - | - | 999.81 | 407.53 | - | - | - | - | - | - | - | - | - | - | **999.81** | **407.53** |
| - Varun Beverages Lanka (Private) Limited | - | - | 316.19 | - | - | - | - | - | - | - | - | - | - | - | **316.19** | **-** |
| | | | | | | | | | | | | | | | | |
| **Equity investment** | | | | | | | | | | | | | | | | |
| - IDVB Recycling Operations Private Limited | - | - | - | - | - | - | 369.93 | 120.00 | - | - | - | - | - | - | **369.93** | **120.00** |
| - Clean Max Tav Private Limited | - | - | - | - | - | - | - | 32.82 | - | - | - | - | - | - | **-** | **32.82** |
| - Varun Beverages (Nepal) Private Limited | - | - | - | 625.00 | - | - | - | - | - | - | - | - | - | - | **-** | **625.00** |
| - Varun Beverages South Africa (PTY) Limited | - | - | - | 0.05 | - | - | - | - | - | - | - | - | - | - | **-** | **0.05** |
| - Huoban Energy 7 Private Limited | - | - | - | - | - | - | - | 21.24 | - | - | - | - | - | - | **-** | **21.24** |
| - Lunarmech Technologies Private Limited | - | - | 2,000.00 | 100.00 | - | - | - | - | - | - | - | - | - | - | **2,000.00** | **100.00** |
| | | | | | | | | | | | | | | | | |
| **Conversion of loan into investment** | | | | | | | | | | | | | | | | |
| - IDVB Recycling Operations Private Limited | - | - | - | - | - | - | - | 10.00 | - | - | - | - | - | - | **-** | **10.00** |
| | | | | | | | | | | | | | | | | |
| **Professional charges paid** | | | | | | | | | | | | | | | | |
| - Mr. Ravindra Dhariwal | - | - | - | - | - | - | - | - | - | 1.25 | - | - | - | - | **-** | **1.25** |
| | | | | | | | | | | | | | | | | |
| **Travelling expenses paid** | | | | | | | | | | | | | | | | |
| - Varun Beverages International DMCC | - | - | 271.42 | - | - | - | - | - | - | - | - | - | - | - | **271.42** | **-** |
| | | | | | | | | | | | | | | | | |
| **Licence Fee Paid** | | | | | | | | | | | | | | | | |
| - Devyani Food Industries Ltd | - | - | - | - | 1.50 | 0.90 | - | - | - | - | - | - | - | - | **1.50** | **0.90** |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

(₹ in million)

| Description | Parent and ultimate parent | | Subsidiaries/ step down subsidiary | | Fellow subsidiaries and entities controlled by parent | | Joint Venture and Associates (or an associate of any member of the company) | | Relatives of KMPs | | Entities in which a director or his/her relative is a member/ director/trustee | | Entities which are post employment benefits plans | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| **Dividend paid** | | | | | | | | | | | | | | | | |
| - RJ Corp Limited | 871.63 | 615.09 | - | - | - | - | - | - | - | - | - | - | - | - | **871.63** | **615.09** |
| - Mrs. Dhara Jaipuria | - | - | - | - | - | - | - | - | 0.03 | 0.02 | - | - | - | - | **0.03** | **0.02** |
| - Mrs. Devyani Jaipuria | - | - | - | - | - | - | - | - | 78.78 | 55.15 | - | - | - | - | **78.78** | **55.15** |
| | | | | | | | | | | | | | | | | |
| **(Recovery of Expenses incurred by the Company on behalf of others)/expenses incurred by others on behalf of the Company)** | | | | | | | | | | | | | | | | |
| - Devyani International Limited | - | - | - | - | 5.58 | 3.37 | - | - | - | - | - | - | - | - | **5.58** | **3.37** |
| - Lunarmech Technologies Private Limited | - | - | - | 0.12 | - | - | - | - | - | - | - | - | - | - | **-** | **0.12** |
| - RJ Corp Limited | (1.73) | (2.43) | - | - | - | - | - | - | - | - | - | - | - | - | **(1.73)** | **(2.43)** |
| - Devyani Food Industries Limited | - | - | - | - | (24.70) | (21.36) | - | - | - | - | - | - | - | - | **(24.70)** | **(21.36)** |
| - Devyani Food Industries (Kenya) Limited | - | - | - | - | - | (0.13) | - | - | - | - | - | - | - | - | **-** | **(0.13)** |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | - | - | - | 0.00 | - | - | **-** | **0.00** |
| | | | | | | | | | | | | | | | | |
| **Rent/ lease charges paid/ (received)** | | | | | | | | | | | | | | | | |
| - RJ Corp Limited | 112.80 | 112.80 | - | - | - | - | - | - | - | - | - | - | - | - | **112.80** | **112.80** |
| - SVS India Private Limited | - | - | - | - | 3.24 | 2.97 | - | - | - | - | - | - | - | - | **3.24** | **2.97** |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | - | - | 27.00 | 27.00 | - | - | **27.00** | **27.00** |
| - Devyani Food Industries Limited | - | - | - | - | (8.82) | (8.82) | - | - | - | - | - | - | - | - | **(8.82)** | **(8.82)** |
| - Lunarmech Technologies Private Limited | - | - | (3.52) | - | - | - | - | - | - | - | - | - | - | - | **(3.52)** | **-** |
| | | | | | | | | | | | | | | | | |
| **Medical expenditure** | | | | | | | | | | | | | | | | |
| Global Health Limited | - | - | - | - | - | - | - | - | - | - | 0.15 | 0.11 | - | - | **0.15** | **0.11** |
| | | | | | | | | | | | | | | | | |
| **Financial guarantees given** | | | | | | | | | | | | | | | | |
| - Varun Beverages (Zambia) Limited | - | - | 1,004.65 | - | - | - | - | - | - | - | - | - | - | - | **1,004.65** | **-** |
| - Varun Beverages International DMCC | - | - | 3,127.11 | - | - | - | - | - | - | - | - | - | - | - | **3,127.11** | **-** |

(₹ in million)

| Description | Parent and ultimate parent | | Subsidiaries/ step down subsidiary | | Fellow subsidiaries and entities controlled by parent | | Joint Venture and Associates (or an associate of any member of the company) | | Relatives of KMPs | | Entities in which a director or his/her relative is a member/ director/trustee | | Entities which are post employment benefits plans | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| - Varun Beverages Lanka (Private) Limited | - | - | 152.92 | - | - | - | - | - | - | - | - | - | - | - | **152.92** | - |
| - Varun Beverages RDC SAS | - | - | 1,190.41 | 1,246.75 | - | - | - | - | - | - | - | - | - | - | **1,190.41** | 1,246.75 |
| - The Beverages Company Propritary limited | - | - | 6,599.99 | - | - | - | - | - | - | - | - | - | - | - | **6,599.99** | - |
| | | | | | | | | | | | | | | | | |
| **Financial guarantees closed** | | | | | | | | | | | | | | | | |
| - Varun Beverages (Zimbabwe) (Private) Limited | - | - | - | 897.66 | - | - | - | - | - | - | - | - | - | - | **-** | 897.66 |
| - Varun Beverages (Zambia) Limited | - | - | 331.66 | - | - | - | - | - | - | - | - | - | - | - | **331.66** | - |
| | | | | | | | | | | | | | | | | |
| **Sale of Property, Plant and equipment.** | | | | | | | | | | | | | | | | |
| - Varun Beverages (Nepal) Private Limited | - | - | 0.96 | 12.33 | - | - | - | - | - | - | - | - | - | - | **0.96** | 12.33 |
| - Varun Beverages (Zimbabwe) (Private) Limited | - | - | 38.01 | 342.62 | - | - | - | - | - | - | - | - | - | - | **38.01** | 342.62 |
| - Varun Beverages (Zambia) Limited | - | - | 11.52 | 21.93 | - | - | - | - | - | - | - | - | - | - | **11.52** | 21.93 |
| - Varun Beverages Lanka (Private) Limited | - | - | 69.50 | 50.28 | - | - | - | - | - | - | - | - | - | - | **69.50** | 50.28 |
| - Ole Spring Bottlers (Private) Limited | - | - | 15.14 | - | - | - | - | - | - | - | - | - | - | - | **15.14** | - |
| - Varun Beverages RDC SAS | - | - | 17.50 | 75.07 | - | - | - | - | - | - | - | - | - | - | **17.50** | 75.07 |
| | | | | | | | | | | | | | | | | |
| **Contribution to gratuity trust** | | | | | | | | | | | | | | | | |
| - VBL Employees Gratuity Trust | - | - | - | - | - | - | - | - | - | - | - | - | 300.00 | 250.00 | **300.00** | 250.00 |
| | | | | | | | | | | | | | | | | |
| **IT infrastructure support fee received** | | | | | | | | | | | | | | | | |
| - Varun Beverages (Nepal) Private Limited | - | - | 3.59 | 2.73 | - | - | - | - | - | - | - | - | - | - | **3.59** | 2.73 |

## Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

(₹ in million)

| Description | Parent and ultimate parent | | Subsidiaries/ step down subsidiary | | Fellow subsidiaries and entities controlled by parent | | Joint Venture and Associates (or an associate of any member of the company) | | Relatives of KMPs | | Entities in which a director or his/her relative is a member/ director/trustee | | Entities which are post employment benefits plans | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| - Varun Beverages Lanka (Private) Limited | - | - | 8.67 | 4.96 | - | - | - | - | - | - | - | - | - | - | **8.67** | **4.96** |
| - Varun Beverages (Zimbabwe) (Private) Limited | - | - | 6.67 | 5.49 | - | - | - | - | - | - | - | - | - | - | **6.67** | **5.49** |
| - Devyani International Limited | - | - | - | - | 10.13 | 4.41 | - | - | - | - | - | - | - | - | **10.13** | **4.41** |
| - Varun Beverages (Zambia) Limited | - | - | 7.60 | 4.95 | - | - | - | - | - | - | - | - | - | - | **7.60** | **4.95** |
| - Varun Beverages Morocco SA | - | - | 10.08 | 4.99 | - | - | - | - | - | - | - | - | - | - | **10.08** | **4.99** |
| - Rj Corp Limited | 1.75 | 0.84 | - | - | - | - | - | - | - | - | - | - | - | - | **1.75** | **0.84** |
| - Devyani Food Industries (Kenya) Limited | - | - | - | - | 2.81 | 2.06 | - | - | - | - | - | - | - | - | **2.81** | **2.06** |
| - Varun Beverages RDC SAS | - | - | 2.57 | 0.30 | - | - | - | - | - | - | - | - | - | - | **2.57** | **0.30** |
| - The Beverages Company Propritary limited | - | - | 3.63 | - | - | - | - | - | - | - | - | - | - | - | **3.63** | **-** |
| - Devyani Food Industries Limited | - | - | - | - | 16.22 | 11.96 | - | - | - | - | - | - | - | - | **16.22** | **11.96** |
| - Cryoviva Biotech Private Limited | - | - | - | - | 3.94 | 3.16 | - | - | - | - | - | - | - | - | **3.94** | **3.16** |
| - Lineage Healthcare Limited | - | - | - | - | - | - | - | - | - | - | 0.49 | 0.57 | - | - | **0.49** | **0.57** |
| - Varun Beverages International DMCC | - | - | 0.56 | 0.09 | - | - | - | - | - | - | - | - | - | - | **0.56** | **0.09** |
| | | | | | | | | | | | | | | | | |
| **Advance paid for acquisition of assets** | | | | | | | | | | | | | | | | |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | - | - | 45.00 | - | - | - | **45.00** | **-** |
| | | | | | | | | | | | | | | | | |
| **Capital commitments** | | | | | | | | | | | | | | | | |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | - | - | 156.60 | 201.60 | - | - | **156.60** | **201.60** |
| | | | | | | | | | | | | | | | | |
| **Deemed Investment (Cross Charge of shared based payments)** | | | | | | | | | | | | | | | | |
| - Varun Beverages (Zambia) Limited | - | - | 0.61 | 0.12 | - | - | - | - | - | - | - | - | - | - | **0.61** | **0.12** |
| - Varun Beverages RDC SAS | - | - | 0.17 | 0.20 | - | - | - | - | - | - | - | - | - | - | **0.17** | **0.20** |
| - Varun Beverages (Zimbabwe) (Private) Limited | - | - | 4.23 | 2.93 | - | - | - | - | - | - | - | - | - | - | **4.23** | **2.93** |
| - Varun Beverages Morocco SA | - | - | 7.79 | 6.53 | - | - | - | - | - | - | - | - | - | - | **7.79** | **6.53** |

## Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

(₹ in million)

| Description | Parent and ultimate parent | | Subsidiaries/ step down subsidiary | | Fellow subsidiaries and entities controlled by parent | | Joint Venture and Associates (or an associate of any member of the company) | | Relatives of KMPs | | Entities in which a director or his/her relative is a member/ director/trustee | | Entities which are post employment benefits plans | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| - Varun Beverages International DMCC | - | - | 3.37 | 2.45 | - | - | - | - | - | - | - | - | - | - | **3.37** | **2.45** |
| - Varun Beverages (Nepal) Private Limited | - | - | 2.88 | 1.24 | - | - | - | - | - | - | - | - | - | - | **2.88** | **1.24** |
| - Varun Beverages Lanka (Private) Limited | - | - | 3.14 | 2.28 | - | - | - | - | - | - | - | - | - | - | **3.14** | **2.28** |
| | | | | | | | | | | | | | | | | |
| **Utilility charges** | | | | | | | | | | | | | | | | |
| - Clean Max Tav Private Limited | - | - | - | - | - | - | 67.40 | 28.24 | - | - | - | - | - | - | **67.40** | **28.24** |
| - Lunarmech Technologies Private Limited | - | - | 41.02 | 26.53 | - | - | - | - | - | - | - | - | - | - | **41.02** | **26.53** |
| - Huoban Energy 7 Private Limited | - | - | - | - | - | - | 39.58 | 13.34 | - | - | - | - | - | - | **39.58** | **13.34** |
| | | | | | | | | | | | | | | | | |
| **Balances outstanding at the end of the year, net including loan outstanding** | | | | | | | | | | | | | | | | |
| **A. Receivable/(payable),net** | | | | | | | | | | | | | | | | |
| - Varun Beverages Morocco SA | - | - | 1,168.27 | 1,188.75 | - | - | - | - | - | - | - | - | - | - | **1,168.27** | **1,188.75** |
| - Varun Beverages (Nepal) Private Limited | - | - | 958.33 | 399.13 | - | - | - | - | - | - | - | - | - | - | **958.33** | **399.13** |
| - Ole Spring Bottlers (Private) Limited | - | - | (0.00) | (0.00) | - | - | - | - | - | - | - | - | - | - | **(0.00)** | **(0.00)** |
| - Varun Beverages Lanka (Private) Limited | - | - | 59.40 | 52.61 | - | - | - | - | - | - | - | - | - | - | **59.40** | **52.61** |
| - Varun Beverages (Zambia) Limited | - | - | 1,059.92 | 931.32 | - | - | - | - | - | - | - | - | - | - | **1,059.92** | **931.32** |
| - Varun Beverages (Zimbabwe) (Private) Limited | - | - | 1,414.68 | 1,669.74 | - | - | - | - | - | - | - | - | - | - | **1,414.68** | **1,669.74** |
| - The Beverages Company Propritary limited | - | - | 3,209.83 | - | - | - | - | - | - | - | - | - | - | - | **3,209.83** | **-** |
| - Devyani International Limited | - | - | - | - | 22.35 | 11.90 | - | - | - | - | - | - | - | - | **22.35** | **11.90** |
| - RJ Corp Limited | 67.19 | 36.24 | - | - | - | - | - | - | - | - | - | - | - | - | **67.19** | **36.24** |
| - Lunarmech Technologies Private Limited | - | - | (160.58) | (78.19) | - | - | - | - | - | - | - | - | - | - | **(160.58)** | **(78.19)** |
| - SMV Beverages Private Limited | - | - | - | - | - | - | - | - | - | - | 129.42 | 100.23 | - | - | **129.42** | **100.23** |
| - Varun Food and Beverages Zambia Limited | - | - | - | - | - | - | - | - | - | - | - | - | - | - | **-** | **-** |
| - Alisha Torrent Closures (India) Private Limited | - | - | - | - | - | - | - | - | - | - | 4.29 | 0.00 | - | - | **4.29** | **0.00** |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

(₹ in million)

| Description | Parent and ultimate parent | | Subsidiaries/ step down subsidiary | | Fellow subsidiaries and entities controlled by parent | | Joint Venture and Associates (or an associate of any member of the company) | | Relatives of KMPs | | Entities in which a director or his/her relative is a member/ director/trustee | | Entities which are post employment benefits plans | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | | For year ended | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| - Jai Beverages Private Limited | - | - | - | - | - | - | - | - | - | - | (0.13) | 1.05 | - | - | **(0.13)** | **1.05** |
| - Devyani Food Industries Limited | - | - | - | - | 12.07 | 4.95 | - | - | - | - | - | - | - | - | **12.07** | **4.95** |
| - Lineage Healthcare Limited | - | - | - | - | - | - | - | - | - | - | 0.59 | 0.39 | - | - | **0.59** | **0.39** |
| - Devyani Food Industries (Kenya) Ltd | - | - | - | - | 3.66 | 15.27 | - | - | - | - | - | - | - | - | **3.66** | **15.27** |
| - Varun Beverages RDC SAS | - | - | 5,719.56 | 2,212.98 | - | - | - | - | - | - | - | - | - | - | **5,719.56** | **2,212.98** |
| - Varun Beverages International DMCC | - | - | 4,030.81 | 2,198.40 | - | - | - | - | - | - | - | - | - | - | **4,030.81** | **2,198.40** |
| - SVS India Private Limited | - | - | - | - | - | (0.58) | - | - | - | - | - | - | - | - | **-** | **(0.58)** |
| - Cryoviva Biotech Private Limited | - | - | - | - | 5.88 | 4.78 | - | - | - | - | - | - | - | - | **5.88** | **4.78** |
| - IDVB Recycling Operations Private Limited | - | - | - | - | - | - | - | (0.00) | - | - | - | - | - | - | **-** | **(0.00)** |
| - Clean Max Tav Private Limited | - | - | - | - | - | - | (0.00) | (1.88) | - | - | - | - | - | - | **(0.00)** | **(1.88)** |
| - Huoban Energy 7 Private Limited | - | - | - | - | - | - | (2.27) | (1.70) | - | - | - | - | - | - | **(2.27)** | **(1.70)** |
| - RJ Foundation | - | - | - | - | - | - | - | - | - | - | 0.01 | - | - | - | **0.01** | **-** |
| | | | | | | | | | | | | | | | | |
| **B. Financial guarantees** | | | | | | | | | | | | | | | | |
| - Varun Beverages (Zimbabwe) (Private) Limited | - | - | 385.30 | 374.02 | - | - | - | - | - | - | - | - | - | - | **385.30** | 374.02 |
| - Varun Beverages (Nepal) Private Limited | - | - | 280.98 | 280.98 | - | - | - | - | - | - | - | - | - | - | **280.98** | 280.98 |
| - Varun Beverages (Zambia) Limited | - | - | 1,027.48 | 332.47 | - | - | - | - | - | - | - | - | - | - | **1,027.48** | 332.47 |
| - Varun Beverages International DMCC | - | - | 4,495.22 | 1,246.75 | - | - | - | - | - | - | - | - | - | - | **4,495.22** | 1,246.75 |
| - Varun Beverages Lanka (Private) Limited | - | - | 290.27 | 114.79 | - | - | - | - | - | - | - | - | - | - | **290.27** | 114.79 |
| - The Beverages Company Propritary limited | - | - | 6,814.08 | - | - | - | - | - | - | - | - | - | - | - | **6,814.08** | - |
| - Varun Beverages RDC SAS | - | - | 2,483.07 | 1,246.75 | - | - | - | - | - | - | - | - | - | - | **2,483.07** | 1,246.75 |

Amounts below the rounding off norms adopted by the Company are presented as "0.00".

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 44. Disclosure on lease transactions pursuant to Ind AS 116 - Leases

The Company's lease asset class primarily consists of leases for land, buildings and plant and equipment. With the exception of short-term leases, leases of low-value and cancellable long-term leases underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liability.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the weighted average borrowing rate ranging 5.44-8.22% (31 December 2023: 5.44-8.22% ).

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right of use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets otherthan leasehold lands as security against the Company's other debts and liabilities.

i. Lease liabilities are presented in the balance sheet is as follows:

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Current maturities of lease liabilities (Refer note 19D) | 77.10 | 176.29 |
| Non-current lease liabilities (Refer note 19C) | 419.61 | 1,043.65 |
| **Total** | **496.71** | **1,219.94** |

ii. The recognised right of use assets relate to land, buildings and plant and equipments as at 31 December 2024 and 31 December 2023:

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Right of use assets - land, buildings and plant and equipments | | |
| Balance at the beginning of the year | 8,875.89 | 8,267.06 |
| Additions for the year | 602.11 | 773.13 |
| Rebate/grant related to asset received | - | (16.61) |
| Amortisation charge for the year | (162.59) | (147.69) |
| **Balance at the end of the year** | **9,315.41** | **8,875.89** |

iii. The following are amounts recognised in Standalone Statement of Profit and Loss:

(₹ in million)

| | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Amortisation charge on right of use assets | 162.59 | 147.69 |
| Interest expense on lease liabilities* | 104.75 | 115.23 |
| **Total** | **267.34** | **262.92** |

*During the year ended 31 December 2024, interest expense on leasehold lands acquired were capitalised as pre-operative expense amounting to ₹ 15.43 million.

iv. Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less), cancellable long-term leases and for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 782.07 million (31 December 2023 ₹ 711.51 millon).

v. Refer Standalone Cash Flow Statement for total cash outflow for leases.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

vi. Maturity of lease liabilities

Future minimum lease payments were as follows for 31 December 2024:

(₹ in million)

| | Lease payments | Interest expense | Net Present value |
|---|---|---|---|
| Not later than 1 year | 114.16 | 37.06 | 77.10 |
| Later than 1 year not later than 5 years | 314.16 | 90.76 | 223.40 |
| Later than 5 years | 1,193.65 | 997.44 | 196.21 |
| **Total** | **1,621.97** | **1,125.26** | **496.71** |

Future minimum lease payments were as follows for 31 December 2023:

(₹ in million)

| | Lease payments | Interest expense | Net Present value |
|---|---|---|---|
| Not later than 1 year | 282.21 | 105.92 | 176.29 |
| Later than 1 year not later than 5 years | 1,026.78 | 235.34 | 791.44 |
| Later than 5 years | 829.45 | 577.24 | 252.21 |
| **Total** | **2,138.44** | **918.50** | **1,219.94** |

## 45. Segment Information

The business activities of the Company predominantly fall within a single reportable business segment, i.e., manufacturing and sale of beverages within India. There are no separately reportable business or geographical segments that meet the criteria prescribed in Ind AS 108 on Operating Segments. The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Company is seasonal.

## 46. Dues to Micro and Small Enterprises

The dues to Micro and Small Enterprises as required under the Micro, Small and Medium Enterprises Development ("MSMED") Act, 2006 to the extent information available with the Company is given below:

(₹ in million)

| Particulars | 31 December 2024 | 31 December 2023 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| Principal amount due to micro and small enterprises | 1,232.13 | 767.25 |
| Interest due | 6.56 | 4.83 |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year* | 949.98 | 522.67 |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006. | 14.82 | 8.67 |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | 48.59 | 27.21 |
| 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 micro and small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | 48.59 | 27.21 |

*includes principal amounting to ₹ 949.98 million (31 December 2023: ₹ 522.67 million).

The above amounts includes due to micro and small enterprises included within other financial liabilities.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 47. Details of Corporate Social Responsibility (CSR) expenditure

In accordance with the provisions of section 135 of the Companies Act, 2013, the Board of Directors of the Company had constituted CSR Committee. The detail for CSR activities is as follows.

(₹ in million)

| Particulars | | | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|---|---|
| a) | Gross amount required to be spent by the Company during the year | | 308.11 | 158.50 |
| b) | Amount approved by Board to be spent during the year | | 308.11 | 158.50 |
| c) | Amount spent during the year on the following | | | |
| | 1. | Construction / Acquisition of any asset | 0.98 | 14.59 |
| | 2. | On purpose other than 1 above | 307.13 | 143.91 |
| d) | Excess amount spent on CSR as per Section 135(5) of Companies Act, 2013: | | | |
| | 1. | Opening balance | - | - |
| | 2. | Amount required to be spent during the year | 308.11 | 158.50 |
| | 3. | Amount spent during the year | 308.11 | 158.50 |
| | 4. | Closing balance | - | - |
| e) | Total of previous year shortfall | | - | - |
| f) | Reason for shortfall | | Not Applicable | Not Applicable |
| g) | Nature of CSR activities | | Promoting healthcare, Education, Environmental substantiality, Animal welfare, Water conservation, Vocational skills etc. | Promoting healthcare, Education, Environmental sustainability, Gender equality, Animal welfare etc. |

1. Refer note 43B for amounts paid to RJ Foundation (CSR implementing agency registered with Ministry of Corporate Affairs, Office of the Registrar of Companies, New Delhi) having objects to carry on CSR activities as per requirements laid down under Section 135 of the Companies Act, 2013.

2. The Company does not carry any provisions for Corporate Social Responsibility expenses for current year and previous year.

## 48. Share-based payments

**a. Description of share based payment arrangements**

**i) Share Options Schemes (equity settled)**

**Employees Stock Option Scheme 2016 ("ESOS 2016 or scheme")**

The ESOS 2016 was approved by the Board of Directors and the shareholders on 27 April 2016 and further ratified and amended by the shareholders in their meetings held on 17 April 2017 and 07 April 2022 respectively. Further, National Stock Exchange of India Limited and BSE Limited have accorded their in principle approvals for issue and allotment of upto 41,737,880 equity shares ("Ceiling Limit"). The scheme was formulated with the objective to enable the Company to grant Options for equity shares of the Company to certain eligible employees as defined

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

in the Scheme at a pre-determined price.

**The Options were granted on the dates as mentioned in the table below:**

**31 December 2024**

| Scheme | Grant Date | Number of Options Granted | Exercise Price | Vesting Conditions | Vesting Period | Contractual period |
|---|---|---|---|---|---|---|
| ESOS 2016 | 05-Feb-24 | 7,500 | 453.60 | Graded vesting over 4 years | 05 Feb 2025 to 01 Jan 2028 | 0-3.92 Years |
| ESOS 2016 | 13-May-24 | 30,000 | 563.20 | Graded vesting over 4 years | 13 May 2024 to 01 Jan 2028 | 0-3.67 Years |
| ESOS 2016 | 16-Sep-24 | 6,250 | 626.00 | Graded vesting over 4 years | 16 Sep 2024 to 01 Jan 2028 | 0-3.25 Years |
| ESOS 2016 | 27-Sep-24 | 20,000 | 626.00 | Graded vesting over 4 years | 27 Sep 2024 to 01 Jan 2028 | 0-3.25 Years |

**31 December 2023**

| Scheme | Grant Date | Number of Options Granted | Exercise Price | Vesting Conditions | Vesting Period | Contractual period |
|---|---|---|---|---|---|---|
| ESOS 2016 | 06-Feb-23 | 135,000 | 251.00 | Graded vesting over 4 years | 06 Feb 2023 to 01 Jan 2027 | 0-3.92 Years |
| ESOS 2016 | 02-May-23 | 30,000 | 257.20 | Graded vesting over 4 years | 02 May 2023 to 01 Jan 2027 | 0-3.67 Years |
| ESOS 2016 | 03-Aug-23 | 125,000 | 320.40 | Graded vesting over 4 years | 03 Aug 2023 to 01 Jan 2027 | 0-3.42 Years |
| ESOS 2016 | 06-Nov-23 | 65,000 | 359.60 | Graded vesting over 4 years | 06 Nov 2023 to 01 Jan 2027 | 0-3.17 Years |
| ESOS 2016 | 23-Nov-23 | 75,000 | 359.60 | Graded vesting over 4 years | 23 Nov 2023 to 01 Jan 2027 | 0-3.09 Years |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

**b. Measurement of fair values**

The fair values are measured based on the Black-Scholes-Merton model. The fair value of the options and inputs used in the measurement of the grant date fair values of the equity-settled share based payments are as follows:

**31 December 2024**

| Particulars | Options granted on 05 February 2024 | Options granted on 13 May 2024 | Options granted on 16 September 2024 | Options granted on 27 September 2024 |
|---|---|---|---|---|
| Fair value per Option at grant date (in ₹) | 187.97 | 183.34 | 165.54 | 165.54 |
| Share price at grant date (in ₹) | 514.30 | 585.32 | 626.85 | 626.85 |
| Exercise price (in ₹) | 453.60 | 563.20 | 626.00 | 626.00 |
| Expected volatility | 34.20%-37.95% | 31.26%-36.48% | 30.39%-35.07% | 30.39%-35.07% |
| Expected life (in years) | 1.57-4.47 | 1.57-4.20 | 1.57-3.83 | 1.57-3.83 |
| Expected dividends | 0.27% | 0.17% | 0.40% | 0.40% |
| Risk-free interest rate | 6.67%-6.75% | 6.72%-6.76% | 6.33%-6.37% | 6.33%-6.37% |

**31 December 2023**

| Particulars | Options granted on 06 February 2023 | Options granted on 02 May 2023 | Options granted on 03 August 2023 | Options granted on 06 November 2023 | Options granted on 23 November 2023 |
|---|---|---|---|---|---|
| Fair value per Option at grant date (in ₹) | 68.80 | 105.55 | 97.43 | 116.17 | 139.01 |
| Share price at grant date (in ₹) | 230.98 | 289.04 | 323.24 | 380.74 | 412.54 |
| Exercise price (in ₹) | 251.00 | 257.20 | 320.40 | 359.60 | 359.60 |
| Expected volatility | 38.03%-40.07% | 37.33%-39.95% | 36.65%-39.12% | 35.77%-37.09% | 35.71%-36.46% |
| Expected life (in years) | 1.6-4.5 | 1.6-4.2 | 1.6-4.0 | 1.57-3.72 | 1.57-3.68 |
| Expected dividends | 0.22% | 0.24% | 0.43% | 0.37% | 0.34% |
| Risk-free interest rate | 6.57%-6.91% | 6.60%-6.69% | 6.67%-6.80% | 6.82%-6.96% | 6.75%-6.89% |

The risk-free interest rate (continuous compounding) being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the options on the date of grant of options based on the zero-coupon yield curve for Government Securities available as on Valuation date taken from www.ccilindia.com.

The measure of volatility used in the Option-Pricing Model is the annualised standard deviation of the continuous rates of return on the stock over a period of time.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

**c. Effect of employee stock option schemes on the standalone statement of profit and loss**

(₹ in million, unless otherwise stated)

| Particulars | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Share based payment to employees* | 140.25 | 63.35 |

*included in employee benefits expense (net of share based payments in relation to employees of subsidiaries amounting to ₹ 22.18 (31 December 2023: 15.75) (Refer note 32)

**d. Reconciliation of outstanding share options**

The number and weighted-average exercise prices of share options under the schemes is as follows:

| | As at 31 December 2024 | | As at 31 December 2023 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price (₹) | Number of options | Weighted average exercise price (₹) |
| **Number of options granted, exercised and forfeited** | | | | |
| Options outstanding as at the beginning of the year | 3,083,035 | 159.82 | 3,054,875 | 159.82 |
| Add: Options granted during the year | 63,750 | 576.16 | 430,000 | 306.97 |
| Less: Options exercised during the year | 729,215 | 159.82 | 289,340 | 159.82 |
| Less: Options forfeited/lapsed during the year | 10,000 | 159.82 | 112,500 | 159.82 |
| Options outstanding as at the end of the year | 2,407,570 | 170.84 | 3,083,035 | 159.82 |
| Options exercisable at the end of the year | 563,877 | 159.82 | 180,750 | 159.82 |

(₹ in million)

| Particulars | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Weighted average remaining life of options outstanding at the end of year (in years) | 1.75 | 2.70 |

Also refer note 17(g) on sub-division/split of equity shares of the Company during the year. The outstanding stock options (whether vested or unvested as on the Record Date) and exercise prices as above has been adjusted to ensure fair and reasonable adjustment to the entitlement of the Eligible Employees under the Schemes due to the sub-division/split of equity shares.

## 49. Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity shareholders of the Company.

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, non-current and current borrowings,current maturity of long-term debts and lease liabilities, less cash and cash equivalents, excluding discontinued operations, if any..

The amounts managed as capital by the Company for the reporting periods are summarised as follows:

(₹ in million)

| Particulars | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Non-current borrowings (Refer note 19A) | 1,442.10 | 30,105.49 |
| Current borrowings (Refer note 19B) | 6,873.31 | 17,495.56 |
| Lease liabilities (Refer note 19C) | 419.61 | 1,043.65 |
| Current portion of lease liabilities (Refer note 19D) | 77.10 | 176.29 |
| | **8,812.12** | **48,820.99** |
| Less: Cash and cash equivalents (Refer note 12) | (20,580.80) | (494.80) |
| **Net debt (A)** | **(11,768.68)** | **48,326.19** |
| Equity share capital (Refer note 17) | 6,763.02 | 6,496.07 |
| Other equity (Refer note 18) | 158,824.03 | 64,261.97 |
| **Total capital (B)** | **165,587.05** | **70,758.04** |
| **Capital and net debt (C=A+B)** | **153,818.37** | **119,084.23** |
| **Gearing ratio (A/C)** | **-7.65%** | **40.58%** |

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

There's no breaches in the financial covenants of the borrowing that would permit the banks to immediately call loans and borrowings in the reporting periods."

## 50. Assets pledged as security

The carrying amount of assets pledged as security are:

(₹ in million)

| Particulars | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Inventories and trade receivable (Refer note 10 and 11) | 18,884.68 | 17,488.16 |
| Other bank deposits (Refer note 8 and 13) | 15.89 | 28.29 |
| Other current financial assets (Refer note 15) | 9,772.54 | 7,695.02 |
| Other current assets (Refer note 16) | 3,589.05 | 3,645.00 |
| Other intangible assets (Refer note 5B) | 5,460.04 | 5,450.74 |
| Property, plant and equipment (Refer note 4A)* | 75,467.69 | 53,955.78 |
| Capital work-in-progress (Refer note 4B) | 9,556.64 | 15,759.99 |
| Right of use assets (Refer note 4C)* | 7,116.13 | 6,223.14 |
| Intangible assets under development (Refer note 5C) | 43.69 | - |

*Exclusive of land for which no mortgages has been created.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 51. Information under Section 186 (4) of the Companies Act, 2013 and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements), 2015

(₹ in million)

(i)

| Name of the Loanee | Rate of Interest | Secured/ Unsecured | Maximum balance outstanding during the year 2024 | As at 31 December 2024 | Maximum balance outstanding during the year 2023 | As at 31 December 2023 |
|---|---|---|---|---|---|---|
| Varun Beverages Morocco SA | 2% +3 month SOFR* | Unsecured | 1,110.25 | 1,110.25 | 1,077.74 | 1,077.74 |
| Varun Beverages (Zambia) Limited | 2% +3 month SOFR* | Unsecured | 826.71 | 826.71 | 802.51 | 802.51 |
| Varun Beverages (Zimbabwe) (Private) Limited | 2% +3 month SOFR* | Unsecured | 1,013.78 | 1,013.78 | 1,229.38 | 984.10 |
| Varun Beverages RDC SAS | 2% +3 month SOFR* | Unsecured | 5,655.41 | 5,655.41 | 2,124.71 | 2,123.62 |
| Varun Beverages International DMCC | 2% +3 month SOFR* | Unsecured | 3,844.48 | 3,844.48 | 2,011.42 | 2,011.42 |
| The Beverage Company Proprietary Limited | Variable prime rate | Unsecured | 3,168.67 | 2,952.77 | - | - |
| IDVB Recycling Operations Private Limited | 10% | Unsecured | - | - | 10.00 | - |

*Rate of interest revised w.e.f 01 July 2023

The above loans are given for business purposes.

(₹ in million)

(ii)

| Name of the Investee | As at 31 December 2024# | As at 31 December 2023# |
|---|---|---|
| Varun Beverages Morocco SA | 6,179.18 | 6,179.18 |
| Varun Beverages (Nepal) Private Limited | 1,423.91 | 1,423.91 |
| Varun Beverages Lanka (Private) Limited | 3,149.55 | 3,149.55 |
| Varun Beverages (Zambia) Limited | 3,231.01 | 3,231.01 |
| Varun Beverages (Zimbabwe) (Private) Limited | 0.06 | 0.06 |
| Lunarmech Technologies Private Limited | 2,262.94 | 262.94 |
| Varun Beverages RDC SAS | 0.74 | 0.74 |
| Varun Beverages International DMCC | 20.68 | 20.68 |
| Varun Beverages South Africa (PTY) Ltd. | 0.05 | 0.05 |
| The Beverage Company Proprietary Limited | 4,037.26 | - |
| VBL Mozambique, SA | 1.32 | - |
| Varun Foods Zimbabwe (Private) Limited | 0.84 | - |
| Clean Max Tav Private Limited | 32.85 | 32.85 |
| Huoban Energy 7 Private Limited | 21.24 | 21.24 |
| IDVB Recycling Operations Private Limited | 500.00 | 130.07 |
| Lone Cypress Ventures Private Limited | 31.50 | 31.50 |
| Huoban Energy 11 Private Limited | 29.04 | - |
| The Margao Urban Co-operative Bank Limited | 0.01 | 0.01 |
| The Goa Urban Co-operative Bank Limited* | 0.00 | 0.00 |

*Rounded off to nil

#Exclusive of deemed investment (Refer note 6)

The above investments are made for business purposes.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

(₹ in million)

**(iii)**

| Guarantees outstanding, given on behalf of | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Varun Beverages (Nepal) Private Limited | 280.98 | 280.98 |
| Varun Beverages (Zimbabwe) (Private) Limited | 385.30 | 374.02 |
| Varun Beverages (Zambia) Limited | 1,027.48 | 332.47 |
| Varun Beverages International DMCC | 4,495.22 | 1,246.75 |
| Varun Beverages RDC SAS | 2,483.07 | 1,246.75 |
| Varun Beverages Lanka (Private) Limited | 290.27 | 114.79 |
| The Beverage Company Proprietary Limited | 6,814.08 | - |

The above financial guarantees are given on behalf of subsidiaries for business purposes and are in ordinary course of business.

## 52. Financial instruments risk

**Financials risk management objectives and policies**

The Company is exposed to various risks in relation to financial instruments. The main types of financial risks are market risk, credit risk and liquidity risk.

The management of the Company monitors and manages the financial risks relating to the operations of the Company on a continuous basis. The Company's risk management is coordinated at its head office, in close cooperation with the management, and focuses on actively securing the Company's short to medium-term cash flows and simultaneously minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

### 52.1 Market risk analysis

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and commodity price risk which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The functional currency of the Company is Indian Rupees ('INR' or '₹'). Most of the Company's transactions are carried out in Indian Rupees. Exposures to currency exchange rates mainly arise from the Company's overseas sales and purchases, lending to overseas subsidiary companies, external commercial borrowings etc. which are primarily denominated in US Dollars ('USD'), Pound Sterling ('GBP'), Australian Dollars ('AUD'), Euro ('EUR'), Emirati Dirham ('AED') and South African Rand ('ZAR').

The Company has limited exposure to foreign currency risk and thereby it mainly relies on natural hedge. To further mitigate the Company's exposure to foreign currency risk, non-INR cash flows are continuously monitored and derivative contracts are entered into wherever considered necessary.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

The carrying amounts of the Company's foreign currency denominated monetary items are restated at the end of each reporting period. Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are as follows:

(in million)

| 31 December 2024 | USD | AUD | EUR | AED | GBP | ZAR |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| (i) Loans (non-current and current) | | | | | | |
| (a) Loans to related parties | 145.41 | - | - | - | - | 650.00 |
| (ii) Trade receivables (current) | 4.30 | - | - | - | - | - |
| (iii) Other financial assets (current) | | | | | | |
| (a) Interest accrued on loan to related parties | 10.16 | - | - | - | - | 52.09 |
| (b) Guarantee commission receivable | 0.17 | - | - | - | - | 4.14 |
| (c) Other receivables | 0.23 | - | - | - | - | 0.35 |
| **Total financial assets** | **160.27** | **-** | **-** | **-** | **-** | **706.58** |
| Financial liabilities | | | | | | |
| (i) Trade payables | 5.14 | 0.00* | - | - | - | - |
| (ii) Other current financial liabilities | | | | | | |
| (a) Payable for capital expenditure | 3.77 | - | 3.32 | - | 0.01 | - |
| **Total financial liabilities** | **8.91** | **-** | **3.32** | **-** | **0.01** | **-** |

*Rounded off to Nil

| 31 December 2023 | USD | AUD | EUR | AED | GBP | ZAR |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| (i) Loans (non-current and current) | | | | | | |
| (a) Loans to related parties | 84.21 | - | - | - | - | - |
| (ii) Trade receivables (current) | 9.04 | - | - | - | - | - |
| (iii) Other financial assets (current) | | | | | | |
| (a) Interest accrued on loan to related parties | 6.02 | - | - | - | - | - |
| (b) Guarantee commission receivable | 0.25 | - | - | - | - | - |
| (c) Other receivables | 0.06 | - | - | - | - | - |
| **Total financial assets** | **99.58** | **-** | **-** | - | - | - |
| **Financial liabilities** | | | | | | |
| (i) Trade payables | 5.57 | - | 0.00* | 0.00* | - | - |
| (ii) Other current financial liabilities | | | | | | |
| (a) Payable for capital expenditure | 3.46 | - | 9.63 | - | - | - |
| **Total financial liabilities** | **9.03** | **-** | **9.63** | **0.00*** | **-** | **-** |

*Rounded off to Nil

The following table illustrates the foreign currency sensitivity of profit and equity with regards to the Company's financial assets and financial liabilities considering 'all other things being equal' and ignoring the impact of taxation. It assumes a +/- 1% change of the INR/USD, INR/AUD, INR/GBP, INR/EUR, INR/AED and INR/ZAR exchange rate for the year ended at 31 December 2024 (31 December 2023: 1%). These are the sensitivity rates used when reporting foreign currency exposures internally to the key management personnel and represents management's assessment of the reasonably possible changes in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at end of each period reported upon. A positive number indicates an increase in profit or equity and vice-versa.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

If the INR had strengthened against the USD by 1% (31 December 2023 1%), GBP by 1% (31 December 2023: 1%), AUD by 1% (31 December 2023: 1%), EUR by 1% (31 December 2023: 1%) AED by 1% (31 December 2023: 1%) and ZAR by 1% (31 December 2023: 1%), the following would have been the impact:

(₹ in million)

| Particulars | Profit/(Loss) for the year | | Equity | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| USD | (129.60) | (75.26) | (129.60) | (75.26) |
| GBP | 0.01 | - | 0.01 | - |
| Euro | 2.96 | 8.86 | 2.96 | 8.86 |
| AED | - | 0.00* | - | - |
| AUD | 0.00* | - | 0.00* | - |
| ZAR | (32.10) | - | (32.10) | - |

*Rounded off to Nil

If the INR had weakened against the USD by 1% (31 December 2023 1%), GBP by 1% (31 December 2023: 1%), AUD by 1% (31 December 2023: 1%), EUR by 1% (31 December 2023: 1%) AED by 1% (31 December 2023: 1%) and ZAR by 1% (31 December 2023: 1%), the following would have been the impact:

(₹ in million)

| Particulars | Profit/(Loss) for the year | | Equity | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| USD | 129.60 | 75.26 | 129.60 | 75.26 |
| GBP | (0.01) | - | (0.01) | - |
| Euro | (2.96) | (8.86) | (2.96) | (8.86) |
| AED | - | 0.00* | - | 0.00* |
| AUD | 0.00* | - | 0.00* | - |
| ZAR | 32.10 | - | 32.10 | - |

*Rounded off to Nil

Exposures to foreign exchange rates vary during the year depending on the volume of the overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Company is exposed to changes in market interest rates as some of the bank and other borrowings are at variable interest rates and also loans have been advanced to subsidiary companies at variable interest rates. All the Company's term deposits are at fixed interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (31 December 2023: +/- 1%). These changes are considered to be reasonably possible based on management's assessment. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(₹ in million)

| Particulars | Profit/(Loss) for the year | | Equity | |
|---|---|---|---|---|
| | +1% | -1% | +1% | -1% |
| 31 December 2024 | (133.00) | 133.00 | (133.00) | 133.00 |
| 31 December 2023 | (320.71) | 320.71 | (320.71) | 320.71 |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

**Commodity price risk**

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of pet chips and sugar and therefore require a continuous supply. In view of volatility of pet chips and sugar prices, the Company also executes into various advance purchase contracts.

**Commodity price sensitivity**

The following tables shows the effect of price change in sugar and pet chips

(₹ in million)

| Particulars | Change in yearly average price | | Effect on profit before tax | | Effect on equity | |
|---|---|---|---|---|---|---|
| **31 December 2024** | | | | | | |
| Sugar | +1% | -1% | (143.00) | 143.00 | (143.00) | 143.00 |
| Pet chips | +1% | -1% | (148.30) | 148.30 | (148.30) | 148.30 |

(₹ in million)

| Particulars | Change in yearly average price | | Effect on profit before tax | | Effect on equity | |
|---|---|---|---|---|---|---|
| **31 December 2023** | | | | | | |
| Sugar | +1% | -1% | (127.44) | 127.44 | (127.44) | 127.44 |
| Pet chips | +1% | -1% | (112.53) | 112.53 | (112.53) | 112.53 |

**Other price sensitivity**

The Company is not exposed to any listed equity or listed debt price risk as it does not hold any investments in listed entities.

**52.2 Credit risk analysis**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is operating through a network of distributors and other distribution partners based at different locations. The Company is exposed to this risk for various financial instruments, for example loans granted, receivables from customers, deposits placed etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at end of each reporting period, as summarised below:

(₹ in million)

| Particulars | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Classes of financial assets-carrying amounts: | | |
| Investments (non-current) | 20,960.11 | 14,499.54 |
| Loans (current and non-current) | 15,403.40 | 6,999.39 |
| Trade receivables | 1,997.63 | 2,129.42 |
| Cash and cash equivalents | 20,580.80 | 494.80 |
| Bank balances other than mention above | 6.28 | 28.29 |
| Other financial assets (current and non-current) | 10,574.63 | 8,259.87 |
| | **69,522.85** | **32,411.31** |

The Company continuously monitors receivables and defaults of customers and other counterparties, and incorporates this information into its credit risk controls. Appropriate security deposits are kept against the supplies to customers and balances are reconciled at regular intervals. The Company's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty. Trade receivables consist of a large number of customers of various scales and in different geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables. In case the receivables are not recovered even after regular follow up, measures are taken to stop further supplies to the concerned customer. The expected credit loss is based on the five years historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. Further, the Company has assessed the recoverability of grants receivable classified under other current financial assets and accordingly provided for balance overdue for more than three years, amounting to ₹ 236.45 million (31 December 2023: Nil).

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

**Movement in expected credit loss allowance on trade receivables**

(₹ in million)

| Particulars | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Balance at the beginning of the year | 286.72 | 289.03 |
| Loss/(Reversal) allowance measured at lifetime expected credit loss | 3.10 | (2.31) |
| **Balance at the end of the year** | **289.82** | **286.72** |

The credit risk for cash and cash equivalents, bank deposits including interest accrued thereon and Government grant receivables is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and State Government bodies. The credit risk for loans advanced to subsidiary companies including interest accrued thereon is also considered negligible since operations of these entities are regularly monitored by the Company and these companies have shown considerable growth.

In respect of financial guarantees provided by the Company, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of each reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

**52.3 Liquidity risk analysis**

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and considering the maturity profiles of financial assets and other financial liabilities as well as forecast of operational cash inflows and outflows. Liquidity needs are monitored in various time bands, on a day-to-day basis, a week-to-week basis and a month-to-month basis. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the Company's ability to avail further credit facilities subject to creation of requisite charge on its assets. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

As at 31 December 2024, the Company's non-derivative financial liabilities have contractual undiscounted maturities as summarised below:

(₹ in million)

| 31 December 2024 | Carrying value | 1 to 12 months | 1 to 5 years | Later than 5 years | Total contractual cash flow |
|---|---|---|---|---|---|
| Borrowings (current and non-current) | 8,315.41 | 6,885.51 | 1,285.57 | 275.29 | 8,446.37 |
| Lease liabilities (current and non-current) | 496.71 | 114.15 | 314.17 | 1,193.65 | 1,621.97 |
| Trade payables | 5,578.28 | 5,578.28 | - | - | 5,578.28 |
| Other financial liabilities (current) | 5,883.00 | 5,883.00 | - | - | 5,883.00 |
| **Total** | **20,273.40** | **18,460.94** | **1,599.74** | **1,468.94** | **21,529.62** |

(₹ in million)

| 31 December 2023 | Carrying value | 1 to 12 months | 1 to 5 years | Later than 5 years | Total contractual cash flow |
|---|---|---|---|---|---|
| Borrowings (current and non-current) | 47,601.05 | 17,510.27 | 29,669.00 | 580.82 | 47,760.09 |
| Lease liabilities (current and non-current) | 1,219.94 | 282.21 | 1,026.78 | 829.45 | 2,138.44 |
| Trade payables | 4,918.61 | 4,918.61 | - | - | 4,918.61 |
| Other financial liabilities (current) | 6,678.70 | 6,678.70 | - | - | 6,678.70 |
| **Total** | **60,418.30** | **29,389.79** | **30,695.78** | **1,410.27** | **61,495.84** |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 53. Fair value measurements

### Financial instruments by categories

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

| Particulars | Notes | 31 December 2024 | | 31 December 2023 | |
|---|---|---|---|---|---|
| | | FVTPL | Amortised cost | FVTPL | Amortised cost |
| **Financial assets** | | | | | |
| (i) Non-current financial assets | | | | | |
| (a) Investment (non-current) | 6 | 60.55 | 20,899.56 | 31.51 | 14,468.03 |
| (b) Loans | 7 | - | 15,403.40 | - | 6,999.39 |
| (c) Other financial assets | 8 | - | 802.09 | - | 564.85 |
| (ii) Current financial assets | | | | | |
| (a) Trade receivables | 11 | - | 1,997.63 | - | 2,129.42 |
| (b) Cash and cash equivalents | 12 | 1,319.21 | 19,261.59 | - | 494.80 |
| (c) Bank balances other than (b) above | 13 | - | 6.28 | - | 28.29 |
| (d) Other financial assets | 15 | - | 9,772.54 | - | 7,695.02 |
| **Total** | | **1,379.76** | **68,143.09** | **31.51** | **32,379.80** |
| **Financial liabilities** | | | | | |
| (i) Non-current borrowings | 19A | - | 1,442.10 | - | 30,105.49 |
| (ii) Non-current lease liabilities | 19C | - | 419.61 | - | 1,043.65 |
| (iii) Current financial liabilities | | | | - | |
| (a) Borrowings | 19B | - | 6,873.31 | - | 17,495.56 |
| (b) Lease liabilities | 19D | - | 77.10 | - | 176.29 |
| (c) Trade payables | 23 | - | 5,578.28 | - | 4,918.61 |
| (d) Other | 24 | - | 5,883.00 | - | 6,678.70 |
| **Total** | | **-** | **20,273.40** | **-** | **60,418.30** |

### Valuation technique to determine fair value

"Cash and cash equivalents, other bank balances, trade receivables, loans, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the long term borrowings, loans and other deferred payments are determined by using discounted cash flow method using the appropriate discount rate. The discount rate is determined using other similar instruments incorporating the risk associated.

### Fair value hierarchy

The financial assets measured at fair value are grouped into the fair value hierarchy as on 31 December 2024 and 31 December 2023 as follows: (also refer note 3.1)

(₹ in million)

| 31 December 2024 | Date of valuation | Total | Fair value measurement using | | |
|---|---|---|---|---|---|
| | | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Assets measured at fair value:** | | | | | |
| Investment (non-current) | **31 December 2024** | **60.55** | - | - | 60.55 |
| Cash and cash equivalents | **31 December 2024** | **1,319.21** | 1,319.21 | - | - |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

There have been no transfers of financial assets and financial liabilities between the levels during the year 2024

(₹ in million)

| 31 December 2023 | Date of valuation | Total | Fair value measurement using | | |
|---|---|---|---|---|---|
| | | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Assets measured at fair value:** | | | | | |
| Investment (non-current) | **31 December 2023** | **31.51** | - | - | 31.51 |

## 54. Details of unhedged exposure in foreign currency denominated monetary items

**Exposure in foreign currency - unhedged**

Outstanding foreign currency exposure not being hedged against adverse currency fluctuation:

| Particulars | Period | Foreign currency | | Local currency | |
|---|---|---|---|---|---|
| Trade receivable | **31 December 2024** | USD | 4.30 | INR | 367.92 |
| | **31 December 2023** | USD | 9.04 | INR | 751.19 |
| | | | | | |
| Loan given | **31 December 2024** | USD | 145.41 | INR | 12,450.63 |
| | **31 December 2023** | USD | 84.21 | INR | 6,999.39 |
| | **31 December 2024** | ZAR | 650.00 | INR | 2,952.77 |
| | **31 December 2023** | ZAR | - | INR | - |
| | | | | | |
| Other receivables | **31 December 2024** | USD | 10.56 | INR | 903.93 |
| | **31 December 2023** | USD | 6.32 | INR | 525.45 |
| | **31 December 2024** | ZAR | 56.59 | INR | 257.06 |
| | **31 December 2023** | ZAR | - | INR | - |
| | | | | | |
| Trade payables | **31 December 2024** | USD | 5.14 | INR | 439.81 |
| | **31 December 2023** | USD | 5.57 | INR | 462.62 |
| | **31 December 2024** | EUR | - | INR | - |
| | **31 December 2023** | EUR | 0.00* | INR | 0.12 |
| | **31 December 2024** | AUD | 0.00* | INR | 0.15 |
| | **31 December 2023** | AUD | 0.00* | INR | 0.16 |
| | | | | | |
| Payable for capital expenditure | **31 December 2024** | USD | 3.77 | INR | 322.90 |
| | **31 December 2023** | USD | 3.46 | INR | 288.67 |
| | **31 December 2024** | EUR | 3.32 | INR | 295.85 |
| | **31 December 2023** | EUR | 9.63 | INR | 886.46 |
| | **31 December 2024** | GBP | 0.01 | INR | 0.68 |
| | **31 December 2023** | GBP | - | INR | - |

*Rounded off nil.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 55. Financial ratios

(₹ in million)

| Ratio | Measurement unit | Numerator | Denominator | As at 31 December 2024 Ratio | As at 31 December 2023 Ratio | Change | Reason for variance if more than 25% |
|---|---|---|---|---|---|---|---|
| Current ratio | Times | Current assets | Current liabilities (inclusive of current maturities of long-term debts) | 2.46 | 0.89 | 175.56% | Refer note below i |
| Debt-equity ratio | Times | "Total debt [Non-current borrowings + Current borrowings+Lease liabilities]" | Total equity | 0.05 | 0.69 | -92.29% | Refer note below i |
| Debt service coverage ratio | Times | Earnings available for debt service [Profit/(loss) after tax + Depreciation and amortisation + impairment + finance cost + profit on sale of property, plant and equipment, investment + other non cash adjustments] | Debt service (interest and lease payments + principal repayments) | 3.19 | 1.28 | 148.30% | Refer note below i |
| Return on equity ratio | Percentage | Net profit after tax | "Average shareholder's equity [(opening shareholder's equity + closing shareholder's equity)/2]" | 19.64% | 28.19% | -30.35% | Refer note below i |
| Inventory turnover ratio | Times | Costs of materials consumed + Purchases of stock-in-trade + Changes in inventories of traded goods | "Average inventories [(opening inventories + closing inventories) /2]" | 4.84 | 4.70 | 2.81% | Not applicable |
| Trade receivables turnover ratio | Times | Revenue from operations | Average trade receivables [(opening trade receivables +closing trade receivables )/2] | 69.53 | 69.57 | -0.05% | Not applicable |

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

(₹ in million)

| Ratio | Measurement unit | Numerator | Denominator | As at 31 December 2024 | As at 31 December 2023 | Change | Reason for variance if more than 25% |
|---|---|---|---|---|---|---|---|
| | | | | Ratio | Ratio | | |
| Trade payables turnover ratio | Times | Net purchases | "Average trade payables [(opening trade payables + closing trade payables )/2]" | 13.00 | 11.72 | 10.97% | Not applicable |
| Net capital turnover ratio | Times | Revenue from operations | "Working capital [current assets - current liabilities inclusive of current maturities of long-term debts]" | 4.53 | (35.31) | -112.84% | Refer note below i |
| Net profit ratio | Percentage | Net profit after tax | Revenue from operations | 16.17% | 14.05% | 15.08% | Not applicable |
| Return on capital employed | Percentage | Earnings before interest and taxes | Capital employed = Tangible net worth* + total debt** + deferred tax liabilities | 19.19% | 21.26% | -9.77% | Not applicable |
| Return on investment (ROI) | Percentage | Earnings before interest and tax | Total assets | 17.55% | 18.62% | -5.77% | Not applicable |

**Note:**

i. During the year company had repaid majority of its borrowings from the proceeds of Qualified institutions placement (QIP), due to which ratios are impacted significantly.

*Tangible net worth- equity share capital + other equity

**Total debt- non-current and current borrowings + non-current and current lease liabilities

## 56. Disclosure relating to provision:

(₹ in million)

| Particulars | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| Opening balance | 503.72 | - |
| Addition | 41.16 | 503.72 |
| Reversal | (250.76) | - |
| **Closing balance** | **294.12** | **503.72** |

The Company has made GST provision during the year 31 December 2023 towards tax rate difference based on the demand order amounting to ₹ 120.08 million issued by Central GST Commissionerate, Jalandhar for the period 01 July 2017 to 30 September 2021 in the State of Punjab. Considering the demand order, Company has provided for GST liability on entire sales of a product for the said period. The Company has not recovered the additional GST liability from its customers. During the current year, the Company has accrued interest on above GST provision and also reversed provisions that has now become time-barred as at reporting date.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

**Notes:**

i. This provision represent estimates made mainly for probable claim arising out of dispute pending with authority. The probability and the timing of the outflow with regard to the matter depend on the final outcome of the dispute. Hence, the Company is not able to reasonably ascertain the timing of the outflow.

ii. Discounting obligation has not been considered as the dispute relates to Government Authority.

## 57. Additional regulatory information not disclosed elsewhere in the financial information during current and previous financial year.

a) The Company does not have any Benami property and no proceedings have been initiated or pending against the Company for holding any Benami property, under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the rules made thereunder.

b) The Company does not have any transactions with struck off companies under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956, except for the parties mentioned below:

| Name of the struck off company | Nature of transactions with struck off company | Balance outstanding as at 31 December 2024 | Relationship with the struck off company | Balance outstanding as at 31 December 2023 | Relationship with the struck off company |
|---|---|---|---|---|---|
| Ace Polypet Private Limited | Sale of goods | (0.00)* | No relationship | (0.00)* | No relationship |
| C A Trade Links Private Limited | Security deposit received | (0.09) | No relationship | (0.09) | No relationship |
| Ngen Auto Private Limited | Purchases | - | No relationship | 0.00* | No relationship |
| Thermadyne Private Limited | Purchases | (0.38) | No relationship | - | No relationship |

*Rounded off to Nil

c) The Company does not have any charges which is yet to be registered with ROC beyond the statutory period.

d) The Company has not traded or invested in Crypto currency or Virtual Currency.

e) The Company has not advanced or provided loan to or invested funds in any entity(ies) including foreign entities (Intermediaries) or to any other person(s), with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

f) The Company 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 Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

g) The Company has not undertaken any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

h) The Company has not been declared a 'Wilful Defaulter' by any bank (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

i) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

j) The borrowings obtained by the company from banks have been applied for the purposes for which such loans were taken.

k) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both.

l) The Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.

**58.** a) On 13 November 2024, the Company has entered into a binding agreement to acquire 100% stake in the business conducted by SBC Beverages Tanzania Limited, Tanzania (SBCT), subject to approvals from PepsiCo Inc., Fair Competition Commission (FCC) Tanzania and other regulatory approvals (if any) for a proposed purchase consideration amounting to USD 154.50 million. The indicative time period for completion of the acquisition is on or before 31 March 2025.
SBCT is engaged in the business of manufacturing and distribution of licensed (PepsiCo Inc.) branded non-alcoholic beverages in Tanzania. SBCT has five manufacturing facilities located at one each in Dar-es-Salaam, Mbeya, Arusha and two in Mwanza.

b) On 13 November 2024, the Company has entered into a binding agreement to acquire 100% stake in the business conducted by SBC Beverages Ghana Limited, Ghana (SBCG), subject to approvals from PepsiCo Inc. and other regulatory approvals (if any) for a proposed purchase consideration amounting to USD 15.06 million. The indicative time period for completion of the acquisition is on or before 28 February 2025.

SBCG is engaged in the business of manufacturing and distribution of licensed (PepsiCo Inc.) branded non-alcoholic beverages in Ghana. SBCG has one manufacturing facility located at Accra, Ghana.

**59.** During the year ended 31 December 2024, pursuant to Qualified institutions placement (QIP), the Company has raised ₹ 75,000 million through fresh issue of 132,743,362 equity shares of ₹ 2 each at a premium of ₹ 563 per share on 19 November 2024. The Audit, Risk Management and Ethics Committee and the Board of Directors noted the utilisation of funds raised through such fresh issue of equity shares to be in line with the object of the issue, the details of which are as follows:

(₹ in million)

| Particulars | Amount as per placement document | Amount utilised upto 31 December 2024 | Amount Unutilised/ (Excess spent) as at 31 December 2024 |
|---|---|---|---|
| Repayment / pre-payment, in part or in full, of certain outstanding borrowings availed by our Company and/or one of our Subsidiaries | 56,000.00 | 50,475.46 | 5,524.54 |
| Inorganic acquisitions and general corporate purposes | 18,390.00 | 3,858.42 | 14,531.58 |
| Share issue expenses# | 610.00 | 611.10 | (1.10) |
| **Total** | **75,000.00** | **54,944.98** | **20,055.02** |

#excludes expenses of ₹ 4.28 million which is paid subsequent to year ended 31 December 2024.

Unutilised amounts have been kept in fixed deposits, mutual funds and QIP monitoring account.

# Summary of material accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2024

## 60. Audit Trail

The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies covered under the Act, which uses accounting software for maintaining its books of accounts, shall only use such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled. The Company uses two accounting software's , which includes an accounting software for payroll processing which is operated by the third party software service provider, for maintaining its books of account.

During the year, the audit trail (edit log) feature at the application level was operating for all relevant transactions recorded in such softwares. However, the audit trail (edit log) feature was not enabled at the database level to log any direct data changes for one accounting software operated by Company, used for maintenance of books of account.

## 61. Subsequent events occurred after the balance sheet date:

i The Board of Directors in their meeting held on 10 February 2025 have approved a payment of final dividend of ₹ 0.50 (Rupee fifty paisa only) per equity share of the face value of ₹ 2 each, subject to the approval of equity shareholders in ensuing annual general meeting of the Company.

ii The Company has invested in the equity shares of one of its subsidiaries named The Beverage Company Proprietary Limited amounting to ₹ 4,128.04 million as on 02 January 2025.

**62.** The amounts of previous reported period have been regrouped/reclassified wherever considered necessary in order to comply with financial reporting requirements.

The accompanying notes 1 to 62 are an integral part of the standalone financial statements.
As per our report of even date attached.

**For J C Bhalla & Co**
Chartered Accountants
Firm's Registration No.: 001111N

**Akhil Bhalla**
Partner
Membership No.: 505002

**For O P Bagla & Co LLP**
Chartered Accountants
Firm's Registration No.: 000018N/N500091

**Neeraj Kumar Agarwal**
Partner
Membership No.: 094155

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

**Varun Jaipuria**
Whole Time Director
DIN 02465412

**Raj Pal Gandhi**
Whole Time Director
DIN 00003649

**Rajesh Chawla**
Chief Financial Officer

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

Place : Gurugram
Dated : 10 February 2025

# ASSURANCE STATEMENTS

DEKRA

# INDEPENDENT ASSURANCE STATEMENT

INDEPENDENT REASONABLE ASSURANCE REPORT TO VARUN BEVERAGES LIMITED ON NON-FINANCIAL BRSR CORE DISCLOSURES IN THE BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT FOR THE FINANCIAL YEAR 2024

**To,**
**The Board of Directors,**
**Varun Beverages Limited**

We ("DEKRA India Private Limited" of "DEKRA") have undertaken a reasonable assurance engagement for Varun Beverages Limited ("the Company" or "VBL") on VBL's Sustainability Information as Business Responsibility and Sustainability Reporting Core attributes included in the Business Responsibility & Sustainability Report (the "BRSR" or the "Report") for the year ended December 31, 2024. Our assurance engagement does not extend to information in respect of earlier periods or to any other information included. This engagement was conducted by a multidisciplinary team including assurance practitioners and engineers and experts, as per SEBI mandated Circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 July12, 2023.

**Reporting Requirement - Standard/Framework**

The disclosures of Sustainability Information are prepared by VBL in accordance as mentioned under;

- Regulation 34(2)(f) of the Securities and Exchange Board of India (the "SEBI") (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended;
- Business Responsibility and Sustainability Reporting Requirements for listed entities per Master Circular No. SEBI/HO/CFD/PoD2/ CIR/P/2023/120 dated July 11, 2023; and
- SEBI Circulars (SEBI/HO/CFD/CFD-SEC-2/P/ CIR/2023/122 dated July 12, 2023; SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177 dated December 20, 2024 and clarifications thereto issued by SEBI.
- Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.

**Professional Standards Applied**

We performed a reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information.

**Scope, Boundary & Limitation**

***Scope***

The scope of work includes the assurance of the following 09 attributes as per Annexure I - Format of BRSR Core disclosed in the BRSR report. The BRSR core requirements encompass essential disclosures pertaining to the organization's Environmental, Social and Governance (ESG).



*105D, 1st Floor, Vatika Mindscapes, Tower D, Sector 27D, Faridabad, Haryana, India – 121003*

**_Boundary_**

Reporting boundary of Sustainability Information includes 36 Nos. Plants for manufacturing Beverages, 3 Nos. Plants for Backward Integration, 1 No. Registered Office, 1 No. Corporate Office and 67 Nos. Sales Offices, Depot & Warehouse across India.

**_Limitations_**

We conducted a reasonable assurance engagement on select BRSR Core attributes, as defined within the Business Responsibility and Sustainability Reporting (BRSR) framework. Certain limitations inherent to the subject matter and the assurance process were identified, as detailed below;

- Assurance engagement did not include procedures related to the Report's prospective information, encompassing targets, expectations, and ambitions. Consequently, no assurance conclusion is offered regarding such prospective information. Additionally, matters pertaining to Intellectual Property Rights and competitive issues are outside the scope of this assurance
- DEKRA's assurance process proceeded without any limitations impacting the defined scope.
- Data verification was conducted by DEKRA using a sampling methodology. The reporting organization, VBL, bears sole responsibility for the authenticity of all data presented.
- Any reliance placed by a person or third party on the BRSR Report is entirely at their own risk.
- DEKRA did not evaluate the company's financial data or performance. DEKRA referenced financial figures from the audited financial reports, and VBL will be responsible for the appropriate application of this financial data. DEKRA assumes no liability for the accuracy or completeness of the financial data contained within the Company's audited financial report.
- This assurance statement's applicability is restricted to the context defined by SEBI circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 (July 12, 2023) and the Industry Standards for BRSR Core reporting, as specified in SEBI circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177 (December 20, 2024).
- The assessment is limited to data and information within the defined Reporting Period. Any data outside the period in not considered within the scope of assurance.
- The assessment does not include a review of the Company’s strategy, or other related linkages expressed in the report. These aspects are not within the scope the assurance engagement.
- The assurance does not extent to mapping the report with reporting frameworks other than those specifically mentioned. Any assessments or comparisons with frameworks beyond the specified ones are not considered in this engagement.
- Legal compliance is outside the scope of this assurance. The Company retains full responsibility for compliance with all relevant laws and regulations.
- This assurance is based on the assumption that the Company's data is complete, sufficient, and authentic.

_Inherit Limitation_

Inherent limitations in preparing the Company’s BRSR information requires the management to establish or interpret the criteria, make determinations about the relevancy of information to be included, and make estimates and assumptions that affect the reported information.

Measurement of certain amounts and BRSR Core metrics, some of which are estimates, is subject to substantial inherent measurement uncertainty, for example, GHG emissions, water footprint, energy footprint. Obtaining sufficient appropriate evidence to support our opinion/conclusion does not reduce the uncertainty in the amounts and metrics.

**Responsibilities for the VBL's Management**

Management of the Company is responsible for:

- Selecting or establishing suitable criteria for preparing the Sustainability Information, taking into account applicable law and regulations related to reporting the Sustainability Information, if any, related to reporting on the Sustainability Information, Identification of key aspects, engagement with stakeholders, content, preparation and presentation of the Identified Sustainability Information in accordance with the reporting requirement.
- The preparation and fair presentation of the Sustainability Information in accordance with the SEBI BRSR Framework.
- Designing, implementing and maintaining internal control relevant to the preparation of the Sustainability Information in accordance with the SEBI BRSR Framework, to enable the preparation of such information that is free from material misstatement, whether due to fraud or error.

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

**Our Responsibility**

We are responsible for:

- Planning and performing the engagement to obtain reasonable assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent opinion, based on the evidence we have obtained; and
- Reporting our opinion to the Directors of VBL.

As we are engaged to form an independent opinion on the Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Sustainability Information as doing so may compromise our independence.

**Our Independence, Quality Control and Statement of Competency**

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. DEKRA applied Internal Quality Control and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our work was carried out by an independent and multidisciplinary team including assurance practitioners, engineers, and experts, in particular, to assist with determining the reasonableness of VBL's Sustainability Information. DEKRA assurance team, to the best of knowledge, was not involved in any non-audit / non-assurance work with the Company and its entities could lead to any Conflict of Interest. DEKRA was not Involved in the preparation of any statements or data included in the Report except the Assurance Statement for the VBL. Dekra maintains complete impartiality during the assurance process. We did not provide any services to VBL in the scope of assurance for the reporting period that could compromise the independence or impartiality of our work.

### Summary of the Work we Performed as the Basis for our Assurance Opinion

A reasonable assurance engagement involves performing procedures to obtain evidence about the Sustainability Information. The nature, timing and extent of procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error, in the Sustainability Information. In making those risk assessments, we considered internal control relevant to VBL's preparation of the Sustainability Information. A reasonable assurance engagement also includes:

- Evaluating the suitability in the circumstances of VBL's use of the Standard/Framework, as the basis for preparing the Sustainability Information;
- Evaluating the appropriateness of measurement and evaluation methods, reporting policies used and the reasonableness of estimates made by VB;
- DEKRA conducted interviews with key representatives, including data owners and decision-makers from different functions of VB;
- DEKRA performed sample-based reviews of the mechanisms for implementing Sustainability-related policies and data management (qualitative and qualitative); and
- Evaluating the disclosures in, and overall presentation of, the Sustainability Information.

We believe that the evidences we have obtained is sufficient and appropriate to provide a basis for our opinion. Onsite audit for verification conducted at VBL's Corporate Office on 17th to 19th, Noida Plant 1 on 20th February and Noida Plant 2 on 21st February of 2025, Online audit of Greater Noida – 1, Greater Noida – 2 & Sandila Plants on 3rd March and desk review for the remaining plants data.

### Assurance Conclusion

In our opinion, VBL's Sustainability Information as Business Responsibility and Sustainability Reporting Core attributes included in the Business Responsibility & Sustainability Report (the "BRSR" or the "Report") for the year ended December 31, 2024 is prepared, in all material respects, in accordance with the Reporting Requirement.

### Purpose and Restriction on Distribution and Use

Our Reasonable Assurance report has been prepared and addressed to the Board of Directors of the Company at the request of the Company solely, to assist the Company in reporting on Company's sustainability performance and activities. Accordingly, we accept no liability to anyone, other than the Company. Our Reasonable Assurance report should not be used for any other purpose or by any person other than the addressees of our report. We neither accept nor assume any duty of care or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

**Kanwaldeep Singh Sachdev**
*General Manager Audit Division*

**Vivek Nigam**
*Head Sustainability Services*

**DEKRA India Private Limited**
Certificate No. : DEKRABRSR2025C01R0
Date : 4th March 2025
Place : Faridabad
Email : vivek.nigam@dekra.com

BR. No. 50255790

# Independent Assurance Statement

**To the Management and Stakeholders of Varun Beverages Limited**
DQS India have been engaged by Varun Beverages Limited (VBL) to provide limited assurance of their Sustainability Report for 2024'. The engagement took place in February 2025 and concluded in March 2025.

**Scope of Assurance**
The scope of our assurance engagement encompassed the 'Sustainability Report' part of the 'Annual report 2024' (final version submitted on 10th March 2025) and focused on all figures, statements and claims related to sustainability during the reporting period 1 January 2024 to 31 December 2024. More specifically, this included:

- Non-financial statements, information and performance data contained within the Sustainability Report.
- VBL management approach of material issues; and
- VBL reported data and information as per the requirements of the Global Reporting Initiative Standards.

Our **Limited level** assurance engagement was performed in accordance with:

- **ISAE 3000 (Revised):** International Standard on Assurance Engagements (Assurance on Non-Financial Information)
- **ISO 14064:2019 Part 3:** Specification with guidance for the verification and validation of greenhouse gas statements

The scope of the assurance engagement covered 36 plants for manufacturing beverages, 3 plants for backward integration in India and 12 plants for manufacturing in International territories.

The audit was conducted remotely on the corporate functions and on selected sampled sites. The site selections followed the risk-based approach and tried to ensure representativeness of various processes and geographical boundaries within the organization.

Additionally, the scope of the audit included review of the immediate corrections made in the report where gaps were identified as part of the assessment process.

**Responsibility of Varun Beverages Limited**
The preparation and presentation of the selected KPIs in the VBL Sustainability Report 2024 are the responsibility of the management of Varun Beverages Limited. VBL's management is responsible for establishing and maintaining the internal controls and processes to ensure the collection, calculation, and reporting of accurate and reliable data for these KPIs.

**Our Responsibility**
Our responsibility is to express a limited assurance conclusion based on the work performed regarding the accuracy and completeness of the selected KPIs as presented in the **VBL Sustainability Report 2024**.

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**Assurance Methodology**
The limited assurance engagement was conducted through the following steps:

- Reviewing the Sustainability Report with respect to the in-accordance criteria of GRI requirements, including verification of material topics identification by the organization and if they have been adequately disclosed along with additional disclosures relevant to their operations.
- Evaluation of the data and information underlying the selected KPIs for accuracy and consistency.
- Interviews with key personnel responsible for the collection, monitoring, and reporting of sustainability data.
- Review of internal documentation, data records, and the control environment for managing the relevant sustainability metrics.
- Examination of the reporting and calculation methodologies used to present the selected KPIs in the sustainability report.
- DQS verification process included the following GRI disclosures:
  - General disclosures: GRI-2
  - Materiality assessment and disclosures: GRI-3
  - Disclosures of Material topics as listed below:
    - Water Management : GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4, GRI 303-5;
    - GHG Emissions: GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5;
    - Corporate Citizenship: GRI 304-3, GRI 413-1, GRI 413-2.
    - Business Ethics & Corporate Governance: GRI-2, GRI 205-1, GRI 205-2, GRI 205-3, GRI 206-1 GRI 406-1
    - Business Performance: GRI 201-1*
    - Employee Health & Safety: GRI 403-1 to GRI 403-7, GRI 403-8*, GRI 403-9*, GRI 403-10*
    - Product Safety & Quality and Consumer Health & Nutrition: GRI 416-1, GRI 416-2.
    - Packaging Lifecycle Management: GRI 301-3.
  - In addition to material topics the following disclosures were also evaluated:
    - Material Management: GRI 301-1, GRI 301-2, GRI 301-3
    - Energy mangement: GRI 302-1*, GRI 302-2, GRI 302-3, GRI 302-4, GRI 302-5
    - Waste management – GRI 306-1, GRI 306-2, GRI 306-3*, GRI 306-4*, GRI 306-5*
    - Supplier environmental assessment – GRI 308-1*, GRI 308-2
    - Employment – GRI 401-1, GRI 401-2, GRI 401-3
    - Labour/management relation – GRI 402-1
    - Training & education – GRI 404-1, GRI 404-2, GRI 404-3
    - Diversity & equal opportunity – Gri 405-1*, GRI 405-2*
    - Freedom of association and collective bargaining – GRI 407-1
    - Supplier Social assessment – GRI 414-1*, GRI 414-2
    - Marketing & labelling – GRI 417-1, GRI 417-2, GRI 417-3
    - Customer Policy – GRI 418-1
    - Market Presence – GRI 202-1, GRI 202-2
    - Indirect economic impacts – GRI 203-1, GRI 203-2
    - Procurement Practices – GRI 204-1

  * *Verified by third party*

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**Observations and Findings**

In addition to providing limited assurance, we noted the following observations during our engagement:

- **Stakeholder Inclusivity:**
  We found no evidence of any key stakeholder groups being excluded from VBL's stakeholder engagement process. VBL has demonstrated a proactive and inclusive approach, ensuring that diverse stakeholder perspectives are considered throughout their sustainability strategy and reporting efforts.
- **Materiality:**
  We are not aware of any significant material issues concerning VBL's sustainability performance that have been omitted from the report. VBL has thoroughly identified and addressed relevant material sustainability topics, ensuring transparency and alignment with both stakeholder expectations and industry standards.
- **Responsiveness:**
  VBL has established robust processes to effectively respond to stakeholder concerns and manage its material sustainability issues. However, the assessment was focused on the verification of the selected KPIs and did not extend beyond the agreed scope of assurance.
- **Impact:**
  VBL has implemented effective processes to measure, evaluate, and manage the environmental and social impacts associated with its operations. These processes are aligned with key performance indicators (KPIs) relevant to the nature of its business and identified material sustainability issues.
- **Reliability:**
  Data management systems are established and centralized for the collection and calculation of data associated with the selected KPIs. These systems provide an adequate foundation for the reliability of the reported data, though certain operational data depend on measurement arrangements at the site level.

**Limitations and Exclusions**

Excluded from the scope of our work is assurance of information relating to:

- Activities outside the defined assurance period.
- Positional statements of a descriptive or interpretative nature, or of opinion, belief, aspiration, or commitment to undertake future actions.
- Other information included in the report other than the universal disclosures (GRI-2 and GRI-3) and disclosures related to material topics and mentioned disclosures.
- Since VBL had a conclusive third-party verification report available for selected key performance indicators of few material topics, as part of Business Responsibility and Sustainability Report (BRSR) Core reporting, the same were not repeated during DQS verification.

The following limitations should be noted:

- This limited assurance engagement relies on a risk-based selected sample of sustainability data and the associated limitations that this entails.
- The reliability of the reported data is dependent on the accuracy of metering and other production measurement arrangements employed at site level, which were not addressed as part of this assurance.

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- This independent statement should not be relied upon to detect all errors, omissions, or misstatements that may exist.

**Conclusion**
Based on our review, nothing has come to our attention that causes us to believe that the selected Key Performance Indicators (KPIs), as outlined above and reported in the **VBL Sustainability Report 2024**, are not presented fairly, in all material respects, in accordance with the applicable criteria.

**Statement of Independence, Integrity, and Competence**
DQS ensures that appropriately qualified individuals are selected for assurance engagements based on their qualifications, training, and experience. The outcome of all verification and assurance assessments is internally reviewed by senior management to ensure a rigorous and transparent approach is consistently applied. DQS provided assurance services to review VBL's sustainability data and processes, ensuring alignment with relevant ISO standards and risk management principles. The assurance assessments are the only work undertaken by DQS for VBL, thus safeguarding our independence and impartiality throughout the engagement.

On behalf of the assurance team

11th March 2025

Bengaluru, India

Deutsch Quality Systems (India) Pvt. Ltd. ★ Bengaluru 560102

**Dr. Murugan Kandasamy**

CEO & Managing Director

Deutsch Quality Systems (India) Private Limited

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